

Subjective Part

(- Part II)

(QNO2)

(Ans)

The chance of significant foreign direct investment (FDI) in Pakistan from the Middle East and China appears to be promising, driven by multiple favourable factors: These factors

are:

Positive Factors:

1. Strategic Relationships:

● **China:** The China-Pakistan Economic Corridor (CPEC) has already brought billions of dollars into Pakistan's infrastructure and energy sectors. This ongoing

collaboration signals strong bilateral ties and trust, paving the way for future investments.

- **Middle East:** Countries like Saudi Arabia and the UAE have shown interest in investing in Pakistan, particularly in sectors such as energy, agriculture, and infrastructure.

2! Economic and Demographic potential:

- **Large market:** With a population exceeding 220 million, Pakistan offers a significant consumer base. Its youthful demographic is a potential asset for sectors like technology and retail.

- **Natural resources:**

Pakistan's abundant natural resources, including minerals

and arable land, often opportunities for investment in mining and agriculture.

3. Government Initiatives:

- The creation of the special investment facilitation Council (SIFC) reflects the government's commitment to attracting FDI by streamlining processes, reducing bureaucratic hurdles, and offering incentives.
- Recent reforms aimed at improving the ease of doing business, such as tax incentives and simplified regulatory procedures, are likely to enhance investor confidence.

4. Geopolitical significance:

- Pakistan's strategic location, acting as a gateway between central Asia, South Asia, and the Middle East,

make it an logistics, which can draw investments in infrastructure and the transport.

Challenges:

Despite these opportunities, several challenges need to be addressed to attract and sustain foreign investment.

1. Political and security Stability:

- Political instability and security concerns have historically been significant deterrents for investors.

Consistent political stability and enhanced security measures are crucial for maintaining investor confidence.

2. Economic Reforms:

- Addressing economic challenges such as fiscal

deficits, inflation and currency stability is vital for creating a favourable investment environment. Structural reforms are needed to stabilize the economy and make it more attractive to foreign investors.

3. Infrastructure Development:

- Continued investment in infrastructure, including roads, ports, and energy facilities, is essential to support large-scale FDI projects. Infrastructure gaps can hinder the efficiency and profitability of investments.

4. Legal and Regulatory Framework:

- A robust legal framework protecting investor rights and ensuring transparent and

ensuring efficient dispute resolution is essential.

Enhancing the regulatory environment can significantly boost investor confidence.

Sector specific opportunities:

1. Energy:

➤ Pakistan's energy sector, particularly renewable energy (Solar, wind), presents significant opportunities for investment, aligning with global trends towards sustainability.

2. Agriculture:

• Modernizing agriculture through investment in technology and infrastructure can enhance productivity and profitability in one of the Pakistan's key economic sectors.

3. Technology and Telecommunication:

- With a growing tech-savvy youth population, the IT and telecom sectors offer substantial growth potential, attracting investments from both Chinese and Middle Eastern investors.

The prospects for FDI in Pakistan from the Middle East and China are promising, given the strategic partnership, economic potential, and government initiatives.

However, realizing this potential requires addressing key challenges related to political stability, economic reforms, infrastructure development, and regulatory framework. With sustained efforts in these areas, Pakistan can become an attractive destination for foreign

Investors from these regions.

(QNO3)3

(Answer)3

The Pakistani economy has struggled to maintain stability without the support of the international monetary fund (IMF) for several reasons.

This reliance has significant implications and warrants specific recommendations to reduce dependency and achieve sustainable economic growth.

Reasons for reliance

On IMF support:

1. (Financial) chronic fiscal deficits:

Persistent fiscal deficits driven by low tax revenues, high public public spending.

and in efficient public sector enterprises.

- **Debt servicing:** A large portion of government revenue is allocated to debt servicing, leaving little room for development spending.

2. Balance of payment Issues:

- **Trade Imbalance:** A persistent trade deficit due to higher imports relative to exports.

- **Foreign exchange Reserves:** Low foreign exchange reserves make it challenging to manage external debts and imports, leading to frequent balance of payments crises.

3. Structural Economic problems:

- **Low Tax Base:** A narrow tax base with significant tax evasion and avoidance.

- **Energy sector inefficiencies:** Energy sector mismanagement leading to circular debt and energy shortages.

- **Agricultural Dependence:** Over-reliance on agriculture, which is vulnerable to climate change and Global market fluctuations.

4. Political Instability:

- **Governance Issues:**

Frequent political changes and governance issues affect policy continuity and economic reforms.

- **Security Concerns:**

Regional security concerns impact investor confidence and economic stability.

Implications of IMF

Bailout Packages:

1. Short-term relief:

- **Stabilization:** Provides immediate relief to stabilize the economy, restore foreign exchange reserves, and meet international obligations.

- **Confidence Boost:** Can boost investor and donor confidence, potential leading to additional financial support from other sources.

2. Austerity Measures:

• Fiscal Austerity:

IMF programs often come with conditions requiring austerity measures, which can lead to reduce public spending, impacting social services and economic growth.

- **Inflation and unemployment:** Austerity measures can

lead to higher inflation and unemployment, increasing public debt content.

3. Structural Reforms:

- Economic Reforms:

Conditions may include structural reforms aimed at improving fiscal management, increasing tax revenues, and enhancing economic efficiency.

- Resistance to Reforms:

Implementation of reforms can be politically and socially challenging, leading to resistance from various stakeholders.

Recommendations:

1. Enhancing Revenue Collection:

- Tax Reforms: Broaden the tax base by bringing more sectors

and individuals into the tax net. Implement tax reforms to reduce evasion and increase efficiency.

- **Technology in Taxation:**
Utilize technology to improve tax collection and administration.

2. Reducing Fiscal Deficits:

- **Expenditure control:**

Rationalize public spending by prioritizing development projects and cutting non-essential expenditures.

- **Public Sector Reforms:**

Improve efficiency and reduce losses in public sector enterprises through privatization or restructuring.

3. Boosting Exports:

- **Diversification:**

Diversification export products and markets

to reduce dependency on a few sectors.

- **Competitiveness:** Improve competitiveness through better infrastructure, streamlined regulations, and incentives for exporters.

4. Governance: Enhance governance and institutional capacity to ensure policy continuity and effective implementation of reforms.

Transparency: Promote transparency and accountability in public financial management.

5. Energy sector reform:

- **Energy management:** Address circular debt issues, invest in renewable energy, and improve efficiency in the energy sector to ensure reliable and affordable energy supply.

6. Attracting Foreign Investment :

- **Business climate:** Improve the business environment by ensuring political stability, security, and regulatory reforms.
- **Incentives:** Provide incentives for foreign direct investment, particularly in high-potential sectors like technology, manufacturing, and renewable energy.

(Q No 7)

(Answer)

Reasons for the Revival of Insurgency in Pakistan:

1. Political Instability and Governance Issues:

- **Weak Governance:**

Inconsistent and weak

governance coupled with corruption and lack of effective administration, create a fertile ground for insurgent groups to thrive.

- **Political vacuum:** frequent political turmoil and instability have created a power vacuum in various regions, which insurgents exploit to establish their presence.

2. Militant Groups and Ideological Radicalization:

- **Terrorist Networks:** The presence and reorganization of terrorist networks such as the Tehrik-i-Taliban Pakistan (TTP) and other militant groups contribute to the resurgence of insurgency.

- **Radicalization:** Persistent

ideological radicalization facilitated by extremist groups and madrassas, fuels insurgent recruitment and activities.

3. Socio-Economic Disparities:

- Poverty and unemployment:

High levels of poverty and unemployment, particularly in tribal areas and

provinces like Khyber

Pakhtunkhwa and Balochistan,

drive individuals towards

insurgency.

- Lack of Development:

Neglect of socio-economic development in these regions

exacerbates grievances and support for insurgent groups.

4. Regional Dynamics and External Influences:

- Afghanistan situation:

The unstable political and

Security situation in Afghanistan, especially post-Taliban Takeover, has repercussions in Pakistan. Insurgent groups ~~find~~ find safe havens and support across the border.

- **Cross-border Militancy:** Militants often move across the porous Pakistan-Afghanistan border, complicating counter-insurgency efforts.

5. Military and security Challenges:

- **Counter-Insurgency**

Limitations: Despite military operations, insurgent groups often regroup and re-emerge due to the challenging terrain and complex socio-political landscape.

~~land~~

Security lapses: Inadequate security measures and intelligence failures contribute to the revival of insurgent activities.

Impacts on Pakistan-Afghanistan Relations:

1. Border security Tensions:

• cross-border Attacks:

Increased cross-border insurgent activities lead to tensions between Pakistan and Afghanistan, with each country accusing the other of harboring militants.

• Border Management:

Efforts to secure the border, such as fencing and increased patrols, often result in skirmishes and diplomatic strains.

2. Diplomatic relations:

- **Trust deficit:** The mutual distrust and blame game over insurgency support undermine diplomatic relations and cooperation on security issues.

- **Engagement and Dialogue:** Periodic diplomatic engagements are often overshadowed by security concerns and accusations, hindering sustained cooperation.

3. Refuge and Migration Issues:

- **Afghan Refugees:** The influx of Afghan refugees into Pakistan due to instability in Afghanistan strains resources and security, complicating bilateral relations.

- **Migration Control:** Efforts to control and repatriate refugees can

lead to humanitarian concerns and further diplomatic friction.

Ways to Address the Insurgency and Improve Relations:

1. Strengthening Governance and Political Stability:

- Political Reforms: Implementing

political reforms to ensure stable and effective govern-

nance and address the

root causes of insurgency.

- Anti-Corruption Measures:

strengthening anti-corruption measures to enhance public

trust in government institu-

tions.

2. Socio-Economic Development

- Development Programs:

Investing in socio-economic development in insurgency-

-prone areas, focusing on education, healthcare, and

infrastructure.

- **Job creation:** Promoting Job Creation and economic opportunities to reduce poverty and unemployment, thereby diminishing the appeal of insurgent recruitment.

3. Counter - Radicalization

Initiatives:

- **Education and awareness:**

Promoting education and awareness programs to counter radical ideologies and prevent extremist recruitment.

- **Engagement with Religious Leaders:**

Collaborating with religious leaders to promote moderate and peaceful interpretations of Islam.

4. Enhanced security

Measures:

- **Intelligence sharing:**

Improving intelligence sharing and coordination among security agencies to preempt and counter insurgent activities.

- **Border security cooperation:** strengthening border security cooperation with Afghanistan to prevent cross-border militant movement.

5. Improving Pakistan-Afghanistan relations:

- **Diplomatic Engagement:** sustained diplomatic engagement to address mutual security concerns and build trust.

- **Bilateral Agreements:** Formulating and implementing bilateral agreement on border management and counter-terrorism.

Regional cooperation:

Engaging in regional Cooperation frameworks involving other neighboring countries and international organization to address broader security and development issues.

(Q1108)

(Answer)

Reasons For silence On Gaza Human crisis:

1. Geopolitical interests:

- Strategic Alliances:

The united nation states has a long-standing strategic alliance with Israel, which it views as a key partner in the middle East. This relationship is driven by shared political, military, and

Economic interests.

- **Regional stability:** The US perceives Israel as a stabilizing force in a volatile region. where American interests, including access to Oil and the containment of hostile regimes are at stake.

2. Domestic Politics:

- **Influential lobbying:** Pro-Israel lobbying groups such as IPAC (American Israel public Affairs Committee), have significant influence on U.S. Politics. They actively work to ensure strong U.S. support for Israel.

- **Political support:** Support for Israel is a bipartisan issue in American politics, with strong backing from

both major political parties. Politicians are often reluctant to criticize Israel for fear of losing political support and funding.

3. International Dynamics: Global Image:

The U.S. is cautious about taking actions that might undermine its global image or alienate allies.

Publicly condemning Israel could lead to a backlash from other allied nations.

UN Security Council:

The U.S. frequently uses its veto power to block resolutions condemning Israel in United Nations Security Council, reflecting its protective stance.

4. War on Terror:

Counter-Terrorism:

The U.S. often align

With Israel on counter-terrorism efforts, viewing groups like Hamas as terrorist organizations, the U.S. justifies Israel's actions as part of a broader fight against terrorism.

Impacts on US Relations with the Muslim World:

1. Erosion of Trust:

Perceived Hypocrisy:

The US's silence or support for Israel's actions in Gaza is seen as hypocritical, undermining its credibility as a champion of human rights and justice in the eyes of many Muslims.

Anti-American sentiment:

Continued U.S. support for Israel amidst allegations

of ~~power~~ crimes contribute to growing Anti-American sentiment across the muslim world, complicating diplomatic relations.

2. Geopolitical Realignment Closes Ties with Rivals:

Muslim-majority countries may seek to strengthen ties with U.S. rivals, such as china - Russia, who are often more vocal in condemning Israeli actions and supportive of Palestinian rights.

Regional Alliance:

Countries in the middle East may form or strengthen regional alliances independent of U.S. influence, focusing on shared interests and collective security.

Impacts on Cooperation Security Cooperation:

Anti-American sentiment can undermine cooperation in counter-terrorism and security initiatives, which are crucial for addressing regional threats.

Economic Partnership:

Economic relations ~~can~~ may be affected as countries reconsider trade and investment ties with the U.S., opting ~~to transfer~~ instead for partnerships that align more closely with their political stances.

Recommendations for US Policy:

1. Balanced Diplomacy: Fair Mediation

The U.S. should take a more balanced approach

In mediating the Israeli-Palestinian conflict, advocating for the rights and security of both parties

Humanitarian Focus:

Emphasizing humanitarian aid and support for rebuilding Gaza can help restore some trust and demonstrate a commitment to human rights.

2. Engagement with Muslim Countries :

Dialogue and Consultation:

Engaging in meaningful dialogue with Muslim majority countries and considering their perspective in policy-making can improve relations.

Public Diplomacy:

Increasing public diplomacy efforts to explain U.S. policies and actions

addressing misconceptions and building a more positive image.

3. Support of two-state solution:

Renewed Commitment:

Reaffirming and actively pursuing a two-state solution can help address the root causes of the conflict and demonstrate a genuine commitment to peace and justice.

International Collaboration:

Working with international partners, including the United Nations and the European Union, to facilitate negotiations and support peace initiatives.