

QNO 4

Ans: Loss and Damages Fund

In COP27, climate summit ^{it} was initiated for the first time in history. ^{fund} Loss and damages fund was created to help the vulnerable countries to deal with the damaging impacts of global warming. The fund will provide payout to developing countries that suffer loss and damage from climate driven storms, floods, droughts and wildfires. Funding amount and criteria of funding disbursement are yet to be decided. Probably in COP28 (UAE), criteria and amount will be decided.

ROLE OF ISLAMABAD IN Loss and Damages fund.

Islamabad played a vital role in the establishment of loss and damage fund. First, by having it placed on the agenda of COP27, and then pushing for consensus agreement. It was the agenda since last 20-30 years, but ~~not~~ was not established.

In COP27, Pakistan's foreign minister Bilal Raza Bhatti and minister of climate and change Sherry Rehman put their best effort and with the support of foreign countries made it possible.

Pakistan made hectic efforts for a loss and damage fund to enforce rich countries to provide financial help to affected countries due to climate change.

As per Pakistan, some countries emit carbon and its repercussions are faced by other countries. Pakistan and other countries need climate justice in the form of funds to recover from extreme weather events. Developing countries can face upto

580 billion dollar in annual climate costs by 2030.

BENEFITS OF LOSS AND DAMAGE FUND TO PAKISTAN

Pakistan, with an insignificant contribution to global warming, is already witnessing a severe impact of climate change in the form of heavy rainfall and flooding. As per the World Bank, disaster caused total financial loss amounting to \$40 billion affected 33 million people across the country and left approximately 1700 people dead. In addition reconstruction and rehabilitation cost may run in the billions.

To secure any benefit from the loss and damage fund, Pakistan will have to build ~~and~~ a strong and dedicated team of eminent, trained professionals.

Qno 7

Historically, Pakistan has maintained moderate economic relations with both Russia and Ukraine.

In 2020, due to mismanagement as well as loss of export, led to severe shortage of wheat in Pakistan. Government allowed private companies to import wheat to stabilise prices and accumulate stocks. In July - November 2020, Ukraine was main supplier of wheat exporting 1.2 megatonnes to Pakistan. During same period Russia supplied 0.92 megatonnes to Pakistan. Russia Ukraine both are important agricultural suppliers of Pakistan.

Implications of Ukraine war on Pakistan

- 1) **Food Shortage:** Due to Ukraine war, Russia blocked Ukrainian ports, which blocked the supply of wheat from Ukraine to Pakistan. Pakistan has also been compelled find an alternative wheat suppliers. Government covered shortage of wheat with expensive rates.
- 2) **Increased Oil and Gas prices.** Russia's invasion of Ukraine has also resulted in a record surge in LNG rates as globally supply chain is threatened with disruption. It caused immediate issue for Pakistan. as LNG companies have backed out their contracts with Pakistan to exploit lucrative European markets. Pakistan is compelled to purchase expensive LNG. Further more Global Oil prices have exceeded \$100 per barrel since the start of war.
- 3) **Construction of Industry If** Russia-Ukraine war also hit Industries. Pakistan imports steel from Ukraine has ceased which harmed local industries and economy.

Islamabad relations with Russia.

Pakistan has to maintain diplomatic ties with Russia and China for geopolitical reasons. In UNGA Pakistan remained neutral. Pakistan has to maintain ties with Russia and west both.

Q No 3

Ans: Balance of Payment Crisis:

It creates deficit in Current account which Fedral account in State bank of Pakistan. Currently Pakistan is facing balance of payment crisis. In 2021-2022, there was trade deficit of \$ 44 billion and loan repayment of \$ 13 billion and in total it's \$ 57 billion. In the fiscal year 2021-22, we earned income through remittance \$ 131 billion, and from other multiple source we earned \$ 26 billion, through foreign direct investment \$ 8 billion. Shortfall of \$ 13 billion was outflow. We met the shortfall of \$ 13 billion through acquiring loan.

Devaluation Due to continuous deficit in balance of payment increased the demand of foreign currency to the detriment of national currency. It cause sudden shift in the prices of dollar and devaluation of rupee Pakistan rupee.

Decline of Foreign reserves.

Pakistan has excessive external borrowing over the years which ~~have~~ depleted the foreign reserves and increased the chances of default.

Increase of inflation: ^{By} Since June 2022, due to balance of payment crisis, inflation was at an all time high 58% along with rising food prices.

IMF conditions

IMF condition for bailout has caused the unprecedented inflation in Pakistan. Everything got expensive such as Fuel, Electricity and Transport. IMF asked conditioned the Pakistan to increase fuel and electricity price which led to shut down of various industries from Pakistan such as Airlift, and BBC.

Recommendations

i) Acquire more loans: There is no option other than acquiring loans and currently Pakistan is facing difficulties for acquiring loans. First acquire loans from IMF and then from other friendly states.

Pakistan has to take loans from different sources such as IMF, AIIB, ISDB, ADB, IDP

ii) Tax Reforms: Pakistan has to enhance tax collection which will reduce balance of payment

iii) Increase Exports: Increase exports to resolve the balance of deficit crisis. For enhancing export, Pakistan has to promote industry like Bangladesh ^{who} has promoted industry and ^{have} \$ 400 billion reserves.

iv) Agricultural Reforms:

Pakistan's main agricultural product is wheat but still $31\% +$ minimum wheat is imported every year.

last year ²⁰²² we imported wheat of more than \$ 1 billion.

Edible oil is also imported by Pakistan with worth of \$ 4 billion.

v) Increase Remittances

Qno: 5

Ans Under the agreement, Iran and Saudi Arabia will patch up a severe year split by reviving a security cooperation pact and reopening of embassies in each other's countries - within two months. Iran has opened its embassy in Saudi Arabia after ~~the~~ years of conflict. Both countries got agreed to respect state ~~and~~ sovereignty and refrain from interfering in each other's internal matters. They will resume the trade economy and investment agreement signed in 1998.

Middle East It will give positive impacts on Middle east, because in middle there was tension due to Saudi-Iran conflict.

Pakistan In Pakistan, It's a positive ^{impact} for economy, as Iran is neighbouring country, and through Gawadar port Pakistan can ~~trade~~ trade with ~~Iran~~ Saudi-Arabia. and It ~~will~~ ^{can} be also benefited for CPEC to have access to the markets of middle east.