

Question 1

SIFC focuses on attraction foreign investment into Pakistan. Critically evaluate the opportunities and challenges. Recommend policy measures.

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Name Rabmas

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1. Introduction:

SIFC stands for Special Investment Facility Council. This step was taken by civil-military leadership in 2023. The aim is to attract foreign direct investment in numerous sectors of the country. The SIFC has profound scope. It provides tremendous opportunities to the GCC states, Turkey and China to benefit from the chances. The opportunities include mining and mineral, agriculture, defense, IT and dairy and farming. The SIFC also faces numerous challenges such as low GDP growth, political instability, terrorism and no proper investment agency with lack of skillful labour. Pakistan needs to eliminate terrorism, improve the GDP growth, produce skillful labour and facilitate the investors. Therefore, the most tremendous programme will bring change in the economy of the country.

2. Objectives of SIFC:

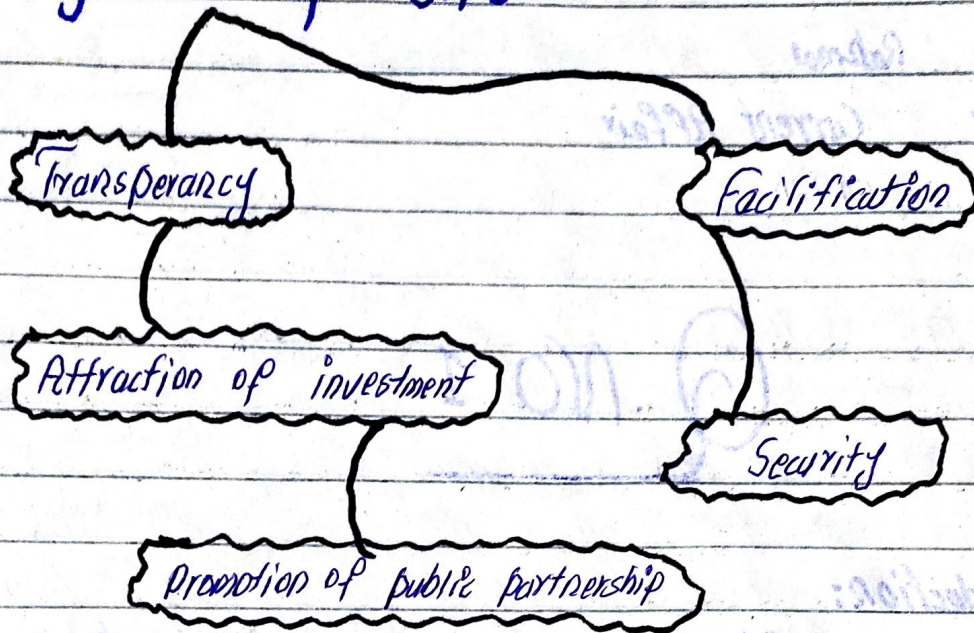


Figure 0.1 Objectives of SIFC

3. Opportunities under SIFC:

1. Agricultural industry investment:

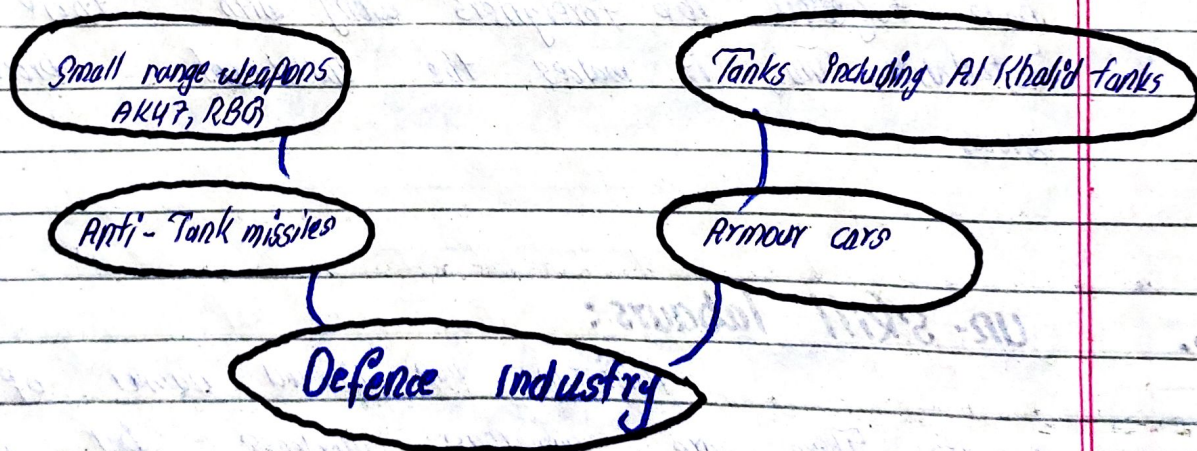
Pakistan provides unique opportunities to Gulf Countries, States, Turkey and China in the agriculture sector. SIFC facilitates investors in the farming activities. The farming activities will assist the investors to fulfill the need of food. According to **SIFC website**, the agriculture sector will not only benefit the investors but also the masses can benefit.

2. Minerals and mining industry:

Pakistan provides tremendous opportunities in the mineral sector. According to Pakistan Institute of Development Economics (PIDE), Rego Dig and Sandick projects provide tremendous chances to Gulf States. The investor can gain profound amounts. These projects enable to discover gold, silver, copper and diamond on cheap expenditures. The investors can sell in international market with double gain. Thus, SIFC provides opportunities in the mineral and mining industry.

3. Investment opportunities in defense industry:

SIFC facilitates the investors to invest in the defense industry. The defense industry includes the following products:



The investors especially KSA, Iran, Oman, the UAE, Turkey and Jordan can fulfill the security needs from defence industry.

4. Information and technology industry:

SIFC also enables the investors to invest in the information technology industry.

According to Pakistan's Investment Board, the investors with collaboration with Pakistani experts

can produce softwares, hardwares and AI chips.

The investor can benefit from the cheap labour, cheap materials and markets of Pakistan tremendously.

4. Challenges to SIFC investors:

1. Security issues of investors:

Terrorism is one of the hurdles on the way of investment. According to Pakistan Institute for Peace Studies (PIPS) terrorists have targeted 166 foreigners along with their installation. Thus, it makes the investment process slow.

2. Un-skill labours:

Pakistan has limited number of experts. There are numerous workers but no skill. This is one of the challenges for SIFC. Thus, it always concerns the IICC states about the investment in the country.

3. Low GDP growth of Pakistan:

Pakistan has been facing the downfall of GDP. The country has never achieved the target of growth. According to **Pakistan Economic Survey 2024**, the growth of GDP remained slow in the country due to debt, balance of payment, imports rather than exports. The investors always invest where the GDP growth is high. Thus, Low GDP is an issue for the attraction of foreign investment.

4. Political instability in Pakistan:

Pakistan has been facing political instability since the withdrawal of US troops from Afghanistan. The country has been experiencing long marches, protests and blame games in the heart. This has been contributing to destabilization in economy. Thus, there is limit focus on the SIFC.

5. Recommendations to eliminate hurdles on the way of direct investment:

1. Elimination of terrorism:

Terrorism is the mother of all evils. The government and the opposition must enforce **Operation Azm-e-Isfikhom**. This will

provide profound security not only to investors but also the masses.

2. Skillful labours must be prepared:

Pakistani universities must link themselves with the industries under SIFC. Keeping the demand of industries, the institutions should provide skills and trainings accordingly. Thus, it will assist the SIFC to attract foreign invests.

3. Political will is important for SIFC:

SIFC is dependent on the leadership of Pakistan. The leaders of Pakistan must keep differences aside in the case of economy. The government and the military should also align opposition in the matter of economy. Thus, a sustainable economic growth will be achieved.

4. Facilitation of investors:

Pakistan has provided numerous investment commissions to investors. There is no proper agency of investment to facilitate the investors. There must be a separate agency only to facilitate investors.

6. Conclusion:

In short, the SIFC is one of the tremendous programmes to achieve economic flourishing. The SIFC not only assists the investors but also helps the growth of Pakistan's economy. This gorgeous Programme must be protected for the advantage of Pakistan.
