

Pakistan National Assembly Passes Finance Supplementary Bill

Pakistan's National Assembly passed the Finance Supplementary Bill introduced on Feb. 15, which will implement higher taxes. The bill proposes a general sales tax increase from 17% to 18%, a luxury imports tax increase from 17% to 25% and higher fares for air travel. The approval of higher taxes will bring Pakistan closer to the resumption of the International Monetary Fund's bailout program. The tax hikes — together with recent fuel and gas price hikes — will push inflation even higher and raise the risk of protests and social unrest in the coming months amid ongoing political volatility. Pakistan is undergoing a severe economic crisis due with the depletion of its foreign exchange reserves and related inability to fund essential imports and repay back debts. These price hikes do little to fix the countries underlying problems.

Russia Suspends Participation in New START

In an address to the Federal Assembly, Russian President Vladimir Putin said his country would suspend its participation in the New START nuclear weapons control treaty. Putin reiterated that Russia was not entirely withdrawing from the treaty and was open to a new agreement that takes the nuclear arsenals of France and the UK into account. Russia is pressuring Washington to enter broader security negotiations on arms control, along with its previous demands for negotiations on Western support for Ukraine. It appears unlikely Russia will openly violate the treaty or engage in an arms race with the US, which would be expensive and provide little clear benefit to Moscow. Russia hopes such acts will fuel war fatigue in the West. On Jan. 31, the US State Department recognized Russia as in "noncompliance" with the New START treaty due to its refusal to resume negotiations on bilateral inspections. Back in Nov 2022, Moscow canceled talks in Egypt, on resuming New START inspections, with Deputy Foreign Minister Sergey Ryabko saying Russia had been left with "no other choice" because Washington would not discuss "the situation in Ukraine."

Iran Enriches Uranium to 84%

The International Atomic Energy Agency inspectors discovered uranium enriched to 84% during an inspection in the week of Feb. 13 in Iran. By enriching uranium to 84% — but not stockpiling the more highly enriched uranium — Iran appears to be trying to thread the needle between antagonism and compliance in order to compel the US and the EU to resume nuclear negotiations. The high level of uranium enrichment is close to the 90% level generally referred to as weapons grade, and the development will spur more discussion in the Jewish entity and the West on how to respond, potentially with more covert military and intelligence operations by 'Israel'. Iran has been highlighting the acceleration of its nuclear and missile programs in recent months as the West remains primarily focused on the Russia-Ukraine war.