

## Subjective Part Part - II

Q. 6.

Being the immediate neighbour it is important for Pakistan to keep good relations with Iran. Critically evaluate the hurdles and identify opportunities for Islamabad and Tehran to establish comprehensive engagement with each other.

ANSWER:

INTRODUCTION:-

Immediate neighbours means to attain and acquire immediate existential needs of both countries for the betterment of state and as well as for the region. Although a difficult task to get but nothing is impossible if wanted. The relations between both the states must be in good terms to have a prosperous region. There are some hurdles and opportunities in the engagement with of the immediate neighbour Neighbours.

Hurdles in the engagement of  
Tehran and Islamabad:



### a. Terrorism leading as a social issue:

Rising terrorism between the borders is a major cause that does not allow the states to have good terms between with each other.

Multiple terrorist agencies as of Pakistan Tehreek-e-Taliban Pakistan, and of Iran's Houthi rebels becomes the conflict.

### b. Political conflicts of the leading party in Iran:

As, Khomeini of Iran had much rivalry with multiple states for example Saudi Arabia and Iraq which created conflict to not have good terms with any other.

### c. Ethnicity is the end of game:

In ~~the~~ Religious Arena, especially talking about Islam, the leading issues of ethnicity caused major conflicts within and outside the state.

As, Iran had have its most population of Shia muslim and Pakistan have more population of Sunni. which make both states rivalry of each other.

Baloch liberation Party, Baloch liberation Army, Awami National Party and many more also of Iran



these do not compromise on their ethnic terms and as well as religious aspects.

#### d. Sanctions of UN, on Iran:

Sanctions of ~~the~~ The United Nations on Iran after the Nuclear weapons and nuclear power plants made it very difficult for Iran to have proper relations with any state.

#### e. Economically weak states:

In recent days of Pakistan, the economic situation is the worst since ~~the~~ 70 years. And it is the cause that no state would like to have good relations with Pakistan. Pakistan is going through an economic and political instability which makes it less attractive to any state.

#### f. Changing of multiple policies:

As, Political instability in Pakistan so multiple governments and regime changes lead to changing of many policies with the foreigners. As Foreign Policy takes Paradigm shift under different political leaders.

Hurdles does not mean that opportunities can not be curtailed. The way to resolve conflicts is Peaceful engagement through multiple forums and individual support.



## Comprehensive Engagement causes Good relations:

### a. Religious harmony:

The ~~start~~ starting key aspect for the better establishing plans is Religion as both the states follow Islamic compliance based on Islamic teaching and Quran and sunnah which guides better to understand each other.

### b. Free trade Agreement:

An awaited opportunity leading to successful paths is a Free Trade Agreement (FTA), which had opened the gates for many other more countries in it.

In a survey occurred in 2021 Pakistan-Iran trade reached \$2 billion. c

### c. Barter Trade Agreements:

The barter trade recently started by Pakistan with Iran, Russia and Afghanistan is "a win-win game". Clearing paths for its and other regional states for growth is a golden opportunity to endure and spread.

### c. Middle east's largest reserves:

Iran is the second largest oil and hydro carbons exporter



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in the world after ~~Saudi Arabia~~ Saudi Arabia  
Russia. And The Iran exports it's  
Petroleum and Gas and much  
to Pakistan.

On the other hand, Pakistan exports  
it's best paper, rice, stationery  
and much items to Iran.

#### d. Regional stability:

- It can be obtained with the engagement  
of many states in the region with  
others and it allows the states  
to have regional stability and  
have prosperity within and  
outside the region.

#### e. Opportunity to acquire National Interests:

National Interests are the internal  
phenomena of the state and  
acquiring through multiple ways  
either by stability outside,  
better relations internationally etc.

But to attain is the job of all  
the states. The engagement  
between the neighbours open  
doors for them to get to  
the opportunities easily.

#### f. Cultural growth:

Engagement provides an opportunity  
for both states to have cultural  
exchange. Through multiple ways  
as of educational programmes,



job opportunities - employment,  
Scholarships, tourism, bilateral  
agreements and many more  
ways.

### g. Increase in economic growth:

The bilateral engagement provides  
a chance to ~~to~~ enhance and  
have surplus in economic terms.

Might it be through exchange  
programmes, trading, tourism,  
investments in multiple sectors etc.

### h. Agricultural Growth

As, Pakistan imports its rice to  
Iran which means that if  
the border sharing countries  
have ~~g~~ more good relations, ~~it~~  
to the state would be having  
amazing opportunities in the  
growth of agriculture. And Iran  
would have the best rice and  
more crops of the Asia.

### Conclusion:

The engagement is the more of  
an opportunity to both the neighbours  
regarding the prosperity within and  
outside the states. Tehran and  
Islamabad are working on  
more bilateral agreements to  
have success in the region and  
can become a good power  
in multiple ways.



Q. No. 3

Balance of Payment crisis has become increasingly severe that has adverse implications on the economy of Pakistan. Critically evaluate the chances of a bailout deal with IMF. Also recommend other policy options for Islamabad to follow

ANSWER :Balance of Payment:

When there is ~~an~~ balance or equilibrium between the expenditures and revenue then there is it said that there is balance of Payment, when the revenue is more and expenditure is less then it means, we are able to give & spend easily. There do not lack the element to not fulfill all the requirements of either individual or a state.

Balance of Payment Crisis:

When there is deficit or less amount of money to give back then it is ~~not in~~ the system is unbalance with the payments. It turns in to the crisis when the problem ~~exaggerates~~ accelerates and we get unaware of it.



### - Direct link of economy:

Balance of Payment is all linked with the economic aspect, as when payments are given on time then there is balance in payments but in contradictory, the economy is much affected with this.

a. The roots of the crisis in the balance of payment are the foreign exchange reserves which ~~are~~ are held by State bank of Pakistan.

In February, 2023 it dropped to \$2.9 Billion.

### b. Current account deficit:

A major problem is also the depleting current accounts within the state in the past 2 two years.

### c. Value of money depletion:

Value of Pakistani currency Rupees is depleting day by day.

~~Today~~ In 2008, dollar rate comparative to Pakistani rupee was 68.

Today, June 15, 2023, same dollar holds the value of 282 Rupees.

### d. Forex reserves:

Our forex reserves are also declining day by day and making the state to default.



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### e. Trade deficit:

Trade deficit is also leading in declining the states good condition. And making it worst than it is.

### Bailout Package From IMF:

According to the given condition and situation the International Monetary Fund IMF have made very strict obligations to fulfill if Pakistan wants to get the 9<sup>th</sup> tranche of \$1.1 billion. IMF wanted from Pakistan multiple terms and conditions as, to give more taxes, remove subsidies, Privatization of government owned property and many others.

IMF spokesperson in a Press conference said Pakistan needed "significant additional financing" to complete its ninth review of the bailout package.

During the difficult situation of Pakistan of economic, political instability IMF should not be implementing strict policies and ~~etc~~ delaying of the ninth review.

Pakistan has already fulfilled all its obligations and waiting for the



review.

Our Prime Minister is still hopeful that "IMF would release its review by the end of June, 2023".

said in a press conference.

### Policy Options For Islamabad:

As for the policy is conveyed Islamabad should have to follow strict policies to get out of this debt trap and be independent of this game.

#### a. Structural reforms:

The utmost important thing to do are structural reforms to overcome many crisis within Pakistan.

#### b. long term economic reforms.

We need to come out of this debt trap and see the world through realistic eye not idealised eye. The economy of the state is important and we have to look for long term prosperity not short term survival. And waiting for new reviews and bailout packages

#### c. Energy sector investment

For energy try to go for renewable energies and stop to make people happy just by giving some metro and BRT as ~~in a trap~~ the trap in the name of reforms.



### d. Renewable energy:

In the era of energy crisis opt for the renewable energy and not for the hydrocarbons as a source of energy. As in Punjab, wind energy, turbines, must be placed in other provinces too.

### Q. No. 1

US is facing mounting debt crisis and at a verge of yet economic crisis. Critically evaluate the reasons & its implications.

Recommend policy options for US to follow:

### INTRODUCTION:

At one time United States of America was the leading power in the world who try to control, lead and make policies for other smaller countries and tried to rule over them for many years as per the theory of Balance of Power. But now it is in the worst conditions as per economic point of view and also as leading power.

The process of Balance of payment is taking different dimensions in US and resulting in the economic



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Crisis.

US is facing a mounting debt crisis ~~and~~ which took it to the economic crisis which is unable to be curtailed this easily

**Reasons of US economic crisis:**

**a. Trust deficit:**

United States of America have trust deficit on the other economies of the world.

It is a leading power but the amount of trust is vanished in Eastern world.

**b. Fear of becoming weaker economy:**

US being the world's largest economy is fearful from the other economies of world as of China - second large economy and India - third large economy of the world.

**c. Depleting reserves:**

US has less reserves than the China having more economy as of \$4 Trillion economy of China.

**d. Make Dependency:**

US always wanted other states and economies to be its dependent and rely on it in every matter and technology, employment and every aspect of life.