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Natural Disasters and National Economics

OUTLINE :

A. Introduction :

Thesis statement : Natural disasters are a direct blow to the National economics in the sense that it reduces agricultural and industrial production, halts service sector, blocks foreign investments, reduces exports, and increases dependence on external sources for monetary support.

B. Natural Disasters and National Economics: a Bird's-eye View :

C. How Natural Disasters Affect National Economics :

1. Reduction in agriculture production due to wiping away of agricultural land.
2. Damages to factories halting industrial production.
3. Infrastructure losses affecting businesses to due to loss of connectivity.

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- 4 Shutting down tourism and service sector takes away livelihood.
- 5 Livestock losses lead to food insecurity.
- 6 Rescue and rehabilitation of affecteds leave little room for development and innovation.
- 7 Foreign investments reversed due to the fear of survival in investors.
- 8 Independent economic progress shackled by foreign monetary aid.
- 9 Imports outweigh exports - a bane for foreign reserves.
- 10 Purchasing power reduction leading to inflation.
- 11 Affects education posing long term economic upset.

D. How can National Economics be Trained to Tackle Natural Disasters.

- 1 Prompt and efficient Disaster Management System to prevent maximum economic loss.
- 2 Collaborations on international forums to ensure climate justice.

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E. Case Study:

Copenhagen Cloudburst Management Plan, 2012

An Insight on How Pakistan can Turn Natural Disasters into Economic Opportunity.

F. Conclusion:

Essay:

On the busy afternoon on 16, April 2024, the world witnessed an extreme cloudburst in the busiest city of Dubai. It came and went as a shock but the impacts it left on the economy of UAE were startling. It halted all international flights, caused infrastructure damages and took lives. From that day onwards, UAE has adapted to economic model that can tackle any natural disaster emergency and prevent maximum economic losses. This shows that natural disasters ~~are~~ whether cloudbursts, floods, wildfires, earthquakes, tsunamis or avalanches pose great economic

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challenges. It leads to loss of production in industrial and agricultural sector.

It also affects businesses by reducing connectivity. Along with that livelihood opportunities are limited due to closing of tourism and service sector. It causes food insecurity as well as livestock loss occur. Not only this, but natural disasters also affects development and innovation, reduces direct foreign investments and increases dependence of foreign monetary support. It also increases imports and reduce exports, which eats away foreign reserves. Besides this, natural disasters reduce purchasing power of people leading to inflation and it poses long term economic losses due to affected education system. These challenges to national economics can be however be dealt by prompt and efficient Disaster Management systems and collaborations on international forums to ensure climate justice. A case

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study on how Copenhagen has turned natural disaster to economic opportunity can help Pakistan learn lessons. Natural disasters are a direct blow to the national economics in the sense that it reduces agricultural and industrial production, halts service sector, blocks foreign investments, reduces exports, and increases dependence on external sources for monetary support.

The bird's-eye view of natural disasters and its relation to national economics show that it has inverse relation. The frequency and duration of natural disasters directly hit the ~~the~~ economics of any nation. Post 2022 flood, World Bank Report 2022 showed that Pakistan lost USD 30 billion due to flood damages. This shows that national economics are severely damaged by natural disasters.

Natural disasters affect national

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economics because it leads to reduction in agricultural production. Natural disasters affect the agricultural land severely. Be it floods, wildfire, tsunamis or cloudbursts. It not only damages the standing crop but it also affects the soil quality that leads to decreased agrarian production in the years to follow. Pakistan is mainly an agricultural country as 21 percent of the GDP contributes to agricultural production.

(Economic survey of Pakistan, 2025 report)

This shows that floods or any natural disaster has a direct hit on the economy due to loss of agrarian production.

Along with reduction in agrarian production, natural disasters also affect the industrial output. Industries are the backbone of any nation's progress. It not only meet the needs of the local population but

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also leads to exports of the countries. If natural disasters affects these industries, this will lead to slashing economics of the country in many ways. Natural disasters affect the infrastructure of national industries or damages its raw material. It sometimes take away the finished products leading to faltering economics. According to state Bank of Pakistan Report, 2025, on the economic damages due to flood, The 2025 floods were the first to hit industrial cities in decades. The cities like Lahore, Sialkot which ~~were~~ are the industrial hub were badly affected. This implies that natural disasters have profound impacts on industrial production leading to economic loss.

Besides industrial production reduces, natural disasters also affects the

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business community, leading to economic loss. Natural disasters cut people, societies, villages and cities when it damages roads, bridges or railways. This loss of connectivity affects the business community who has to transport or travel due to business. It also affects transnational business as natural disasters sometimes affect airlines and air transport. The 2024 April's cloudburst in Dubai shattered world business for days as the hub of world business was affected by natural disasters. Along with it

NOMA - Natural Disaster Management authority report should that 29 nation-wide bridges were broken halting business across the country. This portrays that natural disasters affects businesses by halting connectivity.

One other reason that shows

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the effect of natural disaster on economics is shutting down of tourism and service sector which takes away livelihood. Natural disasters are like a bomb, except that it explodes when anyone expects it the least. Natural disaster in areas or countries that run on tourism service prove fatal. It takes away the livelihood of all the people associated to service sector damaging the national economics. The recent floods in Sri Lanka in Nov, 2025 had adverse effects due to its service sector driven economy. People lost their livelihood as tourism stopped. This shows that natural disasters take away livelihood by hitting service sector particularly tourism.

Not only livelihood opportunities, but floods also lead to food insecurity by damaging livestock.

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Livestock contributes to food production of many countries and indirectly contributes to economic growth. When natural disasters wash away livestock it hits the country with food insecurity, adding to the economic headache of the states. According to Zahid Hussain, the 2025 floods took away 22,000 animals (extracted from NDMA data) and it washed away 61 percent of ~~an~~ animal fodder. This shows that natural disasters hit the economy by washing away livestock which in turn threatens food insecurity.

Besides food insecurity, natural disasters leave little room for development and innovation as focus goes on to rescue and rehabilitation of affectees. Natural disasters hit everyone equally and it takes away everything. In this time of crisis

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the primary focus of government is to rescue and rehabilitate the affecteds. All development and innovation plans are sidelined. This pushes the country back in the race of technical advancement.

And lack of advancement in technology affects the economy badly. According to world Bank 2025 report, Pakistan needs additional USD 16 billion to tackle the incurring damages of this natural disaster. This shows that when the natural disasters hit innovation and development stops.

Not only this, natural disaster also take away the foreign investors due to fear of survival. The areas that are frequently hit by natural disasters are scarcely attractive to foreign investors. This is because investors demand a safe growth

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of their assets. This growth is challenged by natural disaster.

Investors prefer countries where their investment grows manifold without any damage posed by disasters.

According to US department of Home Secretary, Los Angeles 2025

wildfire scared away 12% of the investment in the state. This

portrays that natural disasters lead to destruction of foreign investors' trust.

Along with minimum direct investments, natural disasters also shackle independent economic progress due to dependence on foreign monetary aids. International organizations provide funds on conditionalities. These conditionalities are often not aligned with the people-centric economic progress of the recipient countries. But they are abide to fulfill these conditionalities to get

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aid. This leads to economic sovereignty in shackles. According to **Index of Economic Freedom 2024**, Pakistan is ranked 150th out of 184 countries. This shackled economic growth is further exacerbated by natural disasters. In a nutshell, it can be said that foreign monetary aids for disaster assistances halt economic progress freely.

In addition to dependent economic progress, natural disasters hype up imports which outweigh exports, depleting foreign reserves. The balance between exports and imports is disrupted when imports outweigh. Natural disasters exacerbates imports to meet the growing challenges of food, shelters, medicines etc. This leads to depleting foreign reserves which leads to economic fall out of countries. This can be imagined best with the

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example of Sri Lanka. When the 2022 floods hit it, the reserves were soon emptied due to impeding exports and ~~in~~ increasing imports. This led to its bankruptcy in 2022. This shows that natural disasters are a boon for foreign reserves when imports outweigh exports.

Besides depletion of foreign reserves, natural disasters reduce the purchasing power of people causing inflation. Inflation is directly associated to purchasing power of people. When natural disasters hit, it takes away livelihood and employment as most people in Pakistan are associated with farming. This leads to low purchasing power as income means to vanish away. Thus inflation is created which affects the masses adversely. This causes stunted growth and diseases which are other factors

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responsible for economic backwardness.

According to United Nations Development Program report 2025, almost 37%

of people will starve in natural disaster affected regions as inflation rises manifolds. This shows that with natural disasters purchasing power reduces causing inflation.

A rather unique but not neglectable affect of natural disaster on the economic outlook is its

challenges to education. Education represents the national progress of nations decades before it happens.

Education is the backbone of any economy. when natural disasters hit education it is the herald of economic weakness decades

away. According to Education Minister of Punjab Sir Rana Sikander Hayat, almost 3000 schools were

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partially or completely washed away during the 2025 floods. This shows that natural disasters when affect education, it affects the economy of the future.

National economics can be trained to tackle ~~national~~ natural disasters by prompt and efficient disaster Management System. Focus should be more on the mitigation methods rather than adaptation and recovery methods as the famous saying goes, "Prevention is better than cure". Transparency and accountability in disaster finance can guarantee minimum economic loss. Community based warning systems can also prevent maximum economic and life losses. "Hunza Community Based Warning System" has recently shown excellent results when a shepherd was able to warn of the incoming disaster of flood.

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This shows that efficient and prompt community based Disaster Management systems can prevent economic losses due to natural disasters.

Along with this, cooperations on international forums can also prevent maximum national economic loss due to natural disasters. Climate or natural disasters does not follow any international boundary so its mitigation or minimization should not follow boundaries too. Only through collaborative efforts can natural disasters be tackled. The best example of this collaborative efforts is presented by Turkey - Armenia. Despite their diplomatic cut-off since 1993, they remain steadfast on water sharing data since 1927 to prevent floods or other natural disasters. This shows that only collaborative efforts can help to mitigate and ensure climate justice.

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A case study of Copenhagen, Denmark shows how ~~se~~ natural disasters can be turned to economic opportunity.

The city was hit by cloudburst in 2012 and it presented its Cloudburst Management Plan, 2012. It was a hydrolic model which allows the rainwater to gather in underground catchments.

This water is slowed down to be used ~~by~~ for domestic purposes. The rooftops are connected to these catchments as well which pass all the rainwater in this area. This prevents the damages that rainwater can do and also all the water not to waste and be stored for future use. This model came after Denmark lost \$ 1 trillion in the cloudburst. She then took the opportunity to ~~by~~ transform the disaster into an economic gain. Countries like Pakistan which is severely hit by natural disasters every year should learn

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from this model.

The situation remains grave economically for many countries as natural disasters hit agricultural and industrial production. It halts service sector and snatches livelihoods.

It leads to food insecurity and lack of infrastructure ~~and~~ development.

It also reduces foreign investments and shackles economic progress by being dependent on aid. It

further tense the situation as low purchasing power leads to inflation and its ~~aff~~ effects on education points to future economic setbacks.

But the situation is not entirely bleak as efficient and prompt

Disaster Management systems and collective approach to dealing with the adverse affects of natural disasters shows signs of improvement.