

SUBJECTIVE PART

PART-II

Q. No. 8

SIFC is expecting huge foreign direct investment in Pakistan from the Middle-East and China. How did you see the chance of investment in Pakistan?

1. Introduction:-

Special Investment Foreign Council, announced in June, 2023 with its aim to revamp the economy of Pakistan, expecting huge foreign direct investment from China,

and the middle-East countries especially KSA, UAE, and Qatar. Fortunately, Pakistan has one of the best agricultural land among the South Asia, although China itself has vast land for agriculture but due to its ever-expanding population it is looking forward to invest largely in Pakistan. The Middle-East enriched with oil and gas looking towards investment in Pakistan.

2. Investments in three Major Sectors:

(i) Agriculture:-

Pakistan has one of the most suitable land for agriculture, for the production of wheat, cotton etc.

The foreign direct investments will help the sector of agriculture to use different techniques with the help of modern technology to enhance the crops production and to increase the quality as well. Moreover, vocational trainings for the farmers will be provided to sharpen their skills and ability to work.

Pakistani government is offering two ways for the investment :-

(a) Acquiring Land on Lease:-

By this the sharing of crops, having the right to perceive the desired opportunity of the investor is fulfilled without

any complex process. The irrigation of crops, cultivation enhancement with the help of advance technology and techniques.

(b) Public-Private Shareholders:

Both farmer and investor can have the specific shares for their own cultivation and in accordance to that they will get benefit through their owned share. **China**, particularly by investing, **100 billion dollars** to generate from agriculture sector by **2035**. Therefore, agricultural land of Pakistan has the potential of revitalizing the economy.

(ii) Energy Sector :-

China has tremendously invested in the energy sector of Pakistan, but mostly the investment is in the form of loans which balloons the circular debt. The Government of Pakistan intends to attract investments in two forms:

(a) FDIs :-

Foreign Direct Investments from countries like China, UAE, KSA. As the Gulf-Countries are enriched with oil and gas. This will help Pakistan to improve their infrastructure.

(b) Build-Operate-Transfer (BOT) Model :-

Through this model, large investments in the projects

like Petrochemical Project, Basha Dam, Thar coal etc will increase the efficiency and effectiveness of the energy sector. Additionally, the replacement of outdated transmission lines will help the country to save the electricity, minimizing the huge loss of transmission lines.

(iii) Minerals in Pakistan:-

Pakistan is enriched with minerals like copper, marble, and chromite. Projects like REKO DIQ in Balochistan offers significant opportunities for the investors. As minerals in Pakistan holds the capacity to boost its economy to a substantial level.

3. Policies adopted to attract investors :-

For the proper working of the council, there are three major committees and different policies have been made fore the investors to attract and to consider it useful. **Ease of doing business**, the investor get ensured about the investments he made by providing him the ease avoding the complex and critical processes.

Tax Exemptions, the investor can invest in his currency, 45% of it (the earning) could be taken out each year. In this way, the investors are not stressed about getting their investment stuck, this ensures credibility.

4. Hurdles in Investment Sectors:-

- (i) Rise in Terrorism: The revival TTP, BLA, and Daesh targeting foreign investor creates a major hurdle in foreign direct investments.
- (ii) GDP Growth Rate: Investors look for a country with minimum 5% GDP, whereas Pakistan's GDP growth rate is 1% which is extremely low.
- (iii) Political Instability: Since 2022, Pakistan is facing unprecedented political unrest. This not only disturbs the country but also push away the countries as they fear to bear loss.

5. Solutions to overcome hurdles:

- (i) Political Stability: It is the foremost requirement in order to attract investors. A stable country with a rule of law is to be attained immediately.
- (ii) Increase Security: Strict security is to be provided to the investors plus quick measures to control the terrorism.

6. Conclusion :-

SIFC presents significant opportunities for Pakistan to revitalize its economy, by providing necessary facilities such as privacy, security concerns, managing the government. The preventive measures is to be taken immediately in order to attract significant investments through SIFC, boosting

its economy, leading towards a sustainable, progressive country.

QNO.4

India-Middle East Europe Economic Corridor is projected as a competitor to the Belt and Road Initiative of China. Critically evaluate the potential and the future prospects of the two projects.

1. Introduction :-

The CPEC launched in 2013, completing its decade has now shifting to the next level, the belt and

road initiative of China, constructing a infrastructure in Pakistan to improve the trading by cutting down the distance, time, and cost. IMEC launched in 2023 during G20, also aims to enhance regional connectivity, trade, and economic cooperation. It appears to be competing with the CPEC.

2. Potential of IMEC:

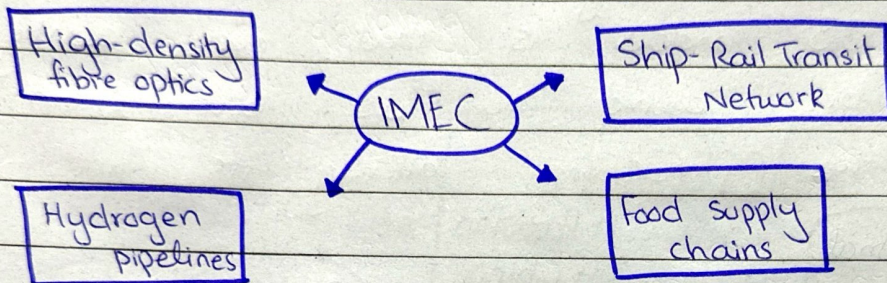
The connection of East-Indian Corridor with the Gulf region and then the northern gulf-region to Europe. A ship-rail transit network joining 8-different countries covering the regions, fostering global connectivity, sustainable development through renewable forms of energy with the use

of undersea cables providing stable internet, electricity, and filling the infrastructure gaps.

3. Objectives of IMEC:

- (i) Increasing existing trade and manufacturing synergies.
- (ii) Incentivising new investments.
- (iii) Joining Asia and Europe with the commercial hubs.
- (iv) Reducing the travel time, distance, and transport cost.
- (v) Facilitating development and export of clean energy.
- (vi) Generating economic growth.
- (vii) Strengthening food security and supply chains.
- (viii) Global connectivity.

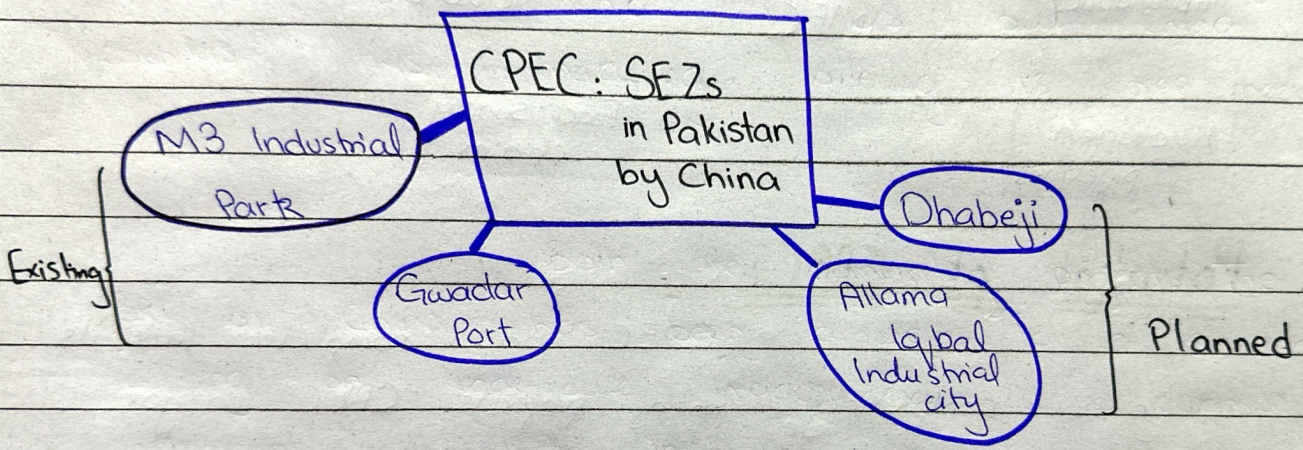
→ What will IMEC include?



4. Potential of CPEC:-

CPEC has completed (his) its 10 years completing many projects. CPEC major areas include transport routes, energy sectors, SEZs, Agriculture etc etc. This phase, has achieved quite a lot especially among all the developments been done till now the **crowning jewel** is the **Gwadar Port**. Moreover, CPEC has improved the infrastructure by constructing highways, improved networks, provided much

needed food security



5. Objectives of BRI:

(i) Shorter and Faster Trade Route:

China's traditional trade routes such as the route from East and South China Sea to Europe

takes 49 days and to middle-East 36 days, through it get reduced to 11 days, not only the duration cuts off but also the cost and time.

(ii) Alternative Trade-Route System:-

Almost 80%.

of China's export is through Mallacca strait, where the US has deployed its navy. Any inconvenience in this can put China in a major loss but through CPEC, it eventually reduces the dependency on one specific route having the alternative trade-route system.

(iii) Collective Economic Growth:-

The strategy of China is to use the interdependency model, ensuring

all the countries, part of BRI, their own consent whereas US model is that every country should be bound to US but China counters this modeling offering its free model

6. Critical Analysis:

Conclusion: Both are dominating projects, The BRI of China has been around for a decade, focusing on trade-route, interdependency, cultural expansion, increasing connectivity. On the other hand, IMEC is a new plan, just starting and might struggle because BRI have achieved quite a lot, well-established infrastructure and financial backup. However, despite competing, if they complement each other, especially considering the involvement of countries like KSA. There's a chance they could benefit each

other, this collaboration could bring benefits to both initiatives and the regions they aim to connect.

QNO.5

How do you see Pak-Afghan relations in the wake of repeated attacks by TTP and ISKP in Pakistan using Afghan land against Pakistan and in return Islamabad decided to pull out Afghan refugees?

1. Introduction:

The repeated attacks by TTP and ISKP has strained the Pak-Afghan relations. The tensions has escalated the cross-border

tensions, as the attacks from the territory of Afghanistan targeting Pakistani civilians and security forces have heightened the hostility and mistrust between the two countries.

2. Cross-Border Terrorism:

The revival of TTP, and the constant attacks from the soil of Afghanistan has caused severe devastation in the country. Despite Pakistan's constant call to take action against these militant groups, Afghanistan showed no effective measures which eventually strained the bilateral relations and led to mutual accusations.

3. Diplomatic Challenges :-

The bond of trust and cooperation between both countries have been broken as both accused each other of facilitating militants and not taking required steps to address the security challenges.

4. Connectivity and Trade :-

Due to the mistrust and Afghanistan not acting upon the call of taking action against the terrorist groups, the border where there was a crossing has been sealed for a while stopping all the ongoing trade.

5. Geopolitical Dynamics:-

The relations between Pakistan and Afghanistan are influenced by various factors including invasion of other countries such as Pakistan's alignment with the US in the war on terror, India also has shown interest in Afghanistan to further weaken the its relation with Pakistan.

6. Afghan Refugee Crisis:-

In response to the security threats posed by TTP and ISKP attacks, Islamabad decided to send Afghan refugees back in order to protect the sovereignty of its

country addressing security concerns. This step has strained the humanitarian relations and raised concerns about the welfare of the refugees.

7. Recommendations for Improvement :

(i) Increase in engagement of officials:

The top officials from both sides should interact and address the escalating tensions, focusing on open communication to sustain ties.

(ii) Effective Peace Plans:-

There should be different frameworks fostering peace and prosperity, promoting solidarity, addressing sensitive issues.

(iii) Collective Efforts to Curb Attacks:-

The urgency to curb the terrorist attacks, there is need of exploring options of working together. By only this way, trust can be gained, reducing tensions and promoting cooperation.

(iv) Addressing Mutual Security Concerns:-

Sharing Intelligence, increasing inclusive dialogues and managing the border tensions can be done by addressing mutual security concerns. Taking effective measures to curb attacks from the soil, can help manage the concerns and more productive solutions.

B. Conclusion:

The relation of Pakistan with Afghanistan is complex for now and it totally depends on their ability to overcome the hurdles with mutual trust and cooperation, by addressing the concerns, sensitive issues and threats. The future for their people to live in a peaceful and prosper country depends on how they collaborate for constructive discussions.
