

Q:2: SIFC is expecting huge foreign direct investments in Pakistan from the middle east and china. How do you see the chance of investment in Pakistan.

Ans:- SIFC special investment facilitation council. This was the idea of the current military chief given in June 2023 adopted by both civilian and military leadership. There are three committees of SIFC being established.

① The APPEX COMMITTEE

This committee was headed by the prime minister participated by Army chief and cabinet members. This committee gave the final approval of the project.

② Executive Committee.

This committee comprises upon provincial chief minister and ministers for SIFC. This committee finalizes the project between the center and provinces.

③ Implementation committee.

This committee is comprised of ministers of SIFC and secretaries of relevant departments.

OPPORTUNITIES:

SIFC offers investment in four major areas

- (1) Agriculture sector
- (2) Minerals sector
- (3) IT sector
- (4) Business sector.

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ii) Agriculture sector:

SIFC has invited investment from china and middle east in the agriculture sector of Pakistan. China the world largest consumer and importer of Agricultural goods and by 2030 its consumption would be doubled. In 2015 it was 800 Bn USD, which would be doubled by 2030. China already exhausted its internal agricultural capacity and is the largest importer from north america. Now china wants to invest in the agriculture sector of Neighbour countries especially south and central asia. Pakistan is one of the prime attraction for them. As it can provide agricultural goods of amounting more than 100 bn USD if the land of the country is properly utilized. Secondary Agricultural activities in the middle eastern countries is not possible because the land is mostly comprising upon deserts. These countries are financially rich and the major importers of Agricultural goods. Pakistan is one of the major opportunity for these middle eastern countries to invest.

Pakistan has invited investment from above mentioned countries in multiple ways in Agriculture sector. First of All PPP (public private partnership) on land belongs to the state of Pakistan. Secondly Arid Land provided by local people is on lease to investors thirdly partnership between the local farmers and investors on canal

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based land.

The investors are supposed to invest in the modernization of irrigation techniques like drips and sprinklers. investment in seed development programs, increase in the volume of irrigated and agricultural land, increasing per acre crop yield, increase in the live stock especially in the milk and meat and the development of cold storage etc. there is a possibility of 35-40 bn USD investment in the agriculture sector of Pakistan. if that happened it would result in the evolution of agriculture sector of the country and the dream to produce 100 bn USD of agricultural products may become reality.

(2) Investment in The mineral sector :-

Pakistan is enriched with variety of minerals. it reserves the world's largest fourth (4) copper reserve. one of the largest marble reserve in the world. A major producer of salt, chromite etc. Pakistan has invited investments primarily in copper, mines in the country. Saindak copper mine is already under exploration by Chinese company MCC (meteorological company of China). 200 sq km² area of Reko Deh was already been handed over to Canadian based company called Barrick Gold. But 700 km² area is still left in Chaghi and the minimum investment could be 12-15 bn USD. There are 60 bn dollar of proven

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Copper reserve is in north Waziristan, where minimum investment could be 2 bn USD. Furthermore Pakistan is one of the largest producer of marble in the world. The biggest reservoir of marbles is in Balochistan. District demand of KP and in Malakand division of KP. The minimum investment in this sector could be 5-8 bn USD. There are a long ranges of other minerals where billion of dollars investment could be attracted. Saudi Arabia, China and UAE have shown interest in the Recondite copper mine in Balochistan. If this investment would materialized it would not only help in the exploitation of the country mineral but would also results in the establishment of chain of industries in the country. For example, the first stage of industry would be segregate copper from silver and gold as they exist together. The second phase of industry would be more specific than it's for copper, silver and gold. The more the production of copper the more the fulfilment of needs of copper in series of industries investments in the defense products by the private sector, China, Saudi Arabia and UAE are the prime countries to invest in the defense industry of Pakistan. Pakistan has offered the industries of small weapons, Artillery, armed core tanks, warships and submarines and Jet fighters the defense import of Pakistan would decline.

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Export would tremendously increased especially in middle east and the local demand would be locally meet. In this area 15-20 bn USD investment is expected.

③ Investment in IT sector:-

India earned more than 130 bn USD from IT in 2022-23. All the developed and developing economies are earning primarily from the IT sector but Pakistan only earned around 3 bn USD in 2022-23. Pakistan is attracting investments in IT sector from china and middle east

countries, Pakistan is major destination as it has IT graduated in abundance and cheap labour. Pakistan is inviting investment in establishment of IT centers, startups and call center etc.

④ Investment in Business sectors:

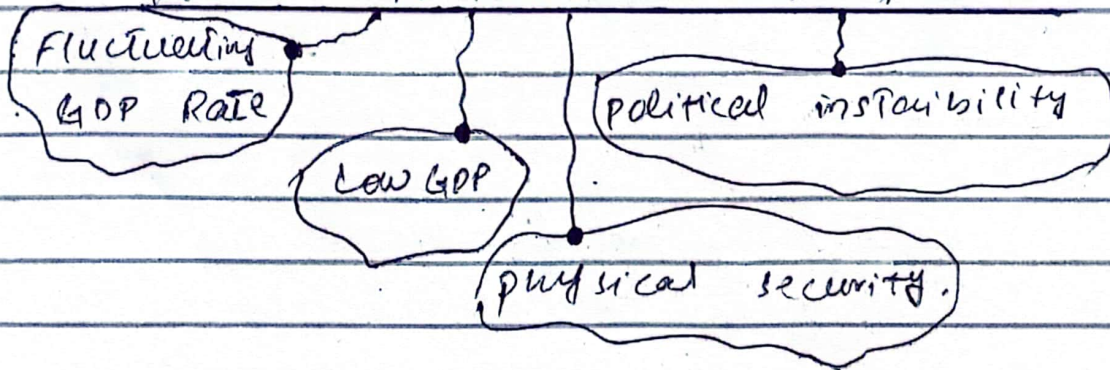
Pakistan has offered ease of doing business to foreign investors. Pakistan has ended the complex operations and implemented one window operation and lower taxes. Pakistan is now keeping the business investment in foreign currency. Furthermore the administrative and financial control would under the control of investment investors.

Recently has invested 5 billion USD in Pakistan through SIFC while Pakistan

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Promised to facilitate the process aimed at enhancing the cooperation between two countries. This agreement was reached in a meeting between Sheikh Suhayb and Muhammad bin Salman in Makkah. Last year Saudi Arabia promised to invest 25 billion USD within the next few years under the SIFE that is seeking the investment in the energy, IT, minerals, defense and agriculture sector from other countries. The current investment of Saudi Arabia of 5 billion dollars did not mention the sector in which this investment would be made.

Hurdles in investment in Pakistan.



(a) GDP growth rate: The lower and fluctuating GDP growth rate is one of the major hurdle in attracting investment in Pakistan.

Investors invest in markets where GDP growth rate is higher and better opportunity for higher earnings. Investment in a market where GDP growth rate is sustainable and predictable. In Pakistan both does not

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exist. The current GDP growth rate is around 1%.

It cannot attract investors in magnitude. The GDP growth has been abnormally fluctuating.

For example: In Fiscal year 2021-22 the GDP growth rate was 5.7% but in 2022-23 it was less than 1%. In such abnormal fluctuation investors don't invest. We need sustainable and higher GDP growth rate to attract investor.

① Political Instability

Political instability leads to the lack of long unstable policies. The economic situation becomes more fluid as there is political uncertainty which discourages the investors to invest.

② Physical Security

Terrorism is once again venting in the form of TTP, ISKP, BLA etc. are responsible for terrorist attacks in the country. Mostly on Chinese. Why should other Chinese invest in such situation and how could other investors be attracted from middle east. Therefore, state has to improve its security of the state in order to build the confidence of investors.

Conclusion Once these above steps are taken only then SIFC can become tangible reality leading to economic revival of the country.

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Q.5:- Critically evaluate the chances of expansion of Israel-Hamas war into the whole region. Also analyze how this war would impact global power politics?

Ans: The attack of Hamas were unprecedented.

Almost 2000 Hamas fighters crossed the border in three different ways.

First of all the majority of fighters made the land crossing. The walls are broken through bulldozers. The cameras were hit through drones. This facilitated to easily cross the borders.

Secondly many fighters sailed into the sea toward the north Gaza and landed on Israeli territories. Thirdly the ~~up~~ in parallel, more than 200 Hamas fighters entered into Israeli territory through paragliding.

The Hamas fighter ~~fight~~ fired huge number of missiles into Israeli territory. Israeli government sailed around 2000 mortar shells while Hamas claimed more than 5000 mortars. The Israeli air defense system Iron Dome could not intercept the majority of ~~data~~ mortars and 13 different cities were heavily bombarded.

The Hamas fighters were entered into the Israeli territory attacked the security forces on the borders and the majority of checkpoints were neutralized. Two of the

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major military bases were targeted. A series of attacks were made against the celebration of Yom e Kippor's day (TENIS DAY). The Hamas fighters killed more than 1400 Israelis, including soldiers, policemen and settlers etc and 2000 were injured but the most astonishing factor was Hamas captured about 230 Jews and brought into Gaza and made them war prisoners and their realized the conditioned with setting Hamas fighters free by Israel.

Attacks of Hamas: In outright failure of Israel Defence system or Netanyahu wanted another 914\$-

The Hamas fighters fired more than 2000 mortars in the Israeli territory making it impossible to track it by the iron dome system.

Failure of Israeli defence system &

It was 1973 that Israeli borders was overwhelmingly crossed by Egypt and then it was by the Egyptian tanks but recently it was Hamas fighters (non-state actors). The iron dome that is the biggest system of Israeli defense is failed to intercept the majority of missiles fired by Hamas. ~~But~~ Hamas fired more than 5000 missiles but iron dome system could not intercept more than 50% of the mortars.

The border of Israel with Gaza is called to be the most protected border and technology equipped and well constructed wall having 3m under the ground. But Hamas fighters invaded and entered into Israeli territory. It was outright failure of Mossad. Every import and export to Gaza is made through the two crossings on the border with Israel. This entry exit strongly monitor by Israel. Hamas continued training for more than 6 months to execute its plan it is beyond comprehension that how such a big activity could not be intercepted by the intelligence agency of Israel.

N Netanyahu wanted another gift

Hizbullah on one hand and Hamas on other hand have been the two major headache for Tel Aviv. Netanyahu always wanted to neutralize Hamas both politically and militarily. Which is not possible without the ground invasion of Gaza by Israeli troops.

Furthermore, the military strategy of Israel clearly signifies its intentions. Whenever a force make a plan to forward advanced it first heavily bombarded the area through jets and artillery. The next phase is the entry of tanks into the area. Infantry or ground force enter in last. That exactly Israel is doing.

The ministers of Netanyahu government repeatedly told their intention that the plan of Israel is to move Palestinian from the north Gaza

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into Egypt or it's that it not possible they should be pushed toward the south Gaza near the Egypt border and that's really happened in the area.

Hamas: Israel war and its implications on the Regional and power politics.

Since the Hamas planned for six months and attacked the Israel making destructions in Israeli territories capturing Jews and killing their soldiers the war was officially started between Hamas and Israel.

In Result of Hamas attack on Israel, Israel visited every member of UNISC to counter back on Hamas in Gaza. For this Israel advanced their military by bombardment in Gaza pushing the Palestinian towards Egypt border. This war has some implications on regional and power politics.

① One of the Biggest human Tragedy in the modern world:-

The world experienced many deadliest wars like WW1, WW2, Iran-Iraq war, Russia war. Numerous Arab Israel war but this attack of Israel on Gaza was crossed every limit. Israel has dropped down more bombs on the narrow strip of Gaza since Oct 7, 2023. Then US dropped on Iraq in 2003. and Japan in 1940. in Iraq US troops. each and every house but

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Israel decided to destroy everything, more than 30% of the towers and towers mostly residential areas raised to the ground.

② Implications on Arab world and Israel Relations:

Bahrain signed Abraham deal in 2020 cut off the diplomatic relations with Israel. UAE, Oman and even Jordan seized down their diplomatic relations with Israel.

Saudi-Arabia Israel normalization relations was on the card. Media and white house claimed that the delegation of each other capital during the time of attack but after war intensified, Mohammed bin Salman not only denied any kind of interaction with Netanyahu but also appealed the world to stop providing weapons to Israel.

Iran did not want Saudi-Arabia Israel negotiations as that would hamper the process of normalization between Riyadh and Tehran. The normalization of relations between the Saudi-Arabia begins in March 2023 with the help of China in which the two countries resumed diplomatic relations, relaxed the visa process and initiation of trade relations. But this attack has reversed the chances of Saudi-Arabia Israel deal that benefit the Iran the most.

③ Implications on Global power politics:-

USA, UK and other native countries has put their weight in the favour of Israel.

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The media and the government in these countries have been criticizing the attack of Hamas on Israel. But have been silent on the war crimes committed by Hizbullah in Gaza. US has deployed two of its aircraft carriers in the Mediterranean sea to protect Israel from attacks of Hizbullah, Houthis and Hamas. UK has sent its jet fighters in the sea. US has provided 5 billion in aid. and Biden government has demanded 50 billion USD approval from US Congress for Israel.

This hard and human approach of US and the west has created strong resentments among the Arab population and their governments. In particular Muslims world in general. Egyptian president, Jordanian king and the president of Palestine refused to meet Joe Biden. Mohammed bin Salman kept US secretary of state waiting more than 2 hours. For the sake of Israel seen to antagonize the Arab capital more and more.

Russia and China have shown increasing soft corner not only toward Palestinian but also Hamas. They have criticised the double standards of US and demanded the implementation of UN-charter. i.e two state solution. They have also blocked Israel way of passing resolution from the UNSC, from the military intervention under the pretext of self defence. China and Russia demanded for the peaceful negotiation of the dispute.

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Q.3: critically Evaluate the Reasons why Pakistan economy is unable to survive without the support of IMF. Also analyze the implications of bailouts. Give recommendations.

Ans: Pakistan became a part of IMF in 1950. Pakistan got its first loan from IMF in 1958 (23rd loan in 2023). Pakistan has got 23 times financial support from IMF. This is a very staggering figure because this also tells about the plight of the economy of Pakistan. The 23rd loan of IMF to Pakistan is called standby agreement (SBA) which is 9 bn dollars and to be paid in three installments on the base of conditions of IMF which will accept by Pakistan because there no other option left with Pakistan. IMF give loan in the form of tranches. This tranches release when IMF staff level meeting becomes successful. Here is a detailed table of IMF loan to Pakistan

Year	Program	Amount	Tenure	Objectives.
1958	SBA	2.5 m	1 year	support economic stabilization
1965	SBA	37.5 m	1 year	support economic stabilization
1972	SBA	100 m	1 year	Economic stabilization - post war
1974	SBA	75 m	1 year	Economic stabilization
1977	SBA	80 m	1 year	Addressing fiscal deficit.
1980	EFF	1.27 B	3 year	support structural reforms.
1988	SBA	382 m	1.5 year	Reduce current account deficit

Time off