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# Current Affairs

Mon Tue Wed Thu Fri Sat

Misbah Habib 339: - / - / 20

Q#5

SIFC huge <sup>foreign</sup> Investment in Pakistan from Middle East and China. How do you see the chance of investment in Pakistan

Investment

Introduction:-

Special investment facilitation council is providing one window to flow foreign investment in Pakistan. As Pakistan economy is in arduous circumstances. To cope with economic challenges to bring the stability in the country will be an effect step for the country to grow. According to modernization theory presented by Seymour M. Lipset the more well to do the nation there are more chances that it will protect its democracy.

SIFC (Special Investment Facilitation Council).

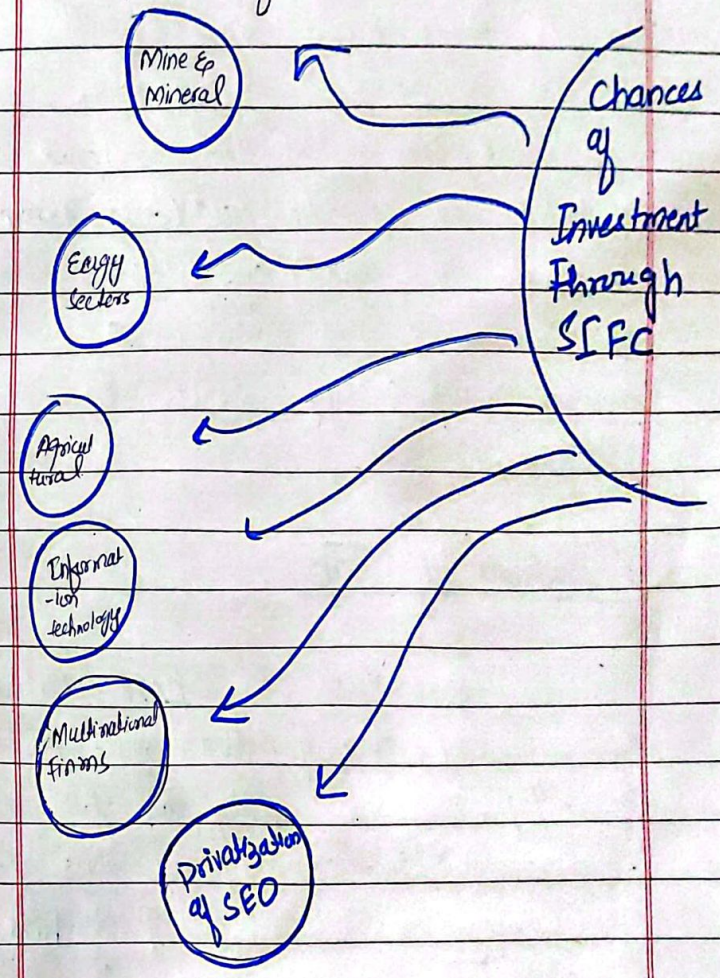
→ Its mandate is explained in Board of Investment Ordinance 2001

→ Special Investment Facilitation is chaired by Prime Minister of Pakistan  
→ Minister will also administer the activities of SIFC

Chances/scope of SIFC

Sec 10B of Board of Investment explains that investment through SIFC is not limited to agriculture, Privatization, mine and mineral, and Information technology, and <sup>infrastructure</sup> Development of and industries but its scope include the promotion of business within the country and <sup>abroad</sup>

The people of Pakistan



Investment from Middle East

As for development from Middle East Pakistan has already signed the MOU of \$25 billion

With UAE in different sectors.

However these main focused will be on mine and minerals, agriculture, <sup>technology</sup> information and defence production. As middle east (even ~~exact~~ <sup>generate</sup> the ones) own the oil reserves it will <sup>help</sup> create ~~the~~ tackle the energy crisis in Pakistan

## Creations of Job

According to IMF Pakistan is currently facing the inflation of 29%. Inflation badly hit the employment <sup>rate</sup> in country as due to change in the spending habits of the people. Hence, it will create millions of job in the country.

## Improvement in Agriculture section:-

According to Economic Survey of Pakistan 1/5 part of Pakistan is badly hit by the flood. The ~~main~~ it hit the agriculture sector of Pakistan. Investment in this sector will improve the seed quality and overall strengthen the agriculture sector of Pakistan

<sup>Human</sup> Enhance the Capital Index in Pakistan via investment in technology sector.

According to Global human capital Index Pakistan human capital Index is 40%. The reason behind this capital index is using deployed technologies. Hence, improvement in this sector will automatically increase the skilled labour in the country. Overall economic performance of the country will improve

## Defence Production

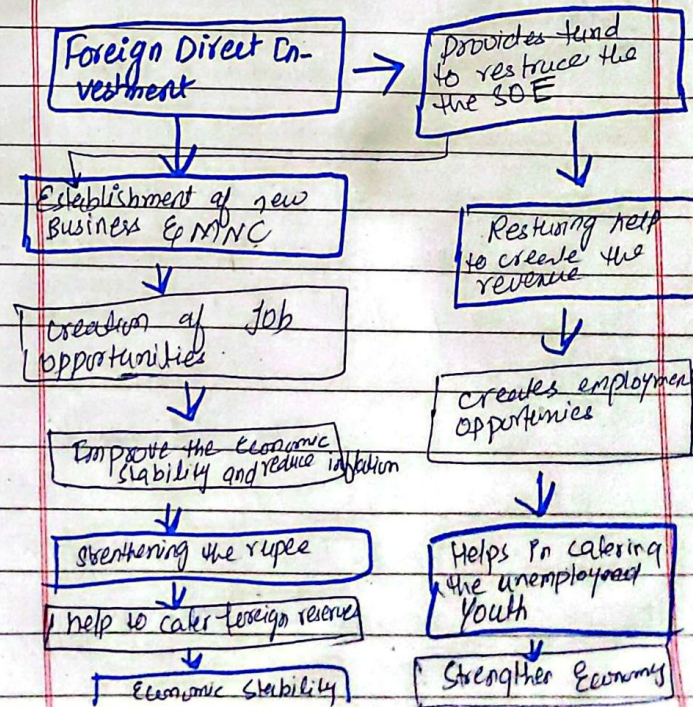
Pakistan is facing the wave of terrorism. According to **United Nations 2023** reports that terrorists in Pakistan are using **Nato** calibre weapon. However, investment in these sectors will help to cope with terrorism. Moreover, it will strengthen the country defence mechanisms.

## CPEC + China's Investment

China Pakistan Economic Corridor is already in progress. The SIFC investment fund will further strengthen the infrastructure development of country. The improved infrastructure will further attract the investment in other sectors.

## Privatization of SOE, Establishment of MNC,

Currently Pakistan has **72 SOE**. out of **72** there are **51** State owned Enterprise that are creating revenue, however only **09** are creating trouble. Hence investment in these areas will help to reduce the depleted department of state.



# Industry & Service Sectors Boom

According to Simon Kurznet the Nobel Laureate explained the complex structure of economy that with advancement of technology Industries and service sectors will grow. When they sector grow, it automatically strengthens the economy.

## Hurdles in SIFC

## India's Influence

Due to Indian-Middle East Economic Corridor. The middle eastern countries are already involved in India. Hence, India can influence the decision of Middle East countries.

## Terrorism

Terrorism can be the hurdle in the way of the SIFC as terrorism instigate the risk. Higher the risk higher will be return. However, Investment in risky areas demand

more returns

**Political Instability:** Political instability impacts the investment in the country. As changing government mold the decision according to the party mandates.

## Judicial Activism

Judicial Activism also impact the investment. As in **Reko Dikaj** case due to involvement of Judiciary (ICSID) international center for <sup>settled</sup> investment Disputes imposed fine on Pakistan.

## Conclusion

As future of Pakistan is bright. SIFC creates the opportunities for the better future of Pakistan in multiple areas. However, there are certain challenges in the way of SIFC but Pakistan will overcome all these challenges and strengthen its economy.

Q#6 How do you see Pakista-Afghanistan relations in wake of repeated attacks by TTP and BSKP in Pakistan?

### Introduction:-

Pakistan and Afghanistan are neighbouring country. Both countries share border and region. Hence, Afghanistan is considered as the buffer state of south Asia and it is also known as the grave yard of states. It has defeated two super powers to colonized Afghanistan. However, during these wars multiple crisis took place. One of the crisis is refugee crisis. Pakistan served the refugee of Afghanistan for years for being the neighbouring state of Afghanistan.

### Afghanistan Instability

#### Afghanistan As Buffer-state



- Invasion of Russia 1979
- Took of Afghanistan 1996
- Invasion of USA/WOT 2001

Afghanistan has remained a war torn country and faced multiple crisis during these crises Pakistan served the refugee of Afghan. During these crisis there were huge influx of refugee in Pakistan.

#### Withdrawal of USA Troops in Afghanistan

After the withdrawal of USA troops from Afghanistan, further destabilizes the country and the south Asian region. After the sudden withdrawal there were humanitarian crisis. According to UN report 29 million people are in dire need of humanitarian aid. During these time terrorist attacks also increased.

In: Pakistan

## Insurgency of Terrorism in Pakistan

After 25<sup>th</sup> amendment

The terrorism in Pakistan has increase in KPK. The withdrawal of USA troops further added fuel to the fire. In recently Pakistan has witnessed number of terrorist attacks in Pakistan. Mostly attack the security personal in Pakistan

- Attack on Mianwali 2023  
Air-base
- Kundal check post 2023  
Attack
- Bajoure attack 2023
- Attacks in Karachi 2023  
in Police personals
- Attack in Kalsbagh 2023  
check post

There <sup>are</sup> many more attacks. According to reports by Pakistan Security Agency

70% attacks are done by TTP  
They have linked with Afghanistan Taliban.

And mostly attack were carried out by Afghanistan refugee. Hence, Pakistan took the decision to send back the Afghanistan Afghan refugee.

## Exodus of Afghanistan Refugee

Pakistan took the decision to send back the Afghanistan undocumented refugee back to Afghanistan due personal security and economy reason

According to UNHCR there 3.7 million Afghan refugee in Pakistan both documented and undocumented.

According to reports there are 1.7 million undocumented Afghan refugee in Pakistan. Hence, Pakistan gave the deadline to send <sup>to</sup> back Afghanistan refugee till 1 Nov 2023. After that they will be send back

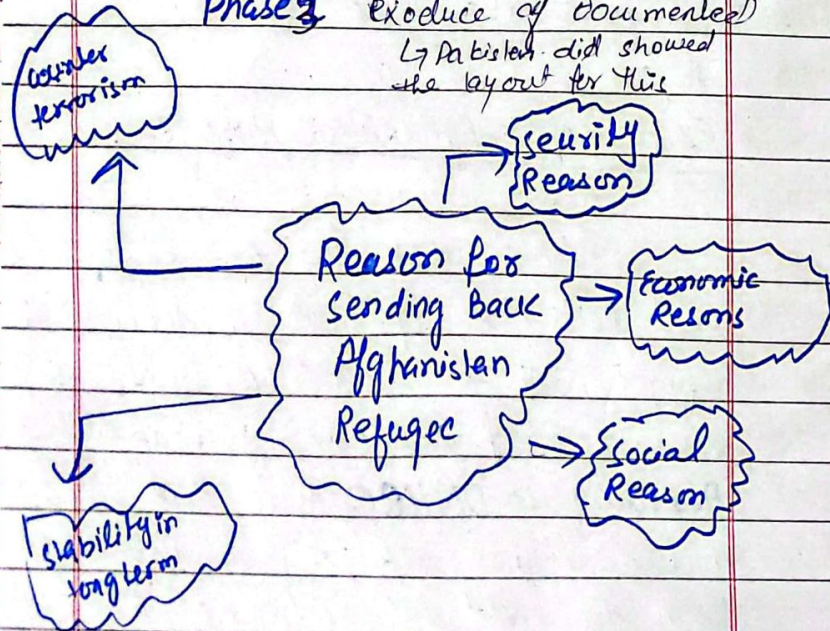
forcefully.

### Phases to send back Afghan refugees

Phase 1 voluntarily by 1 Nov 2023  
undocumented Afghans

Phase 2 forceful exodus of undocumented

Phase 3 exodus of documented  
↳ Pakistan did showed the layout for this



### Security Reason

According to regional security complex theory by Barry and waver in order to counter the terrorism at lower global level one needs to fight the terrorism

at lower level. To counter to breach of security. Pakistan took this decision to send back the refugees

### Economic Reason (smuggling)

Mostly Afghan refugees were involved in smuggling of goods which automatically effect the influx of dollar and exports of Pakistan.

### To deal with unemployment

Mostly Afghans do the labour at lower wages which automatically impact disrupt the labour wages for Pakistani citizens.

### Social Reason (Balochistan Factor)

As Balochistan is the larger area with less number of people. The influx of refugee will dominate the Afghanistan in Baloch



Culture, Hence the Afghanistan is now save heaven that why they were being send back to the country

### Pakistan Decision is Aligned with internal laws

As Pakistan decision to send back Afghan refugee is aligned with international law. As Mr.

Biden and Mr. Trump also used took decision to control the refugee in America. Similarly, Europe also took decision to counter refugee crisis

### Challenges for Pakistan

#### Slowdown the Business activity

As many business were owned by the Afghan people. Sudden exodus of Afghans will slow down the business activities in the country As country is already in economic turmoil

### Widen the labour gap

As mostly refugees were skilled and doing labour work. However, replacing the skilled labour in market further widen the labour gap.

### Further strain the relationship with Afghanistan

Moreover, Afghanistan is already facing myriad of problem. Sending back Afghan refugee will burden the Afghan government. As to manifest the tension both government persons showed expressed views through social media.

### Humanitarian Crisis

As Afghanistan is already in humanitarian crisis it will (~~farther~~ exacerbate) exacerbate the crisis. as humans have to suffer more.

### Critical Analysis

As Pakistan took the decision that will create multiple problem like humanitarian crisis, economic

losses, social disruption and moral chaos. But in long term for country sustainability, stability, there were the necessary steps to be taken. If looking to immediate effects this step was necessary for Pakistan's existence according to international law. For Pakistan survival (immediate existential needs), stability and sustainability. It was the necessary steps, under 94 is also according to accepted international laws.

### Conclusion:

Noam Chomsky with reference to Adam Smith work wealth of nation explained that all for us nothing for others. As the main reason or cause behind such crisis is the super powers. They must <sup>also</sup> bear

the consequences to such decisions as Pakistan. decision is for Pakistan betterment. Hence, it create such problems. But Pakistan needs to think before its own people before anyone else.

Q#7 Socio-Economic Future of Pakistan is directly linked with reforms in the power sector Analyze?

### Introduction

Pakistan is facing multiple economic and social challenges. High inflation, slow economic growth, current account deficit, unemployment and poverty. It is assumed that the root cause for all economic problem lies in the energy sector of Pakistan. Hence, reforms in these area will improve the

economy of Pakistan.

Historical Background How  
Power sector weaken the economy

(i) WTO (World Trade Organization  
and eradication of Tariffs)

Pakistan joined the WTO in  
1995. It mandate is the free  
trade between economies. Hence

Pakistan's tariff on exports reduced  
from 44% to 8.6% in 2003.

This is the era which created  
the never-ending crisis of Pakistan.

(ii) (FDI in IPP)

Now In 2000 Pakistan  
could not cope with the emerging  
trends of energy. The reduce barrier  
attracted the foreign investors to  
invest in Independent power  
policies. In short term these facilitated

Pakistan but in long run it almost  
destroyed the economy of Pakistan.

(iii) Contract with IPP and repayment  
in dollars

As these are foreign investors  
Pakistan has to pay them in dollar  
Furthermore, if plants were started  
working, Pakistan has to pay them  
certain amount whether they purchase  
the energy or not.

(iv) Subsidies to IPP bindings  
by IMF

Pakistan has to pay the  
subsidies to IPP due to condition  
of IMF. The subsidies further increase  
the cost of electricity.

(v) ICSID role in IPP

As Pakistan is dependent  
on IPP for energy, hence disputes  
with IPP create penalties for Pakistan  
under International center for settlement

of Investment Disputes.

v) Energy Sectors impacts on Balance of Payment

According to Pakistan Bureau of statistics 30% of Pakistan exports are based on energy sectors as EPP use petrol other sources for power generation

vi) Energy Sectors impacts on Manufacturing Industry

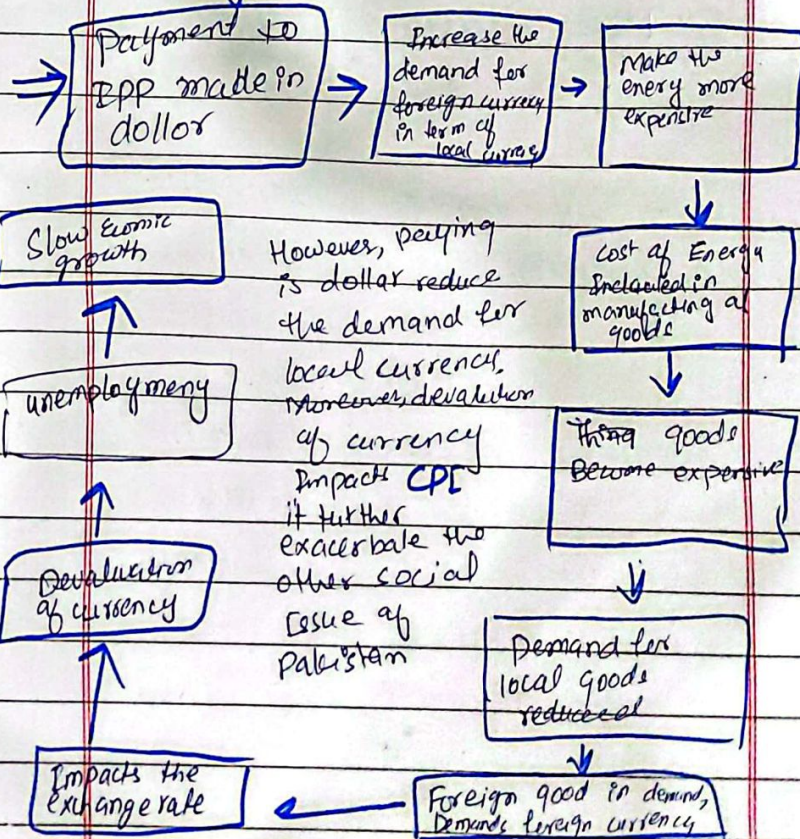
Energy sector hardly hit the cost of manufacturing industry.

According to Pakistan Mill Association mostly manufacturing industry is shifted to Bangladesh and China due to cost of energy and energy crisis. More, cost of energy sector makes the item less competitive in the world

vii) Energy Sector impacts the competitiveness of industries

As energy sector due to its cost in Pakistan. Make Pakistan product less competitive in terms of cost.

viii) Energy Sector impacts on currency Devaluation



## → Rise in Unemployment

Due to Rise in cost of energy sector caused the closure of Businesses it creates the unemployment in the country according to ILO

5.6 million people are unemployed in Pakistan. Unemployment cause

Inflation according IMF  
inflation in Pakistan is 29%.

Class Difference is widen due to inflation due to cost of energy

is

Karl Marx in Book

Communist Manifesto explained that Bourgeois exploits the proletariat. However, the inflation widen the gap between these because to concentration of wealth

## How to counter Energy Crisis

### Strengthening SOE to improve Power supply

To Reduce the dependence on IPP. The state owned enterprise in power sector should be restructure. Restructuring of power sector, Reduce dependency and improve the overall efficiency

Use of Thor Coal (The cheapest source of energy generation

Pakistan imports are

30% of the Power sectors. To shifting the resources from Porole and diesel so Thor coal will reduce the cost of Power sectors

Mon

## Shifting to renewable energy resources

Shifting to renewable energy resources like, wind, solar and thermal energy will reduce the cost of power sector. All above step will improve the power sector and will make it more efficient and effective.

### Conclusion

Power sector in Pakistan is the root cause of the Pakistan. As power sector controls house hold and industry. In short it contributes in all sphere of life. To make it more effective and efficient will automatically improve the Pakistan economy. Hence, there are some challenges to it but it will improve with effective measures.

## Q4 KSA & Saudi's Reapproachment impact on Middle east and Pakistan

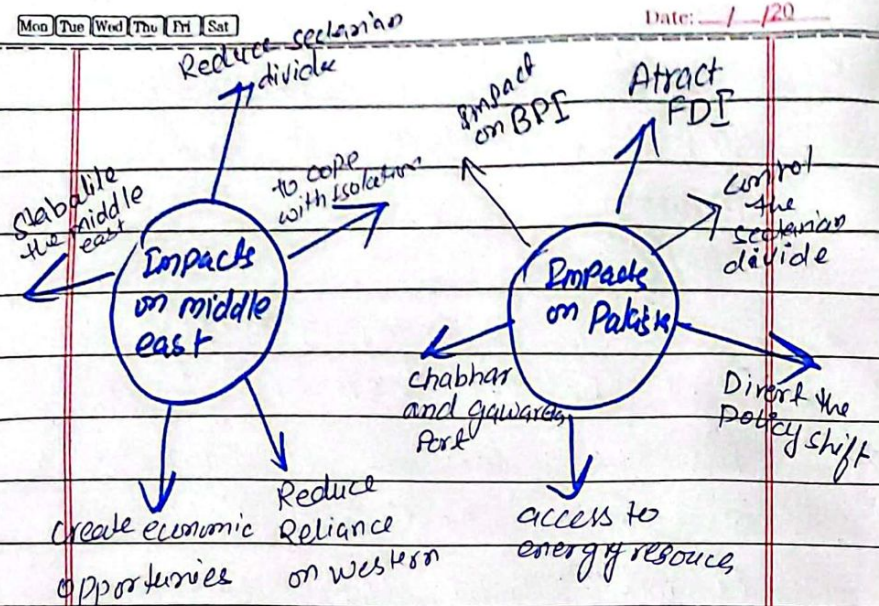
### Introduction.

The reapproachment deal between KSA and Iran has the far reaching impacts on middle east and Pakistan. It will help these countries to grow and further it will reduce the dependence on the western world. It will further further enhance the economies by providing investment opportunities in the countries.

### KSA- Iran reapproachment

After 07 years these countries announced to normalize the ties. It became possible <sup>only</sup> with the help of china. This manifest the china soft power image.

economic zones in middle east



### Impacts on Iran

(1) Cope with Sanctions Imposed by Western world

Western world imposed sanction on Iran. This deal helps the Iran to ruffle the feathers of sanctions, and improve the economic condition.

(2) ~~End~~ <sup>End</sup> Sectarian divide

It will end the sectarian divide of Sunni and Shia with the country.

### Impacts on Saudi

Reduce Reliance on Western world

It will reduce the Riyadh reliance on the western world. It will open the door for economic opportunities to invest and for exporting the oil and other resources.

Transfer of Technology

It will further promote the transfer of technology between states.

### Impacts on China

Increase China influence in Middle east

This deal will increase the influence of China in the middle east. Now China can invest in middle east by creating economic zones in middle east.

## Access to energy resources

China will have the access

to energy resources. As China import the multiple energy resources it will provide them a <sup>safe</sup> ~~great~~ market counter the western influence in South China sea

As western world try to influence china by increasing drill in south china sea. Now this deal will improve the china's relation with middle east

### 1) Impacts on Pakistan

#### Access to Energy resources

Pakistan import 30% of imports base on energy product access to this deal will give

access to these energy resource and Pakistan does not need to do the policy shift further

msp.

## PDE & Chabahar & Grawadar nexus

This will create avenues for Pakistan to attract PDI in Grawadar from KSA and Iran.

### Impacts on Middle east

→ stability

It will bring stability in Middle east