

Question:

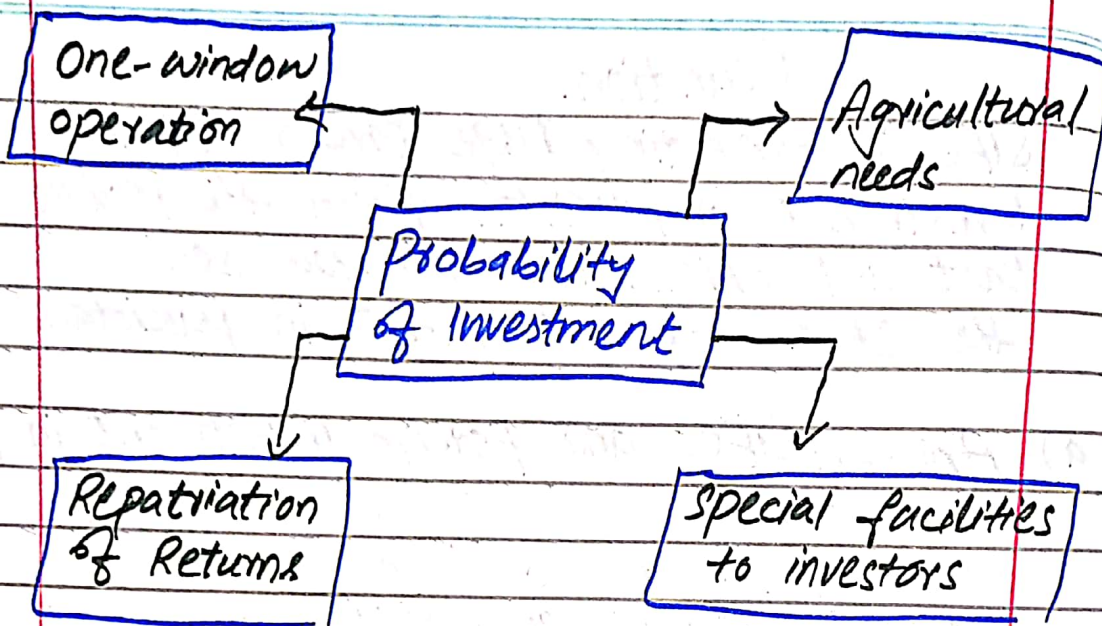
SIFC is expecting huge foreign Direct Investment in Pakistan from the Middle East and China. How do you see the chance of investment in Pakistan?

a) Answer: SIFC and Foreign Investment in Pakistan

In order to reinvigorate the dampening investment-to-GDP ratio, the country on 23rd June ²⁰²³ launches an initiative to attract foreign investment. The initiative, with a name of Special Investment facilitation Council, is unanimously agreed upon by both the Civil and Military leadership. Unique in its nature, the council offers conducive environment to the Middle-eastern and Chinese investors. However, until and unless the hurdles are resolved there would be possibility of uncertainty in attracting potential billion of dollars from the friendly countries.

b) High Probability of Investment under SIFC:

Due to following reasons, there are greater chances that GCC countries and China would invest in Pakistan.



a) Topography of GCC can't fulfill its Agricultural needs:

GCC (Gulf Cooperation Council) countries are have topography comprising plains full of desert. Hence, they are always in need of agricultural products like crops, maize, livestock and fisheries.

Hence, they would definitely want a neighbouring country to easily import agricultural produce.

(1.1) China's population and Agricultural Needs:

Similarly, China's population is one of the largest throughout the world. Although, it's land is suitable for agriculture, in order to fulfil the food requirement of its population, it needs to import agricultural products. Thus, Pakistan SIFC presents a compelling case for

investment, by Chinese government.

b) **One-Window operation:**

Before, SIFC, Pakistan was following intricate formalities and paper-work. This would led to bureaucratic red-tapism. However, SIFC offers one-window operation, liberating them from time consuming processes. Thus, one-window operation would motivate investors to invest in the sectors of Pakistan under SIFC.

c) **Repatriation of Returns in the same Foreign Currency:**

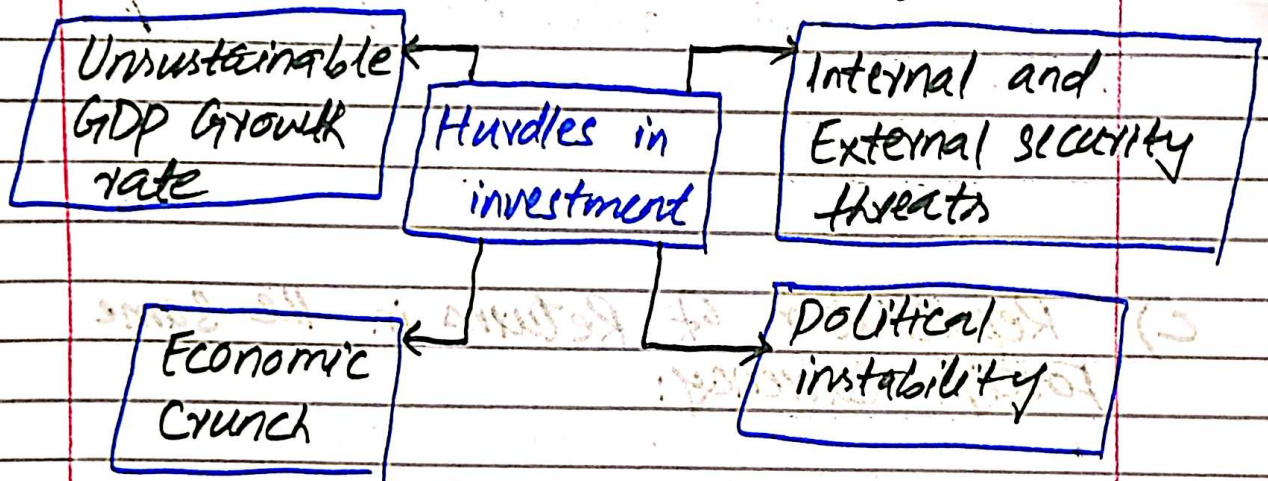
Foreign investors would be allowed to repatriate their returns in their own currency. Moreover, they would be allowed to have the option to take back 45 percent of returns as per their discretion, according to official website of SIFC.

d) **Other special Facilities for Investors under SIFC:**

Foreign investors would be given tax exemptions. Thus, they would be able to repatriate their returns without paying taxes. Thus, this special facility would possibly play a vital role in convincing the investors to invest in Pakistan.

c) Overcoming Hurdles Could Make SIFC a Game-Changer for Pakistan:

Despite its potential of ensuring huge inflows in different sectors of Pakistan, some of the for given factors may disappoint investors to invest risk-free.



a) Internal and External Security Threats:

Since 9/11, the country ^{has been} facing the menace of terrorism. Moreover, the renewed wave of insurgency after the takeover of Kabul by Taliban makes the overall investment possibilities gloomy.

Similarly, internal extremism and mob-lynching can deter the prospects of investment under SIFC.

Thus, the country must overcome terrorism and extremism. To do so that investors could invest in Pakistan at their full potential.

b) Unsustainable GDP Growth rate of Pakistan and Investment under SIFC:

Pakistan's GDP growth rate has always been fluctuating. For instance, in FY 2022 GDP stood grew at 6%, while in FY 2023, it grew at 0.3%. Investors never fond of investing in those countries where economic uncertainty is always larger. They invest when GDP grows sustainably, so that they could repatriate their forecasted returns.

Until Pakistan ensures constant growth in GDP, SIFC would find it hard to bring in potential investment.

c) Political instability Maxs in Pakistan:

Since inception Pakistan has battled political instability. In the past few years, a severe political deadlock in the country is making bad situation worst. Investors need consistant policies, which is possible through stable political environment. Then, Pakistan will have to ensure political stability, convincing foreign investors to invest in Pakistan.

d) Economic Crunch Kills Investors' Confidence:

Pakistan is facing worst economic

environment. Condition has gone to that extent that Pakistan is forecasted to get bankrupt, if did not get IMF bailout package. Thus, Pakistan has to ensure economic stability, & conducive economic policies for investment.

d) Conclusion:

SIFC is a conducive opportunity to revive the economy of Pakistan. It presents all the ingredients to investors to invest in Pakistan. However, Pakistan has to implement the plans made under SIFC. Moreover, it has to nip the evil of terrorism in the bud. Until and until, investors get conducive environment they would be reluctant to invest in Pakistan. Hence, in order to materialise the potential of SIFC, Pakistan has to workout the needed.