

Date: 08 May 2024

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Mock Exam I

Part - II

Question-8

SIFC is expecting huge foreign direct investment in Pakistan from the Middle East and China. How do you see the chance of investment in Pakistan?

Answer:

Introduction:

SIFC or Special Investment Facilitation Council is the idea of current military chief give in June 2023. It was adopted by both civil and military leadership. SIFC can be seen as a critical player in the economic uplift of Pakistan. Presently, Pakistan finds itself in a deep pit of economic crisis. This deepening economic crisis demands urgent attention. SIFC in current scenario has the potential to attract foreign investment, create jobs and boost economic growth. Most importantly, it is the first time in the history of Pakistan that an economic council has monitored and survived by the both civil and military establishment since

the coordination and planning mechanism is divided in civil and military arms. Moreover, investment facilitation stands on stable politics and effective institutional delivery. But in Pakistan, political instability and ineffectiveness of institutes is prevailed. So SIFC is designed to overcome this failure. SIFC is an instrument for fostering economic growth, enhancing global effectiveness, attracting direct foreign investment and enhance job creation. These all will contribute to the overall national stability and security.

Foreign Investment under SIFC:

SIFC has the ability to attract foreign investment. Foreign investors are often wary of complex regulatory environments and bureaucratic red tape. SIFC addresses these concerns by providing a simplified process for setting up businesses, obtaining permits and resolving disputes. This will encourage foreign investment and also foster a conducive environment for local businesses to thrive. As caretaker government claimed that SIFC would help bring over 60 billion dollar investment to Pakistan in the next five years. SIFC served as a "one window operation"

to address any concern of foreign investors. The signing of a deal between Abu Dhabi Ports Group and Karachi Port Trust will secure 220 million dollar investment in Pakistan. This is the huge success of SIFC. Similarly, all the issues related to the issuance of visas to investors will be solved under SIFC. This will open new avenues of development for Pakistan. Furthermore, it will also spread awareness about Pakistan's hidden potential talent in relevant fields and explore many new opportunities to expand cooperation. SIFC can play an important role in promoting Pakistan as a desired investment destination and transforming it into a market of future.

Opportunities under SIFC:

Agricultural Sector: SIFC has invited investment from China and Middle East into the agricultural sector of Pakistan. China is the world largest exporter of agricultural goods. In 2015, it was 800 billion dollars but by 2030, its consumption will increase to double. Also China has exhaust its internal agricultural capacity. Thus it import

agricultural goods from North America. However, now China wants to invest in South Asia and Central Asia. So Pakistan is one of the major attraction for them. Because Pakistan has the potential to produce agricultural goods with the amount of 100 billion dollars. Pakistan has to properly utilize its agricultural land to gain investment. Similarly, agriculture in Middle East is not possible because the land is mostly comprising upon deserts. These countries are financially rich and major importers of agricultural goods. Pakistan is one of the major opportunity for middle East countries. So Middle East is investing in Pakistan. Pakistan, under SIFC, has invited investment from China and Middle East in multiple ways in agriculture sector.

Public-Private partnership: Under SIFC, public-private partnership is developed on the agricultural land, where land belongs to the state of Pakistan. Secondly, the land of people will be provided on lease to investors. Thirdly, partnership of investors and local farmers on canal based land in

Pakistan.

The investors are supposed to invest in the modernization of irrigation system and introduce modern irrigation techniques such as drips and sprinkles. Also investment in the seed development programmes, increase in agricultural land volume, increase per acre crop yield and increase in the livestock etc.

There is a possibility of 25-30 billion dollar investment in agricultural sector of Pakistan. This will change the destiny of Pakistan's agricultural sector.

Mineral Sector: Pakistan is enriched in variety of minerals. It posses the fourth largest cooper reserves in the world. One of the largest marble reserves in the world. Pakistan is also a major produce of salt and chromite. Pakistan has invited investment mainly in cooper mines in the country. Saindek cooper mine is under exploration of a Chinese company. 200 km area of Rekodok is also handed over to a Canadian company while 700 km ^{area} ~~are~~ has gained the attention of Saudi Arabia. So the main investment could be 12-15 billion

dollars in this area. There are also 60 billion dollar worth copper reserves in North waziristan that need the minimum investment of 2 billion dollars. Similarly, marble reserves in Balochistan and KPK could attract the minimum investment of 5 to 8 billion dollars. This would also establish the industries that are required for minerals.

For example, the industry that segregate copper/silver and gold as they exist together, another industry would be refining industries etc. This also produces job opportunities for local engineers.

Defense Sector: Pakistan for the first time has offered the industry for the production of weapons by private sectors. China, Saudi Arabia, UAE are the major countries to invest in the defense sector of Pakistan. Pakistan has offered the industries such as small weapons, artillery, armed tanks and investment in fighter jet. Also the industry of ships and submarines flourish and gain investment. This would decline the import of defence goods of Pakistan while tremendously increasing the export in the Middle East. Also the defence of Pakistan will get stronger.

Pakistan is expecting 15 to 20 billion dollar investment in these areas.

IT Sector: Pakistan has 64 percent young population which make it one of the most well-placed tech destination for the world. Pakistan is producing high-tech military hardware information technology, a viable mechanism is being developed to enhance IT exports.

Pakistan is one of the major IT exporter because of many IT graduates along with cheap labor.

Current investments: Recently, the Saudi investors visited Pakistan and current Prime minister ensure them the best facilities and also ease of doing business under the umbrella of SIFC. SIFC model is also acceptable to the Saudi investors and they are satisfied by the opportunities.

Also, Saudi Ministry pick several Pakistani sector for Business-to-Business (B2B) meetings for investment. B2B meetings will target sectors such as agriculture, mining, human resource, energy, chemicals and maritime.

Conclusion: SIFC with all its right

policy and direction become a tangible reality for the revival of Pakistan's economy. If SIFC truly implemented would bring a revolution. It will also guarantee the prosperity of the 220 million population of Pakistan.

Question-4:

Answer:

Introduction:

Economic corridors have emerged as a strategic player in the changing landscape of geopolitics. The most important economic corridors that emerged at the forefront of the world are: China's Belt and Road Initiatives and the recently introduced India-Middle East-Europe Economic Corridor (IMEC). These projects can be seen as the way to attain economic prowess, geopolitical maneuvering and the quest for dominance.

The IMEC was formed from the collaboration of USA, India and their allies. It seeks to redefine trade routes between India, the Gulf States and Europe.

Similarly, BRI is the China's project

worth multi-trillion dollar. It is a global cooperation platform having 3000 cooperation projects. The BRI assert the global connectivity.

IMEC's Purpose: The proclaimed purpose of IMEC is to enhance the movements of goods, data, money and foster people-to-people connections. However, the underlying motive of IMEC is to halt the China's growing influence across the globe.

BRI's Purpose: BRI's core purpose is on building extensive networks across Asia, the Middle East, Africa and Europe to facilitate international economic cooperation and support growth. It is also fulfilling the world's infrastructural gap.

Geoeconomics motives: In geopolitics, IMEC is emerged as a diplomatic victory for India and USA. It is positional as a counter to China's BRI. It is US attempt to outcast China. USA wants to assert its hegemony in Middle East through economic motives.

1. Differences in the scope of projects:

BRI is known for its multidimensional package, which includes a wide array of projects ranging from infrastructure development (roads, railways and ports) to energy projects, fibre optics, agriculture and industrial zones. It is a huge initiative to designed the participating countries.

Whereas, IMEC's scope is narrow.

It's primary focus is on shipping lanes, rails and road infrastructure.

This will not include depth as BRI.

2. Differences in Scale of Investment:

Scale of investment is the most significant distinction between BRI and IMEC. BRI is an extensive project with investments of around 8 trillion dollars. This will cover a wide range of infrastructure and development projects across various countries.

In contrast, IMEC is small project with less investment. The estimated amount is only few billion dollars.

This will show that BRI has more potential to impact global economy.

3. Difference in Geographical Coverage:

BRI will cover a large area of geography. It includes 150 countries. These countries are developing countries mainly.

On the other hand, IMEC is planned to cover around 120 countries mainly Middle East and European. These countries are primarily economically developed countries.

4. Difference in Initiation and Progress:

BRI was officially launched by China in 2013 and it is active since then. It has substantial investments and progress across various regions.

In contrast, IMEC is still in the MOU stage, indicating that it is in planning and negotiation phase.

5. Differences in Transportation mode:

BRI is characterized by its diverse transportation network with approximately 70% focused on land routes.

However, IMEC emphasize sea transport. It wants to develop Shipping lane and rail and road connection.

6. Differences in Directionality:

BRI is a multi-directional initiative with global influence. It aims to connect China with various parts of Asia, Europe, Africa and even the Americas.

While IMEC is planned to be unidirectional only connecting India to Europe.

Conclusion: The BRI and IMEC represent two distinct approaches to infrastructure development and economic integration. BRI with its larger scale, extensive geographical coverage is proved to have more global impact. IMEC is still in early stages and only connect India to Europe.

Question-6

Answer:

Introduction:

The 28 Conference of Parties was concluded in Dubai with the aim to address climate change with global

efforts. It was attended by representatives from nearly 200 countries. Pakistan, a country profoundly impacted by climate change has lobbied for the fund under loss and damage.

Loss and damage fund:

In COP27, 77 countries demanded the establishment of "Loss and Damage Fund". All these countries are worst affected by climate change. First, they are faced with floods caused by more melting of glacier at abnormal level. High and more rains. Secondly, a series of draughts plague these countries. It caused food and water shortages.

Countries who faced infrastructural loss like roads, transmission lines, households, agriculture, food shortage, displacement and disease demand the formation of fund for them. The massive socio-economic loss was faced by them. These countries are producing nearly zero percent of carbon dioxide. The emission of CO₂ is caused by major emitters therefore a separate head called

Loss and damage fund was established in COP27. In this way, major emitters have to make financial contribution to help other countries.

Outcome of COP28:

COP28 witness the several pledges to combat climate change. It also discuss the reduction of global carbon emission.

More than 50 oil and gas companies signed the Oil and Gas decarbonisation Charter. This include cutting emission to net-zero by 2050 and near-zero methane emission by 2030.

Transitioning away from fossil fuel:

Also the main focus of COP28 was transiting from fossil fuels - oil, gas and coal: UN Secretary-General urged the world to phase out fossil fuel to save the Earth.

Global Renewable and Energy Efficiency Pledge:

Pledge and agreements were signed between countries to work together to increase the use of world's renewable energy source and generate energy upto 11,000 GW by 2030.

Loss and Damage Fund: In COP28, Loss and Damage Fund was operationalized. It was aimed to provide compensation to countries which are badly affected by climate change. 800 million dollars were given to the fund. The World Bank will be the "host" for fund for 4 years. "interim"

Global Goal on adaptation:

The draft text of Global Goal on adaptation was introduced at COP28. Its main purpose was to enhance climate change adaptation by increasing awareness.

Opportunities for Pakistan:

With the establishment of Loss and Damage Fund, Pakistan is hopeful to secure fund. The devastating flood of 2022 in Pakistan induced 30 billion dollar loss. So Pakistan is in dire need for fund. However, Pakistan faces challenges in securing fund. It is due to the strict policy. Pakistan must adhere to right checks and balance and use fund effectively for climate change mitigation.

According to Global Climate Risk Index 2022, Pakistan is the fifth most affected country by climate change.

UNICEF's 2021 Children's Climate Risk Index highlighted that children in Pakistan are at high risk due to climate change.

Amid challenges, Pakistan showcased impactful initiatives at COP28. The Living Indus Initiatives committing an estimated USD 11-17 billion aim to restore Indus River Basin.

Also Recharge Pakistan Project worth USD 78 million focuses on ecosystem based adaptation in Sindh, KPK and Balochistan. These solutions make/show Pakistan's commitment to environment sustainability.

Conclusion:

In conclusion, COP28 represent an important moment for global climate action. The establishment of Loss and Damage is a silver lining for climate changed induced countries. The fund should facilitate the

countries according to their damage. However, in the start this seems a little complicated as damage is far greater than the amount of fund given to countries. Also Pakistan is proving its worth to gain fund with its nature based initiatives.

Question: 2

Answer:

Introduction:

The rising attacks of terrorism in Pakistan originates from Pak-Afghan border. Incidents of suicide bombing and attacks on military personnel are surpassing the previous recorded values/numbers. TTP has been risen and posing a substantial threat to Pakistan's security. It is concentrated in KPK near Afghan border and now it is expanding into Baluchistan. Also the US abrupt withdrawal from Afghanistan provide the militants with modern weaponry left by USA. This change the patterns and hostility of attacks of TTP.

Challenges to Pak-Afghan Relation:

The rising attacks of TTP from the Afghan soil tinted the Pak-Afghan relation. Not only TTP, other proxies against Pakistan such as ISKP and BLF also use Afghan soil.

The Pakistan government asked various time from Taliban government of Afghanistan to not provide safe heavens to TTP. However, they did not take actions against TTP.

Pakistan's Afghan Policy:

Currently, Pakistan approach to Afghanistan falls significantly short of securing its vital national interests. It fails to meet 2 crucial objectives: effectively engaging with the Taliban in Kabul and mitigating the threat of cross-border terrorism.

The current ability to address terrorism failed through dialogues and diplomacy. Clarity of thought is needed to formulation of policy and decision to mitigate terrorism.

Actions needed by Pakistan to counter Terrorism:

The non-kinetic options such as

diplomacy and economic sanctions were futile in the case of stopping terrorism. So kinetic actions are needed which involve combination of diplomatic, economic and military coercion.

Re-evaluation of Pakistan's Afghan Policy:

Re-evaluation of Pakistan's Afghan policy is needed urgently. It is demanding a significant paradigm shift and a fresh approach. The caution and tentative dealings with Kabul must transform because Taliban are not solution of terrorism but a problem.

Strategy to Confront Terrorism:

The policy should be designed to encompass diplomatic, economic and military actions against terrorism and Afghanistan. Diplomatic engagement with Kabul should be managed by the Foreign office while economic pressure should be exerted. Military should confront terrorists.

Economic measures may involve oversight of transit trade, enhanced duties and tariffs etc.

Also smuggling from Pak-Afghan border should be halted. The influx of Afghan refugees must be closely monitored because they potentially be terrorist allies.

Military operations should aim to create a strategic environment.

Pakistan must stand unwaveringly by this comprehensive policy to defeat terrorism. It is time for bold actions to safeguard Pakistan.

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