

## Question. no 6

### Answer

## Pakistan's Economic Crisis and its solutions

### I- Introduction

Pakistan has been facing economic turmoil since many years due to political uncertainty in the Pakistan. Economic activities down fall: trade deficit, boom of debt, dollar outflow and import based economy. It is very concerning this, security of Pakistan haunting the FDI and other financial productivity in the Pakistan. Islamabad needs to make peace in country, and come out of the debt's vicious cycle.

## 2- Reasons behind this economic crisis in Pakistan

(a) Politically mined country

(i) Pakistan's foreign policy been strategic based as compare to other sectors

Pakistan's foreign policy was strategic based because of the enemies, then Pakistan changed the policy on economic based.

(ii) Lack of diplomatic ties with regional countries

Diplomatic ties with region is necessary to grow in the region, Neo-liberal policy needed.

(iii) Indian sector threats

India has been lobbying against Pakistan, through media and through organizations.

(iv) Russia divert toward India because Pakistan followed the USA



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4- Economic related issues that has hampered the Pakistan's economy:

(i) Lack of FDI in the country

Foreign Direct Investment's absence has lead Pakistan toward the debt and economic crisis.

(ii) No business man minds -ct of Pakistan people

Business is not first priority of Pakistan's people, they are all into the services and agriculture.

(iii) Balance of payment turmoil

Pakistan's dollar outflow is more than dollar inflow due to the lack of specific economic policies for the country.

(iv) Debt vicious cycle and it's effects

According to The Pakistan Bureau of Statistic, 133 billion dollar external and 261 billion internal debt.



(vi) Rupee devaluation and high of dollar

One US dollar is equivalent to the 271 PKR which is the lowest in form.

(vii) Import based economy

Pakistan's energy production is on the 52% on fossile fuels which been imported. Trade deficit is 28 billion dollars.

(viii) Loss making enterprises

Burden of the state owned enterprises on the Pakistan's economy which is more than productivity.

(ix) Agricultural less productivity

Due to lack of sufficient production of agricultural cause economy loss.

5- Security issues that hinders the economy of Pakistan

Security issues in the Pakistan, resurgence of terrorism especially by TTP and BLA has caused uncertain environment for the economic prosperity.



6- Way forwards of the problems that are facing of Pakistan's economy:

(i) Diplomatic ties with the North and South.

Middle East and India, Russia and China are new emerging powers and we must tie with them.

(ii) Security and peace in the country

Security of Pakistan must be there to attract the foreign direct investment.

(iii) Attract FDI to boom economy  
Programs like SIFC and other programs where government attract the FDI to grow economy in the Pakistan.

(iv) Awareness of business in the people

Education of business in the country is must needed to curb these issues.



(v) Walking on the CPEC  
and get prosperity

CPEC will be most beneficial,  
if it will get sufficient focus  
of the government.

(vi) Russia and China will  
be best to go along

Russia 2 trillion and India more  
than this economy and ME is also  
emerging, Pakistan need to cooperate.

(vii) Increase export and decrease  
import to grow economy

Annually more than 30 billion  
dollar deficit due to imports, Pakistan  
must increase the export to  
curb this phenomenon.

## 7- Conclusion

Pakistan's economy has been  
facing multiple problems, internal  
and external. Political, security and  
financial. All these problems can be  
curb by increasing export and  
attracting FDI. Security in the  
Pakistan and relations with ME.



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### Question.03 Answer

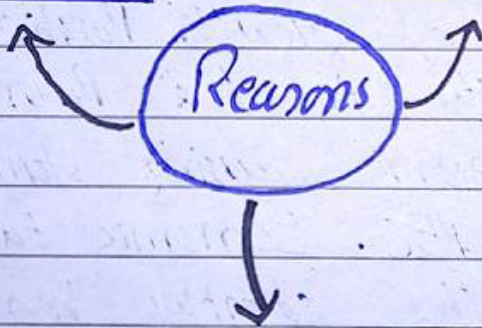
#### 1- Introduction to question

China Pakistan Economic Corridor has been facing multiple hurdles to get maximum speed of growth. Political instability in the Pakistan has been causing stumble for CPEC. Economic turmoil in the country has also one of the main reasons. Security issues and death of Chinese workers in the Pakistan by terrorist attacks has also impacted. Pakistan needs to form new political and economic policies to meet the demands of this project, especially security issue must be curtail.



## 2- Reasons of slowing down of CPEC projects:

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| <ul style="list-style-type: none"> <li>• Economic crisis</li> <li>- Inflation</li> <li>- Payment deficit</li> <li>- Trade deficit</li> </ul> | <ul style="list-style-type: none"> <li>• Political instability</li> <li>- lack of policies</li> <li>- Uncertainty among the leaders</li> </ul> |
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- Security Issues
- Chinese workers been targeted
- Terrorist attacks
- Restlessness in the country

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(ii) Political instability in the Pakistan has hampered the activity of CPEC

(a) Political Polarization in the Pakistan

Political polarization has been become the part of our country which affects the CPEC.

(b) Frequently changing policies due to political effect

Changing policies of Pakistan is main reason. There is no one has completed 5 years tenure in state.

(c) The factor of the USA and it's ties

The USA is also one of the main factor, which is responsible for hindering Pakistan and China's relationship.

China does not want to Pakistan make any kind of relationship with West, because they are trying to curtail China.



### (ii) Economic crisis in Pakistan

#### (a) Debt trap and trade deficit

China is demand 2.8 billion dollar of capacity production payment from Pakistan.

#### (b) Balance of payment deficit

Dollar out flow is more in Pakistan as compare to dollar inflow in Pakistan.

#### (c) Lack of sufficient GDP to work

Without good economy projects do not work

### (iii) Security issues in Pakistan

#### (a) TTP and BLA attacks on CPEC areas

Terrorism in Pakistan in last three years has been increased.

#### (b) Chinese workers has been attacked in Pakistan

Chinese personnel has been attacked many times by the terrorists in Pakistan. This is the main reason of slowing of CPEC.



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#### 4. Recommendations for the Pakistan to curtail all problems

(i) Anti-terrorism and making peace in the country

Pakistan must work on the curbing terrorism to do peaceful work, and attract the FDI.

(ii) Making capacity building and increasing economy  
Producing people of the country with education and skills to boost economy, also focus on the businesses.

(iii) Deal with the debt trap of internal and external  
Debt trap either internal or external, especially IMF must be payed, because their policies are affecting the working of CPEC.



(iv) Political stability will overcome half of the problems

All political parties must sit and talk formally to trace these kind of uncertain events in the Islamabad.

(v) Diplomatic talks with Kabul to curb terrorism

Afghanistan's land has been used by terrorist groups. Pakistan and Kabul must bilaterally work on it.

(vi) House in order is main Pakistan's domestic issues may be curtail to progress in the future and CPEC growth.

## 7- Conclusion

CPEC has been affected by the Pakistan's internal external issues. These can be traced by taking pragmatic measures: security, financial growth and house in order.