

Q3

CPEC

CPEC is a flagship project of Chinese BRI (Belt and Road initiative). China's investment in Pakistan under CPEC are multifold. Such as providing economic assistance to a long term ally, shaping new industrial clusters, balancing regional economic growth, facilitating ~~links~~^{trade} and establishing links with western countries. It includes projects related to infrastructure, energy and industry. Many projects like Sahiwal coal-fired power plant and coal-fired power plant at Port Qasim Karachi are currently operational.

SUCCESS:-

1 - Reduction in the acuteness of the energy crisis in the country

No other country including US and Russia was willing to invest in such a way in Pakistan's energy sector. CPEC saved Pak from extreme energy shortage

2- A huge investment

According to estimates CPEC has invested \$ 25 billion in Pakistan that contributed a lot to maintain the economy.

3- Bilateral Relations are strengthened:

CPEC is a big proof of cordial relations between China and Pakistan.

4- Gwadar to Kashgar corridor is partially completed.

A near 2500km corridor has been partially completed.

5- Karachi to Lahore Motorway

The motorway is nearly complete which is a huge success of CPEC.

6- Other Projects include: an international airport in Islamabad, Pak-China Cotton Biotechnology^{ICCT} lab and pipeline project.

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Failures:

CPEC is failing to deliver the promised benefits for the Pakistani poor, but still, while the poor in Pakistan are still jobless, thousands of Chinese have found jobs in CPEC projects. This triggered a resentment among Pakistani people who claims that Chinese took their jobs away. People of Gilgit Baltistan have accused the Pak Army of large scale land grabbing in the garb of ~~some~~ CPEC project.

These internal and external disturbances cause a threat to CPEC. and since it is unable to handle it, this seems its failure.

Q2

IMEC and BRI

Introduction

India-middle East Europe Economic Corridor was proposed in I20 Summit (2023) in Delhi, India. Under this project, a corridor will be made from India to middle-east and from middle east to Europe. This initiative has been taken to overcome the superior impact of china's BRI (Belt and Road Initiative) along with the reason to increase cooperation b/w India, middle east and western bloc. And to enhance the economic collaboration b/w these countries. Although these two projects are seen as competitors but there is a huge difference in their potential and future prospects.

Background

Comparison of IMEC and BRI

IMEC is the part of Partnership for Global Infrastructure and Investment (PGII) which was launched by the G-7 in 2021, replacing the US Build Back Better World (B3W) as it failed to impact China's BRI. So the US along with India, UAE, Saudi Arabia, EU, France, Germany, Italy being signatory to IMEC.

However, BRI was started by China to extend China economic and political influence. Its main features include policy coordination, unimpeded trade, financial integration, infra connectivity and connecting people. It has 155 countries as of 2023 and its total investment is about \$67 bn. It was launched in 2013. in ¹³⁰⁺ ~~135~~ countries

Potential of IMEC and BRI

i) Initiation and Progress

BRI was launched in 2013, while IMEC is still in the MOU stage, indicating that it is in planning and negotiation phase. This indicates that BRI has a significant head start over IMEC.

ii) Scale of investment.

One of the most significant distinctions b/w BRI and IMEC is the scale of investment. BRI is an extensive project with an estimated value of US\$8tr. In contrast IMEC is projected to involve investment that are significantly smaller, possibly amounting few billion \$. This indicates that BRI has a potential to create a more substantial impact on global economy.

iii) Transportation Modes

70% BRI is focused on land based routes, roads & railways. While IMEC emphasizes ~~to~~ sea transportation.

Future of Both Projects

However IMEC has many hurdles in the road to its success like loading ~~of~~ unloading is a big issue and also it doesn't seem cost effective.

Crossing of too many borders in already war ridden region is another major issue. Still its 90% complete or operational. as its 70% comprising sea lanes, significantly reducing the need for extensive ^{terrestrial} infrastructural

Conclusion

BRI and IMEC represent two distinct approaches to infrastructure development and economic integration. BRI has larger impact as IMEC is still in its early stages.

SIFC

Introduction

Special Investment Facilitation Council (SIFC) stands as a council initiated under the leadership of Pakistan's former PM Shehbaz Sharif. Its mission is to elevate Foreign Direct Investment (FDI) in Pak to \$5 bn. Its members are all Provincial CMs and the Army chief.

FDI in Pakistan

~~The~~ ~~(SIFC)~~ (SIFC) is concentrating on harnessing the potential of pivotal sectors like IT, agriculture, energy, mineral resources, mining, and defense production.

It is an undeniable fact that Foreign investment is a vital driver of economic development in any nation, igniting growth and job ~~standards~~ creation, as well as raising living standards. ~~Yes,~~ And when contracts are ~~not~~ enforced fairly and reliably, businesses and consumers can enter into agreements with confidence knowing they will be held accountable.

How there is a less chance of increase in FDI in Pakistan:-

Unfortunately One significant aspect is absent that is substantial focus on contract enforcement. The harsh reality is that contract enforcement in Pakistan remain a challenging endeavour and this presents significant repercussions for FDI. On many occasions, the statutory authority's legal representative has been absent from court proceedings

However investors demand a predictable and steady legal environment to commit their capital; the inability to enforce contracts simply erodes their confidence and ends up making Pakistan a less appealing destination for their investments. The three key risk will continue to cast a dark shadow over Pak, its economy and resultant FDI: inflation, instability and indecision

Critical Analysis: Caretaker PM recently said that SIFC would bring \$60bn within next 5 years. i.e. \$12bn per year. Whereas, Pak received in any year peaked \$5.4bn in 2008. Last year it was just \$1.5 So it is an idealistic approach. Pak should work on its internal and external condition to

Q7 PAKISTAN'S POWER SECTOR REFORMS

Pak's power and energy issue are interlinked and require structural reforms. The problems are interdisciplinary and multidimensional.

Current Scenario

Presently, energy mix of the country is heavily tilted in favour of fossil fuel sources with 64% fossil fuels, 27% hydropower and 9% other renewables and nuclear power. Problems abound when it translates into expensive power cost for the consumers and commercial units. Pakistan is suffering from power and gas sector circular debt due to inefficiencies of the system and a basic structural issue i.e. inability to reform and indigenise.

Reforms:-

i) Hydropower:

Nature has endowed Pakistan with hydropower potential of 60,000 MW out of which only 7320 has been committed.

India that at partition had 3000 large dams has taken the number to 4000 while Pak after large reservoirs and 23 barrages started plumping for costly fossil fuel power production. Pakistan must build dams and hydel projects which will boost Pak's economy. If water is managed properly, experts say that Pak can generate and also save electricity which will change the future of Pakistan's socio-economic condition.

ii) Wind power

Pak is blessed with a wind potential of 50,000 MW. just in Thimpu Corridor. The potential capacity of wind energy is estimated at 122.6 GW/year, twice the country's current power generation. If this sector is utilized properly it can boost Pak's economy.

iii) Solar Potential

Pak is blessed with 5.3 kWh/sq meters but despite land given on it only 568 MW (AC) has installed.

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Four major issues

A/c to (LEI) LUMS,

- i - weak demand management
- ii - transmission & distribution losses
- iii - capacity payments
- iv - reluctance for structural reforms

Critical Analysis:

The distribution losses in power sector alone contributed 31% towards circular debt. And they by management of power sector the debt on country's economy can be reduced. A sustainable economy can make the overall society prosper.