Name : Hoor Ali
Batch : 1

Date: _____   Day: _____

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 Natural Economics :

1. Reduction in agrarian production due to wipping away of agricultural land

2. Damages to factories halting industrial production.

3. Infrastructure losses affecting businesses due to loss of connectivity.

4   Shutting down tourism and service sector takes away ~~~~

5   Livestock losses lead ~~~~ insecurity.

6   Rescue and rehabilitation of affected leave little room for development and innovation.

7   Foreign investments reversed due to the fear of survival in investors.

8   Ind~~~~ shackled by ~~~~

9   Imports outweigh export — a bane for foreign reserves

10 Pa~~~~ reduction leading ~~~~

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 ~~~~

E. Case Study:

Copenhagen Cloudburst Managment 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 _____ and _____ but the impacts it left on the economy of UAE were startling. It halted all e international flights, _____ infrastructure damages and look lives. From that day onwards, _____ adapted economic model that can tackle any natural disaster emergency and prevent maximum economic losses. This shows that natural disasters oro whether cloudbursts, floods, wildfire, earthquakes, tsunamis or avalanches pose great economic

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 causes long term economic losses due to affected education system. These challenges to national economics can however be dealt by prompt and efficient Disaster Managment systems and collaborations on international forums to ensure climate justice. A case

study on how Copenhagen has turned natural disaster to economic opportunity can help Pakistan ~~also recover~~. 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 ~~tax~~ economic ~~and~~ nation. Post 2022 flood, ~~World Bank~~ Report 2022 showed that Pakistan lost USD 30 billion due to flood damages. ~~that national economics are severely damaged by natural disaster.~~

Natural disasters affect national

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 ~~42 percent of~~ 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 disaster also affect the industrial output. Industries are the backbone of any nations progress. It not only meet the needs of the local population but

also leads to exports of the countries. If natural disasters affects these industries, this will lead to slashing economic of the country in many ways. Natural disasters affect the infrastructure of national industries or damages its raw material. It sometimes ~~also away~~ ~~finished product~~ 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 impact on industrial production leading to economic loss.

Besides industrial production reduces, natural disasters also affects the

business community, leading to economic loss. Natural disasters cut people, societies, villages and cities when it damages roads bridges or railway. 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 ~~shutdown~~ shattered world ~~bus~~ as the hub of world business was affected by natural disasters. Along with it

NDMA — Natural Disaster Managment authority report should that 29 nation-wide bridges were broken, halting business across the country. This potrays that natural disasters affects businesses by halting connectivity.

On ~~~~ that ~~~~

the affect of natural disaster on economics is shutting down of ~~tourism~~ and service sector when take away livelihood. Natural disasters are like a bomb, except that it explodes when anyone expect it ~~the least.~~ ~~Natural disaster in areas or countries~~ ~~that are in service people~~ ~~fatal~~ takes away the livelihood of all the people associated to service sector damaging the national economics. The recent floods in ~~its data~~ in Nov, 20~~25~~ adverse affects 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.

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

the primary focus of government is to rescue and rehabilitate the affectees. 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 a natural disasters hit innovation and development stops.

Not only this, natural disaster also takes away the foreign investors due to their poor survival. The areas that are frequently hit by natural disasters are scarcly attractive to foreign investors. This is because investors demand safe growth

of the countries. The growth is challenged by natural disaster. Investors prefer countries were their investment grows manifold without any damage posed by disasters. According to US department of Home secretary, Los Angeles 2025 wilfire scared away 12% of the investment in the state. This potrays that natural disasters lead to distruction 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

aid. This leads to economic sovereignty in shakles. 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 borrowing aids for disaster assistance 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 outweight. Natural disasters exacerbates imports to meet the growing challenges of food, shelters, medicines etc. This leads to depleting foreign reserves which leads to economic default of countries. This can be imagined best with the

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 bankrupcy in 2022. This shows natural disasters are a boon for foreign reserves when imports outweigh exports.

Besides depletion of foreign reserves, natural disasters reduces 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. Thus growth and diseases which are other factors

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 disaster purchasing power reduces causing inflation.

A rather unique but is 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 head of economic weakness decades away. According to Education minister of Punjab Sir Rana Sikander Hayat, almost 3000 schools were

partially a completely washed away during the 2025 floods. ~~that natural~~ ~~when~~ ~~affects~~ National economics to tackle ~~national~~ natural disasters by prompt and efficient disaster management system. Focus should be more on the mitigation methods rather that adaptation and recovery methods as the famous saying goes, "Prevention is better than cure." Transparency and accountability in disaster finance can guarentee minimum economic loss. ~~based~~ ~~warning~~ ~~also prevent~~ ~~maxi~~ ~~and~~ life losses.

"Hunza Community Based Warning System" has recently shown excellent results when a sheephend was able to warn of the flood.

This ~~shows that efficient and prompt~~ ~~communication~~ ~~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 disaster. Climate or natural disaster does not follow any international boundary so its mitigation or minimization should not follow boundaries too. Only through collaborative efforts can natural disaster 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 mitiagate and ensure climate justice.

A case-study of Copenhagen, Denmark shows how 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 uses a hydrolic model which allows the rainwater to gather in underground catchments. This water is slowed down to be used for domestic purposes. The rooftops are connected to these catchments as well which paves 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 took the opportunity and turned the disaster into an economic gaint. Countries like Pakistan which is severly hit by natural disaster every year should learn

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 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 effects of natural disasters shows signs of improvement.