

Name :- Hazoor Bux

Batch :- 326

Subject :- Current Affairs.

Date :- 06-15-2023.

Q no : 3

Introduction :-

Balance of payment crisis.

Balance of payment refers to the concept of balance of currency exchange. In specific words, when the country give out the dollar in the form of payment for imports, they payment for the things imported by a country and the currency, the dollar receiving in the form of remittances or when the country exports its items it get the dollars.

Balance of payment crises starts when we use the dollar in imports more than we get it in the country in any form which can be exports and remittances etc. Simply when the country imports more than exports the things and pay in dollars more than it receive the dollars.

(3)

___/___/___

which is a alarming situation for Pakistan's economy, when any country it goes as much down the foreign companies and the countries step back to to invest in that country. It is the depletion of foreign reserves which results the inflation in the country also.

Massive increase in inflation rate, when Pakistan faced the balance of payment crisis it ~~went~~ ^{touch} to the massive increase in inflation, as badly as it touched the highest figure of 38% in May 2023, which was recorded the worst rate of inflation ever in the history of Pakistan. More than 60% population has crossed the line of poverty. "The world Bank report".

Hindrance in IMF bailout deal.

Due to balance of payment crisis, the inflation rate increased, the foreign reserves touched the lowest lowest figure of its

Policy Plans the government should frame and adopt:

As the balance of payment crisis has become ^{one of} the main reasons for every kind of crisis in Pakistan, the economic crisis, energy crisis, reason for IMF deal delay, the inflation. Our government should adopt following policies:

i) Modernization of Agriculture.

Agriculture is the 27% of the total GDP of Pakistan, and it is one of the major ~~pro~~ item we export, we have to increase ~~of~~ the production so that we can increase export.

ii) Less number of taxes on the remittances.

During the tenure of current government remittances have been decreased badly due to the higher taxes as compare to the last government. And remittances ~~is~~ play the crucial role in the balance of payment for Pakistan.

(6)

— 1 — 1 — 05

iii. Subsidies to the Industries.

According to World Bank survey report, more than 40% of the industry in Pakistan has been shut down due to high inflation and high rate of tariffs on imported items and machinery used by the industry. Success of industry in Pakistan will increase the export which will result in increasing of dollar in Pakistan.

(7)

___/___/___

Q no 4:

"Loss and Damage Fund"

The idea of loss and damage fund was established during the COP 27, the Sharmul Sheikh conference Egypt. It is the fund to be released to the countries affected by climate change in the form of floods etc.

Indonesia and a few other countries were supporting the idea of loss and damage fund since a long time, which came to conclusion during and established at the Sharmul Sheikh conference Egypt 2023.

The idea is that a specific amount will be reserved to support the climate change victim countries to help them to recover from it and to recover the loss and damage faced due to climate change.

(8)

—/—/—:—

But many states including Pakistan are not satisfied with the fund reserved for "Loss and Damage Fund", because they demand the more grants the fund itself is enough to facilitate the affected countries to recover, specially the under developed countries which do not share in the climate change. Like Pakistan, we share less than one percent to the climate change but still Pakistan is facing the worst kind climate change effects specially in the form of floods, 80% of the agriculture in Sindh and Balochistan was destroyed by the last flood "NDMA".

Another term is being used in that sense "climate change justice", which speaks about more support to the affected countries than the loss and damage fund.

Role of Pakistan in the establishment of "Loss and Damage Fund".

Pakistan being a co-host of COP27, has played a vital role in the establishment of the "loss and damage fund". Pakistan is one of the countries who insisted the world to come forward and help the countries affected by climate change. Foreign Minister of Pakistan, Bilawal Bhutto Zardari also played a vital role in it, he raised the issue at every platform he visited either domestic level or international level. That was the success / fruit of all that efforts that Pakistan was given the role of hosting the meeting / conference at Egypt. Pakistan's last government had also played a vital role, the Sumneri Jee program of last government of Pakistan has also been recognized and praised by the world.

Benefits of "Loss and Damage Fund" to Pakistan:

Pakistan is one of the worst affected countries of climate change. The whole world has recognized and accepted the role of Pakistan against climate change and it has also been admitted that even Pakistan contributes a very low share in climate change it is one of the countries who badly affected by climate change.

So, Pakistan deserve to be helped out to get out of the loss caused to it by ~~for~~ floods due to climate change.

Pakistan is direct beneficiary of loss and damage fund as the fund has been established to help the countries undergone the climate change effects.

Q no 5:

Rapprochement between Kingdom of Saudi Arabia and Iran.

There was a clash between both the countries since 1999 which ^{to} worsened became worst in 2006 and since that diplomatic relations between both the countries were cut till last month ^{May} of 2023, when China played a vital role to normalize the relations between Saudi Arabia and Iran.

This increasing rapprochement between Kingdom of Saudi Arabia and Iran is a good step towards socio-economic and political relations in the regions which will result peace in the region.

The main reason of involvement of China is also to establish the peace in region and develop Asia, because peace is the key to development.

(13)

___/___/___:05

neighbor country on the other hand the Kingdom of Saudi Arabia is also a good friend country who has always supported Pakistan economically. And the good relations between U.S.A and Iran are very crucial for Pakistan in CPEC point of view also, many projects of Saudi companies were not going good because it had not good relation with Iran, now that will also speed up itself.

Measures that Islamabad should follow:

My recommendation to Pakistan would be to get benefit of the good relations with both the countries. CPEC is being called the back bone of Pakistan's economy and a future of Pakistan so Islamabad should offer to both the countries to participate and invest in the CPEC. Further more Pakistan should continue

(14)

— 1 — 1 — 60

and even make the good relations with both the countries and play its role to keep the good political and diplomatic relation between U.S.A and Iran strong, because it is in the benefit of Pakistan also.

Q no: 6

Pakistan to keep good relations with Iran.

It is crucial for Pakistan being the immediate neighbor to keep good relations with Iran.

Iran the most important neighbor country lies in the South west of Pakistan.

Iran the riched with natural resources is the important neighbor country of Pakistan.

Peace pipeline is one of the main example of that, the gas pipeline dealy between the countries is the example that how the both countries can help each other in their development.

Hurdles between Islamabad and Tehran.

There are some hurdles also between both the countries which are the reason

(16)

— 1 — 1 — 30

that both the states can not get benefit from each other; and one of the major is sanctions of U.S.A on Iran. Before the China played a role to make relation between U.S.A and Iran, it was also a hurdle between Pakistan and Iran that both could not openly moved to each other.

opportunities :-

Though there are some hurdles between Islamabad and Tehran, as a few of them I has described above, there are many opportunities for Islamabad and Tehran to establish comprehensive engagement with each other.

Both the countries can play a vital role in the advancement of each other. Iran can support Pakistan in energy sector and Pakistan in defence sector. Both can engage in industrial activities also.

Iran and Pakistan, both can improve their industry sector also by comprehensive engagement with each other.