

PART-II

QUESTION NO: 06 "

INTERGOVERNMENTAL ORGANISATION AND ITS SUCCESS:

BRICS, (Brazil, Russia, India, China and South Africa), is one of the rising intergovernmental organisations of today, which is turning the axis of power towards the Global South. With an increase in inclusion of members and transformation into BRICS 2.0, this organisation holds promising prospects in future. The presence of various factors ranging from own financial system, to increase in cooperation agreement between member states, amplitude of resources and addition of new members present a strong picture of BRICS as an organisation. Therefore, the

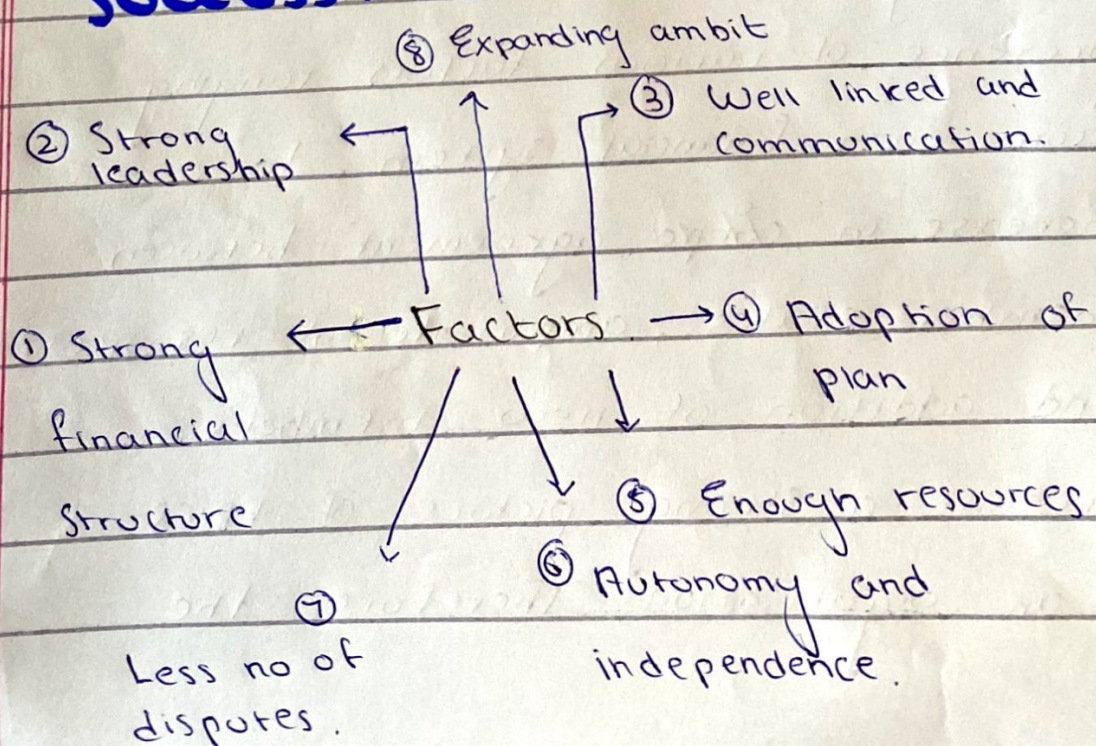
Structural composition of BRICS proves to be successful in today's time.

"BRICS is an important force in shaping the international landscape.

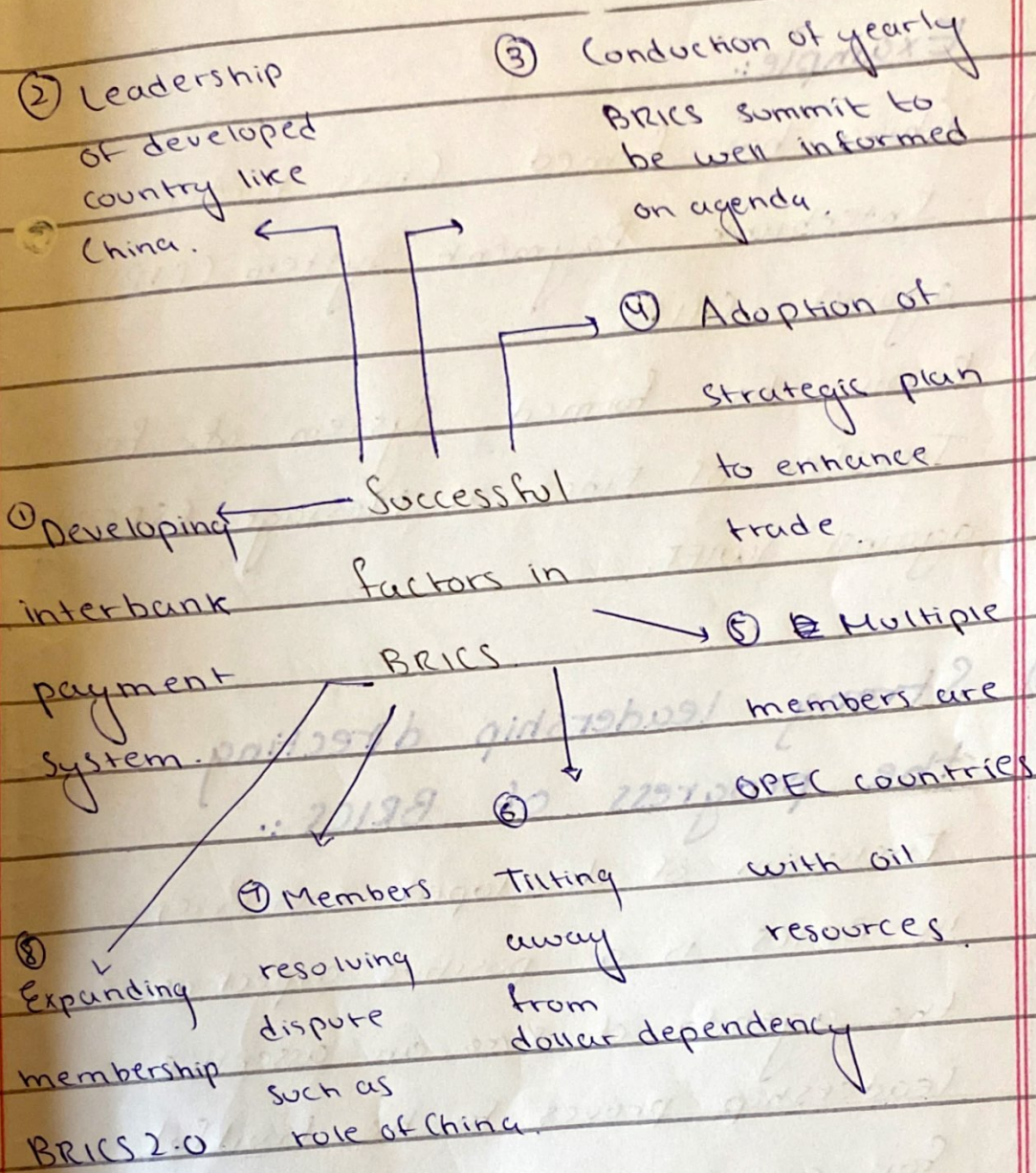
We choose our development paths independently and jointly march in tandem towards modernisation."

(President Xi Jinping 15th Summit BRICS)

FACTORS FOR AN ORGANISATION TO BECOME SUCCESSFUL:



APPLICATION OF SUCCESSFUL FACTORS ON BRICS::



(1) Presence of Strong Financial System:

Success and strength of any organisation is dependent on its own capacity of financial structure to hold the organisation. In this regard BRICS has taken several

Steps to fortify the financial
institute ::

Example:

(i) China has formed Cross border
Interbank Payment System (CIPS)
against CHIPS.

(ii) Russia has formed System of For
Transfer of Financial Message (SPFS)
against SWIFT.

**(2) Strong leadership directing
the progress of BRICS ::**

Inclusion of developed countries
in BRICS is a positive aspect as
the agenda of ~~8~~ an assertive
leadership proves to be fruitful
for an organisation.

Example:

President Xi Jinping and his policy
of expansion of BRICS has proven
to be of great value

(3) Well form linked and communication between BRICS members:

With the changing narrative of global order, BRICS ~~has~~ has proven to be well informed and moulding agendas accordingly.

Example:

Yearly Summit of BRICS, with latest conduction on 24th August 2023 at in South Africa.

(4) Adoption of strategic plan for progress:

One of the progressive elements of BRICS is the presence of strategic plan to enhance partnership and trade.

Example:

Despite Russo-Ukraine war, Russia's export of oil to India and China was well over 40% in 2022.

⑤ Enough resources present:

An ample amount of enough indigenous resources is present in the member states of BRICS. This aspect allows the member states to trade their own products.

Example:

- (i) India, China, Brazil, Russia major food producers.
- (ii) 8/10 OPEC countries are in BRICS.

⑥ Tilting away from Dollar dependency:

Independence from any external influence on global supply chain, allows BRICS to focus on the interest of member states freely.

Example

"Dedollarisation" is the process of delinking with the US dollar, by the members of BRICS. This act will increase the value of currency of member states.

within BRICS.

(7) Decrease in conflicts and disputes:

Any dispute among member states, directly or indirectly, proves to present polarisation and dichotomy in organisation. BRICS in this regard has a positive aspect of lowering the conflict between member states.

Example:

Saudi Arabia and Iran rapprochement by China, has allowed the mediating influence of BRICS to be increased.

(8) Expanding membership of BRICS:

Expanding membership of BRICS has transformed the organisation into BRICS 2.0. Thus, including more powerful states into this Global South Order.

Example:

Addition of 6 new member states (Iran, Ethiopia, KSA, Egypt, Argentina, UAE)

CRITICAL ANALYSIS:

The inclusion of various strong elements of successful organisation in BRICS have proven to be in favour of the new BRICS 2.0. BRICS contains a vast number of developed state, 810 OPEC countries, strong headed political figure head and own interbank transfer of finance. The integration of these elements presents a positive aspect of BRICS in the future.

CONCLUSION:

Success organisation needs a good number of member states, political leaders with clear agenda and self-autonomy of

the corporation. The rising order of BRICS 2.0 reflects all the essential elements required.

Therefore, the success of BRICS as an intergovernmental organisation is imminent in the future.

QUESTION NO: 03

ROLE OF INTERNATIONAL MONETARY FUND (IMF) IN PAKISTAN:

IMF is one of the most prominent & global financial institutions, involved in lending financial assistance to developing countries. Pakistan has sought help from IMF around 23 times and still presents a situation of dependency. Multiple factors of economic situation of Pakistan including current account deficit, slow growth of GDP, low revenue collection and others redirect the

State of Pakistan to turn towards IMF. However multiple implications are also faced by the countries after the application of structural Adjustment Policies (SAP). Thus, the dire economic situation of Pakistan propels the country to seek help from IMF.

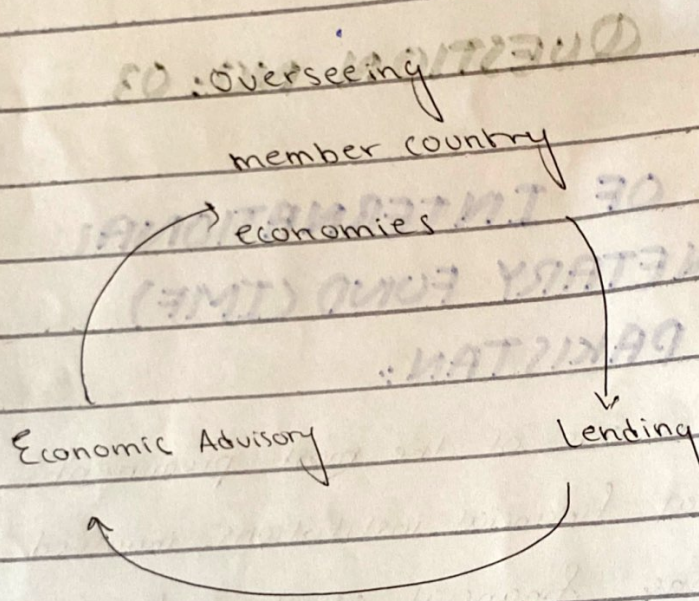
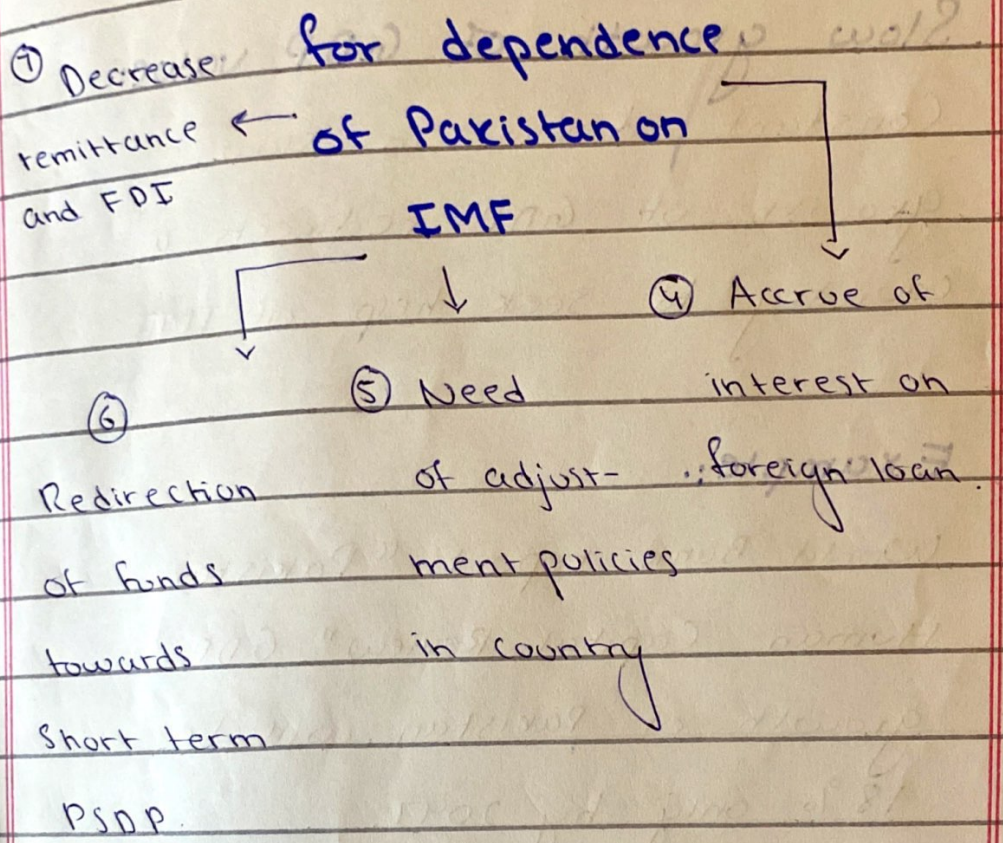
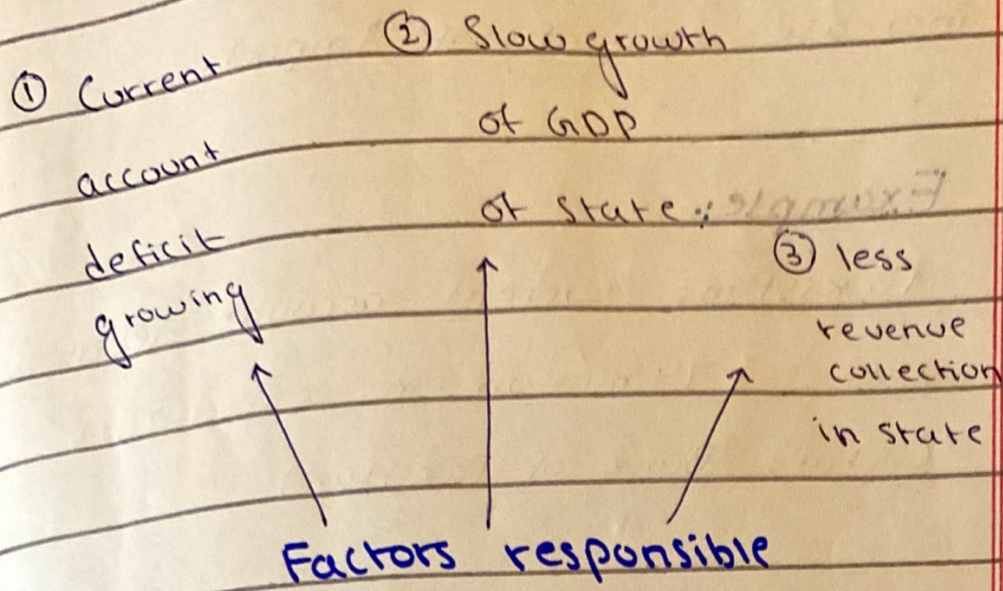


fig: Lending path of IMF

REASONS FOR DEPENDENCE OF PAKISTAN'S ECONOMY ON IMF:

There are multiple reasons present for dependence of Pakistan's economy on IMF.



① Increasing current account deficit:

Growing trade deficit in the country, calls for the assistance of IMF. The weak economic infrastructure results in decrease

amount of exports and an increase amount of imports.

Example:

Pakistan's current account deficit was \$74 million in October 2023 (State Bank of Pakistan)

② Slow growth of GDP value:

Constant decline in slow growth of GDP. Redirects a country to seek help of IMF.

Example:

World Bank report "Pakistan Human Capital Review" GDP growth of Pakistan will be 1.8% only by 2047.

③ Less revenue collection of State:

The domestic revenue generation of the system is weak, that requires the economy of Pakistan to depend on IMF

loans

Example:

According to Federal Board of Revenue (FBR), it has set a target of (\$33bn) in consultation with IMF for the fiscal year 2024

④ Rising debt servicing on foreign loan:

Interest payment on foreign loan, rises with time and pushes state into a cycle of debt service. To pay off foreign loans, state is obliged compelled to take assistance from IMF

Example:

External debt service was \$85.2 billion at end of March 2023 (Economic Survey of Pakistan)

④

⑤ Structural Adjustment Policies

need of state:

SAP framework provided by IMF reinvigorates the domestic economic structure of the country. SAP blue print is required to take adequate steps for strengthening of economy.

Example:

SAP asks ~~country~~ Pakistan to decrease subsidies and enhance privatisation to decrease the load on government.

⑥ Redirection of funds

toward development projects:

Mismanagement of provided IMF funds towards achievement of short term goals waste away the financial help.

Example:

An increase amount of utilisation

of funds in Public sector
Development Projects.

① Decrease remittance and FDI:

Due to decrease in remittance
and FDI, ~~the~~ country is pushed
to ~~seek~~ look towards IMF funds.

Political and economic instability
decreases FDI and remittance.

Example:

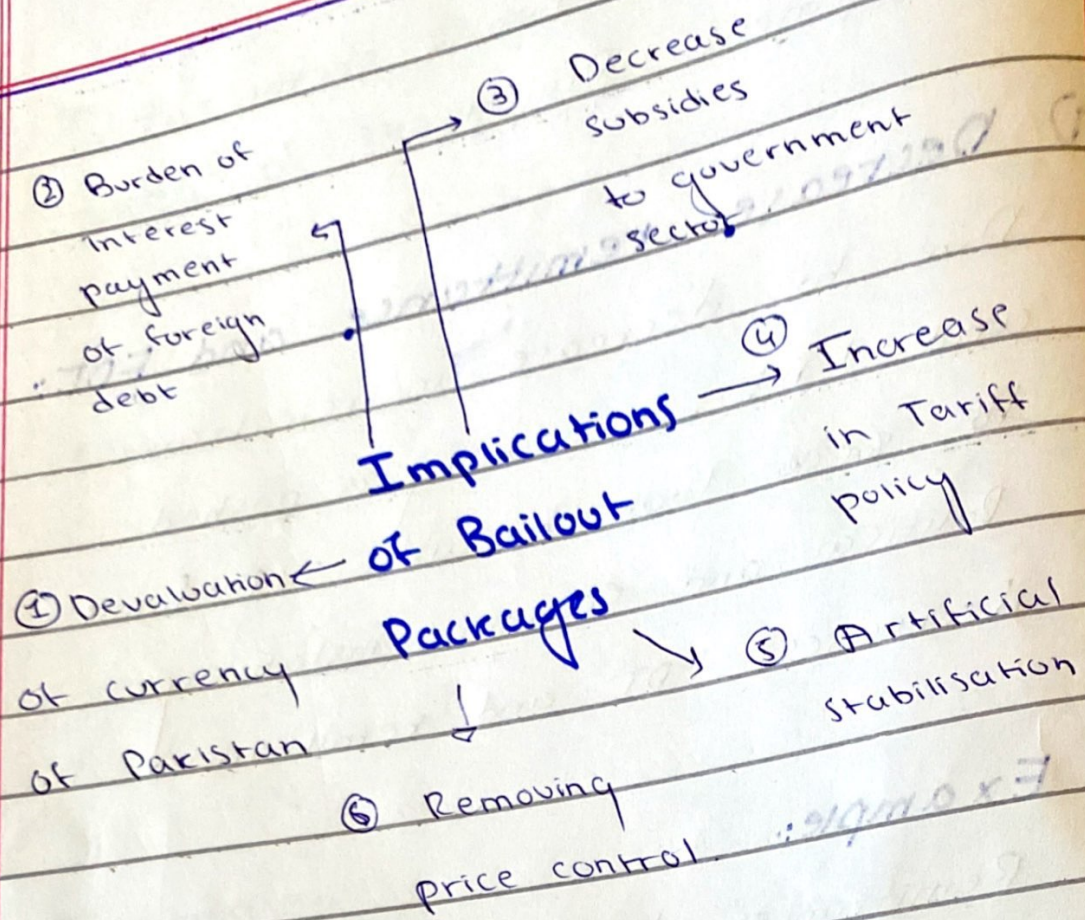
Remittances decreased by 13%

according to Economic Survey
of Pakistan (ESP).

IMPLICATIONS OF BAILOUT PACKAGES:

Multiple implications of bailout
packages are seen in Pakistan,
and other developing countries.

These implications are due to
application of Structural Adjustment
Policies (SAP) in Pakistan.



① Devaluation of currency:

One of the major implications of SAP bailout package is the imposition of the condition of SAP of currency devaluation.

Example:

Pakistan devalued currency in Jan 2024 to seek IMF package

② Burden of debt servicing:

Repayment of interest loan on IMF bailout, pushes country

into a vicious cycle of seeking loans and entering into debt.

③ Decrease Subsidies to government sector:

IMF asks the state to decrease the provision of subsidies to public development government sector. This cripples the progress of development projects in Pakistan.

Example:

IMF asks Pakistan to eliminate fuel and electricity prices.

④ Increase in Tariff collection:

IMF asks to increase the tax value on commodities, this leads to transient state of inflation in the country.

Example:

Inflation rate 11.8% (PBS).

⑤ Removing price control:

Removing price control disrupts the supply chain management cycle of trade, likewise in Pakistan SAP asks to remove price control which disrupts the supply chain.

CONCLUSION:

The economic situation of country calls for the assistance Pakistan's economic situation, due to presence of multiple factors, is dependent on the IMF bail out packages. However, the bail out packages have their own implications in form of price hike and currency devaluation. Thus, the IMF bail out package will remain a constant unless proper measures are not adopted.

QUESTION NO. 02

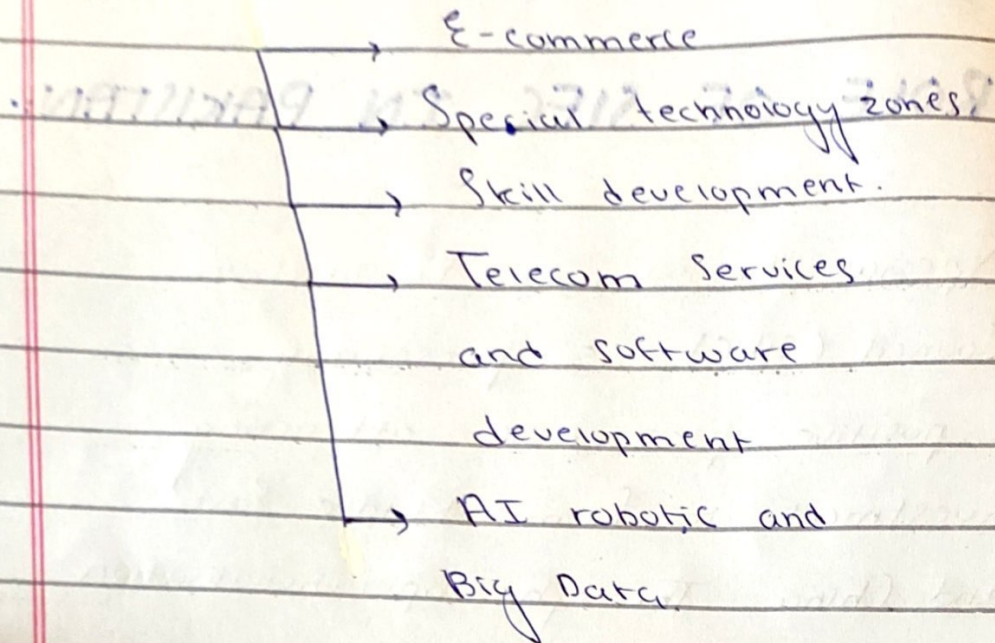
ROLE OF SIFC IN PAKISTAN:

Special Investment Facilitation Council (SIFC) is presenting a positive picture in attracting investment from Middle East and China. Through operationalisation of one window and provision of ease, it will facilitate FDI and export of skills from Pakistan. Pakistan can leverage from this opportunity and properly utilise the investment from Middle East in China to obtain long term objectives.

CHANCES OF INVESTMENT IN PAKISTAN THROUGH SIFC:

There are multiple opportunities present for Pakistan to utilise the investment in Pakistan to redirect

Such as :-



(i) Increase in investment due to tax exemption:

Middle East and China can increase investment, as SIFC makes a conducive environment through tax evasion.

(ii) Increased investment due to

G2G and G2B framework:

SIFC organised road show in Dubai to attract government to government and government to business opportunities.

(iv) Assisting export of skilled professionals through visa

policy:
SIFC is expanding the diaspora of skilled professionals through providing ease in visa policy.

(v) Exploration of mineral sector of Pakistan:

Identification of new mineral material in form of ore can attract foreign investors.

(vi) Implementation of key Performance indicators:

KPI will enhance transparency of SIFC and investment of foreign countries in Pakistan.

(vii) Facilitating energy projects:

Memorandum signed between Pakistan Refinery limited and United Energy group of China reflects Pakistan's

position in attracting FDI.

(viii) Establishment of 5G spectrum:

Telecome infrastructure investment can attract financial mobilisation from Middle East and China.

(ix) Provision of skills for training:

Through collaboration with NAVTAC it can build up human capital of Pakistan, as well as of other countries.

(x) Ease in foreign currency transactions:

Through foreign currency debt cards issuance and creation of foreign currency accounts, it can streamline the financial transactions.

(xi) One window opportunity:

Business are regulated at a single platform.

which increases the productivity.

(xii) Bureaucratic red tapism cut down:

Work completion within 15 days cuts down the red tapism and increases the attraction of foreign investment.

(xiii) Renewable energy policies:

(China's leading electric vehicle company has shown interest in investment in Pakistan)

CONCLUSION:

In summary, SIFC is an initiative to attract foreign investment in Pakistan through reduction of trade barriers, and inclusion of policies. Therefore chances of investment from Middle East and China are high.

QUESTION NO: 07

REASONS FOR REVIVAL OF INSURGENCY IN PAKISTAN:

• 2023 ends with 70% increase in Militant

Attacks, 81% rise in Deaths" (PICSSS)

(i) Deteriorating relationship with Kabul:

TTF wants Pakistan to open free border crossing and eliminate border fencing. Both conditions are not agreed by government of Pakistan.

(ii) Ineffective collaboration b/w Afghanistan and Pakistan:

Decrease number of joint operations from both sides

(iii) Use of BLA by India:

Balochistan Liberation Army used by India to create instability in region.

(iv) Domestic Factors:

Vertical inequality (between rich and poor, radicalisation, horizontal inequities (gap between rich and p. various regions)).

Affect on Pakistan-Afghan relation:

(1) Deteriorating relation of the two countries:

Cross border conflicts on rise.

(2) Afghanistan not taking stand against TTP:

Afghanistan is not clearing hideouts of TTP in Afghan region.

(3) Refugee Durand line dispute:

Due to this refugee dispute.

is on rise as Pakistan is
sending back refugees.

Recommendations::

- ① Implementation of National Security policy
- ② Non kinetic domain of security made strong.
- ③ Collaborative talk with Afghan
- ④ Border fencing.
- ⑤ Insurgent groups attacked
confronted.