

# CURRENT Affairs

## NOA - MOCK

Q NO 40

Global arena of economic corridor.

→ Recent launch of IMEC - India middle east economic corridor - which has been seen as the competitor of china's Belt and Road initiative (BRI), reveals the economic competition of states in the form of economic corridors.

+ BRI, which was launched in 2013 by china and has included many developing countries in it, is also often under western criticism, that it is a tool used by china to make countries dependent on itself.



## TMEC and its purposes :-

\* TMEC envisioned by India, USA and their allies seeks the following purpose behind its creation :-

- a) To redefine the existing trade routes between India, UAE and Europe
- b) To enhance the movement of goods, data, and money
- c) To foster people to people contacts

### Underlying motivation

\* However, the underlying motivation, as seen by political experts are to counter China's BRI.

## BRI :-

\* BRI, a trillion dollars initiative, involving countries from Asia, Middle East, Africa and Europe is also a similar initiative ~~designed~~ of China, launched almost



10 - years ago, with a similar type purpose. Until now, it has undertaken a tremendous amount of work.

## \* POTENTIAL OF BRI & IMEC

\* Regarding the scale of investment potential IMEC has a revenue of \$60 bn whereas BRI has \$8 trillion.

\* Regarding the transportation, BRI is diverse but covers 70pc of land. Whereas IMEC comprises of both land and sea initiatives.

\* BRI includes almost a multidirectional project, includes countries of Asia, Europe, Africa and America. IMEC includes also one of the top industrialized and wealthy countries.

\* BRI includes energy, infrastructure and industrial zones, whereas



\* IMEC includes rail, road, shipping infrastructure

→ IMEC includes the richest countries that are tech-smart too, its expansion to the new frontiers can be envisioned by their weather and technological skills. However, BRI has also done a lot of important projects for the past ten years and is hoping to do in the future too.

## FUTURE PROSPECTS OF BOTH PROJECTS:-

\* IMEC is very much completed and is now in the advanced stages in sea lanes and rail road connection.

\* Further, china's dominance over the world concerns, drive IMEC nations to expedite IMEC's completion.



\* Also, private sector that is involved in it can expedite also the project implementation.

\* Both these projects would provide economic benefits, both will improve the technological status of the involving countries.

\* BRI also have a significant number of countries - 150 in numbers - where this project is going to transform millions of lives of poor people.

### Challenges:-

\* Some challenges that are posed to both these projects are

→ Disruption in their operations due to geopolitical and security concerns in the middle east.

\* Environmental and regulatory issues to be resolved



\* Financing of the projects  
as IMEC needs a more  
than \$600bn for its  
implementation

## CONCLUSION:

Both projects are  
definitely to exert their  
economic influence on the  
participating countries, though  
both have distinct approaches  
with BRI at large and  
global scale impact and  
IMEC has tech-savvy  
countries, besides their huge  
wealth. Both will impact  
the future trajectory  
of state-to-state  
relations, as their  
geo-economics plays more  
active role than geo-  
politics.





Q-6:-

## LOSSES & DAMAGE FUND:-

Loss and damage fund was established at COP27, that was held in Sharm-El-Sheikh last year.

AIM:-

The aim was to provide financial assistance to poorer and vulnerable nations.

→ It was first time that the ~~weather~~ fund was paid by wealthy countries to low-income countries.

FINANCIAL PLEDGES:-

→ Affluent nations, that are primarily accountable for the climate losses have committed to give \$700 million to the loss and damage fund.

→ This is however a very much less amount that is required to developing countries in



their fight against climate change.

## Opportunities of practical realization of COP-28 pledges

### a) FINANCING GAP.

As according to UNDP reports, to combat against climate crisis, world's developing countries will need (\$215-\$387bn) finance, but the pledges made were only \$700 million, which is 0.2pc of what is needed. (IPRI, key happening at COP28, Dec 2023)

### b) INVESTMENT IN RENEWABLE ENERGY

\* At COP 28, more than 100 nations have committed to tripling their Renewable



energy capacity by 2030. But this need a significant amount of investment. The question of funding this is still remains unaddressed.

### e) Transitioning away from fossil fuels

Representatives of 20 nations ~~are~~ have reached a consensus that they will transitioned itself away from fossil fuels. But COP chair has said that doing so is akin to taking the world into old-age.

### d) Methane reduction and food systems resiliency

To cut the emissions of methane by 30% by 2030, nations were identified as major polluter. Also, ~~agri~~ food backed by 158 nations and over 200 non-state entities will be established. But then



practical viability remain  
a big question.

## PAKISTAN & COP. 28:

### HIGHLY ELIGIBLE

\* Pakistan is highly eligible to access L and D resources, therefore immediately improves its capacity.

Following measures must be done by Pakistan to be benefited from them.

- a) Ministry of Climate Change (MCCC) must lead itself to establish the required institutional setup.
- b) MCCC must include the professionals in this regard.
- c) Climate vulnerability mapping be immediately



be addressed.

d) The losses that Pakistan incurred by Pakistan in general are \$30bn losses due to recent floods, must actively be lobbied to extract the finances from L&D funds.

e) Governments, leaders from public and private sectors, and civil society must work in a coordinated way to reap maximum benefits.

## QUESTION 4

SIFC :

Special investment facilitation council, which was established in last years is aimed to improve the country's economic condition by attracting foreign investments especially from middle eastern countries.



# CHANCES OF INVESTMENT

## NEGATIVE SIDE

① \* Pakistan has some domestic problems that significantly hampers the investment prospects

### a) Terrorism surge:-

Recent terrorism surge in the country deters international investors to invest there.

### b) Political instability:-

As economic stability is linked directly with political stability, Pakistan's recent political instable episodes hampers any economic investment there.

### c) Market intervention:-

Pakistan is considered as a least-free market nation. Government's has been actively intervening in markets by regulating it. Foreign investors



hesitates to pour their money  
in such a heavily regulated  
market

#### d) Ease of doing business

Pakistan's ease of  
doing business index score  
is very worse, due to  
corruption (Transparency international  
rank Pakistan at 140<sup>th</sup> nation  
in its corruption perception  
index). This put investors  
in a significant trouble

#### f) Economic fundamentals

Thus all above indicators  
shows that, Pakistan's economic  
fundamentals are not supporting  
its claim that billion of  
dollar investment can be  
brought into the country.

# POSITIVE SIDE



## a) Young and Youthful population

Pakistan is ranked 5<sup>th</sup> in global population, where 65% population are below 30 years age. Thus providing a significant human capital resources that is required for investment.

## b) Rich mineral & land resource

Pakistan has a potential of \$6 trillion of mineral and abundant, rich, natural fertile land, allowing the investors to bring their money in

## c) ENERGY POTENTIAL.

Pakistan has both the energy potential of renewable & non-renewable energy resources. It has 56 GW hydel and 150 GW coal energy potential



## d) Government initiatives

Recent trends has shown that Government is actively been lobbying for bridging the financial investments like SIFC itself, where military and civil governments are actively taking part on it.

## CONCLUSION:

Though Pakistan has been facing challenges that are creating a lot of problems that deter foreign investment to come. Yet, initiatives like SIFC is established only for the purpose of achieving it's economic fundamentals restructuring course, can bring a lot in bring \$12 bn annual FDI in Pakistan.



## QUESTION 3

It is very difficult to say for one, that things like Iran-SA rapprochement may provide, along with Hamas-Israel war, an impetus for OIC to become a successful organization for leading muslim countries, due to the following reasons

### 1) Ideological divides:-

On one hand Iran is supporting and appreciating Hamas war efforts, whereas other countries that are allied with SA is not even condemning the atrocities of Israel in wars.

### 2) Economic dependency:-

Most of the Saudi allied countries have economic dependency on US and



its allies.

### 3) Military equipment imports:-

Gulf countries have been one of the biggest arms importers from US and its western allies.

### 4) Israel's influence:-

Israel not only has influence on western <sup>nation</sup> and USA, as seen by its continuous unabated human rights violations. If US and other powerful nations can't do anything meaningful how does the voice of fragmented very less motivated, poor in military nations can do to stifle Israel's opposition.

### 5) Autocratic governments:-

Autocratic, King's and other monarchical rule is visident in most of



the muslim Arab countries,  
they pay little heed  
to the aspiration  
— what they feel about  
their muslim Palestinian brethren  
— of their own country  
peoples

## INTERNAL PROBLEMS

Non - Arab countries  
like Pakistan, Iraq,  
Bangladesh are facing  
the internal problems,  
which failed them to  
put focus and bring  
some improvements in  
this regard.

## CONCLUSION:

In a nutshell,  
that though there  
are chances for OIC  
to become a global  
effective Islamic countries  
platform where voice  
of muslim peoples  
and countries they



suffered. are to be heard, <sup>22</sup>  
yet due to the problems  
as discussed above, one  
may say that due to  
different reasons, the chances  
for very happening  
are bleak.

