

Pakistan Affairs

Q. No. 2

1. Introduction:

Anatol Lieven described in his one of the most prominent books "Pakistan: A Hard Country" numerous economic challenges. These challenges are trade deficit, de-valuation of currency, slow production, terrorism, floodings, inflation and balance of payment; Anatol Lieven has described these above aspects to the major challenges to the growth of Pakistan's economy. moreover, there are several indicators which can reduce the challenges of the economy. The measures includes increasing exports, attracting foreign investments, reducing dependency on IMF, countering terrorism, providing energy to the industrial sector to increase production so on and so forth.

2.

Background of the economic crisis:

Anatol Lieven described in the book "Pakistan: A Hard Country" that Pakistan has been facing the economic crisis since 1947. He also mentioned that in the military regime the economy also experienced a boom due to an inflow of dollars and foreign investments.

3.

Major Economic Challenges of Pakistan:

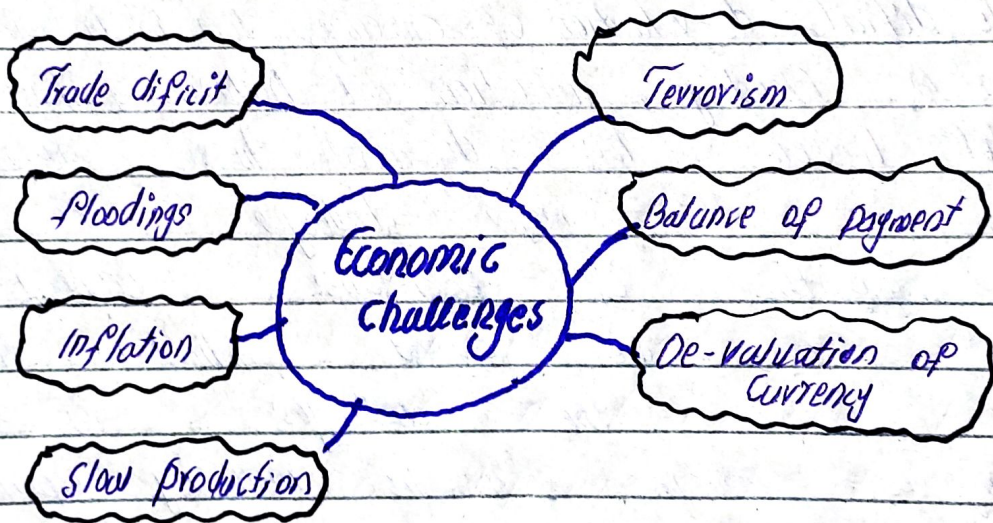
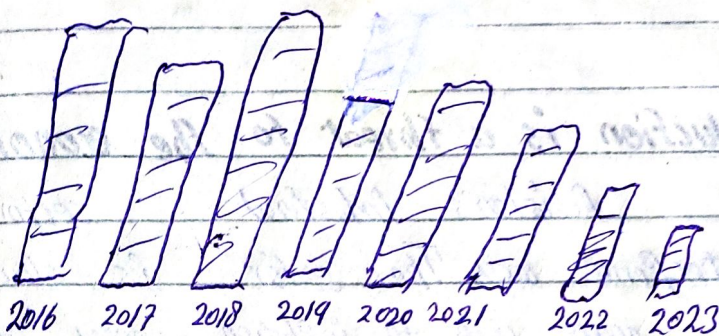


Figure 0.1 Economic Challenges of Pakistan

1. Trade deficit is a challenge to economy:

According to WTO, Pakistan has been facing trade deficit for long time. Pakistan's relation with the surrounding nation states have direct impacts on the trade especially with India and Afghanistan.



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Figure 0-2 Pakistan's exports to India and Afghanistan

2. Climate change threatens economic growth:

Climate change is one of the major challenges for the economy of Pakistan. According to World Bank Report 2023, Pakistan lost US\$ 16 billion in the floodings of 2022.

3. Inflation is one the challenges:

Pakistan's economy has been facing the inflation. According Pakistan Economic Survey 2024, Pakistan's economy has been going through oppression of inflation to curb.

4. **Terrorism as a major challenge to economy:**

Pakistan's economy has never overcome due to the pain of terrorism. According to Global Terror Index Report 2023, Pakistan lost in economy us \$ 160 billion due to terrorism.

5. **Slow production is a threat to the economy:**

Pakistan's industrial sector does not perform well. The sector is slow to produce goods due to inflation, energy and demands of consumers.

6. **De-valuation of currency is a challenge to economic growth:**

Pakistan's economy has been facing the de-valuation of local currency. This is happening due to the dependency on IMF and its Structural Adjustments reforms.

4. **measures to overcome the challenges:**

1. **Attracting foreign investments:**

SIFC which has the capability to attract us \$ 100 billion invest. The experts and stakeholders must

play a role to attract the investment. Thus, it will boost the economy.

2. Increasing trade in the region:

Pakistan must utilise SCO, ECO, and SARRC platforms to spread the CPEC, CASA 1000 project and TAPI. Also, Pakistan should extend the trade to the regional nations such as CARs. Thus, economic growth be achieved.

3. Counter terrorism with help of regional powers:

Pakistan has to ~~also~~ seek help from SCO (FRATS) and friendly nations like the United States to encounter the terrorism. Thus, ~~the~~ countering terrorism can allow Pakistan's economy be improved.

4. Approaching BRICS:

Pakistan must reduce dependency on the IMF loans. Pakistan approach BRICS which has the capacity to change the crisis of the economy.

5. Improving industrial growth:

Pakistan must improve the growth and production of the economy. The Govt,

should provide energy to produce more products.

6. Climate funds seeking:

Pakistan has lost billions due to the climate change. The government must not allow and leave giant economic powers which have emitted the CO_2 , O_3 . Pakistan must seek its rights of damage. The ~~an~~ inflow of the dollars will improve the economy.

5. Critical analysis:

Pakistan has the capacity to curb the economic challenges. The political will and action are needed to curb the current state of economy. Thus, countering the economic challenges will be achieved by the motives of unity.

6. Conclusion:

In short, Pakistan's economy has not only challenges but also prospects exist to change. The change can be achieved with the help of unity and political will.