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foreign policy 9 /11

- 9/11 altered the global order considerably. Many of the world states modified their foreign policies. Pakistan was no exception in this regard. Being on the crossroads of the territories where War on Terror was ignited, Pakistan needed to reform its foreign policy particularly in context of the US and Afghanistan.
- Post 9/11 Foreign Policy of Pakistan • According to the United States, 9/11 was the catastrophic event engineered by Afghanistan based Al-Qaeda. This militant wing was led by Osama Bin Laden who was the host of Afghan Taliban government in 2001. At the refusal of Afghan Taliban to hand over Bin Laden to the US, the then President Bush launched a US-led international alliance against terrorism and invaded Afghanistan
- Pakistan being neighbor and an important strategic location in terms of the War on Terror brought up following major changes in its foreign policy;
- Pakistan's post 9/11 foreign policy no more remained India-centric. Now the events in the US and Afghanistan carried much of influence on its foreign policy making.
- Pakistan's post 9/11 foreign policy made the country a front line ally of the US in war on terror. In this wake though Pakistan did not send its troops to fight in Afghanistan but it had to provide its land routes, some air and military bases in order to assist the NATO forces. Pakistan's foreign policy had to bring a change in dealing with the Afghan government of Taliban. Previously, Pakistan was a favorable country to the Afghan Taliban government that came into power in 1996. But at the turn of the events the Taliban government lacked support from Pakistan.
- Post 9/11 foreign policy of Pakistan brought the country into the bloc of the US, keeping it disengaged with Russia and other Eastern powers. The relations with China, however, remained warm
- Pakistan in Regional and Global Politics • Amid the scenario when the War on Terror is in its last phases in Afghanistan, Pakistan is once again reforming its foreign policy to exploit the

regional and global politics into its national interest. In future, Pakistan has following prospects in regional and global politics

- Pakistan being the host of China Pakistan Economic Corridor is going to gain economic and trade importance in the region. • Pakistan has long experience of combating terrorism. This makes the country an experienced and steadfast state in the region. Pakistan can share its experience with other Asian countries to help them make peace
- Pakistan is of great importance in the region for helping the Middle Eastern countries to be out of the chaos. In this wake, Pakistan made a diplomatic comeback while trying to calm the tensions between Iran and Saudi Arabia. • Pakistan is still important in global politics as it will help the US tGlobally Pakistan has sought appreciation for its fight against militancy. This will keep it engaged with the global powers which can help to develop the country by sharing modern technology and educationrooms to seek a safe exit from Afghanistan.
- Conclusion • Pakistan altered its foreign policy to cope with the post 9/11 foreign policy and it is altering it now to manage well in the regional and global politics. →

What are the challenges and prospects of CPEC? • CPEC is a part of the One Belt One Road(OBOR) project initiated by China which aims to connect the South and South Western China with Eastern Urban areas by seeking to enter potential markets in Europe, Central Asia, Africa and Middle East. Back in the early 2000s, Gen. Musharraf signed the Free Trade Agreement(FTA) with China, allowing easy acces to Chinese workers and firms into Pakistan.The next two governments have followed similar paths which eventually led to CPEC under the Nawaz government. In

- terms of economic prospects it holds. According to the government, these projects will help generate economic benefits, provide employment, improve the infrastructure, solve the energy crisis and help uplift Balochistan (the most deprived province).i think the CPEC holds benefit to China by helping it connect with middle east and Europe(via the Suez canal) through the Gwadar port. China'a less developed region of Kashgar, Xinjiang will be economically uplifted with such a project where it intends to develop the manufacturing industry primarily cotton and textiles.
- As for Pakistan, it is expected that employment in various projects is likely to improve incomes and living standards. Pakistan's economic growth is about 5.4% as reported by the government(independent sources claim it to be much less) thanks mainly to CPEC. The volume of goods that will pass through the Gwadar port are expected to be much lesser than Panama canal or Suez canal thus it provides lower benefit than them. • Let's play with some figures here
- The actual project investment by China is somewhere around \$56 million dollars. But that's just a simple figure. To be more precise the ratio of debt-to-equity is around 75:25 as reported by Dawn Newspaper(a highly authentic news outlet), later confirmed by the actual plan which was kept hideous but later leaked by Dawn.The things don't end here. The interest rates offered to

Pakistan are somewhat around 7-8% which is at least 5-6% percentage points higher than the IMF and World Bank lending. Pakistan's outflows in terms of debt payments

- are likely to be around \$1 billion while the most optimistic returns on equity (ROE) at 17-20% only ensure inflows of about \$646 million, thus producing further deficit in the scenario. To fill this gap Pakistan is left with only three options • Creating circular debt • Raising Taxes • Increasing exports to improve Balance of payments (BOP)

- If Pakistan decides to create a circular debt, which it has been doing for quite some years now to pay for the IMF and World Bank further economic problems may follow. When Gen. Musharraf left office in 2008, the debt on a single Pakistani was around Rs. 35000, now it is more than Rs. 130000. A country where the GDP per capita is precisely around Rs. 12,700 a month, there is certainly no chance Pakistan will be able to pay it back unless some miracle happens. With the debt-to-GDP percentage at about 62.35% already, there is little chance for growth

- under such high debts from China at interest rates higher than regular. With circular debt not being a viable option, Pakistan can choose to go with raising taxes but here's another problem. Around only 2% of the population pay the taxes with rich and poor alike, evading and avoiding taxes through various means. There have been no tax reforms in the recent past and even parliamentarians have not been paying taxes. According to a research, around 148 parliamentarians are not registered at the tax bureau

- That is enough to explain why increasing direct taxes will be of no use. To avoid defaulting, China has ensured large acres of lands in interior Sindh and Punjab to act as a collateral in case Pakistan fails to pay its debts. Many large tracts are already leased out to the Chinese thus ensuring a slow control of China in Pakistan's internal affairs, something similar to what happened to Sri Lanka. • That brings us to the final option, increasing exports. The best case scenario would be to

- use CPEC in the national interest to fuel investment for the local industry, developing and subsidizing export based infant industries and increasing the exports. However, the local manufacturing industry is the one at the greatest loss. Due to the FTA, Chinese companies can directly compete with Pakistani industries majorly for consumer goods and services. Since Chinese companies produce at a much larger scale, the cost-per-unit of production is comparably lower than Pakistani producers.

- As a result, the prices of Chinese goods are lower than locally produced goods. Chinese goods have therefore, already started dominating Pakistani markets. The Balance of payment deficit is at an all-time high at about 35 Billion dollars. However, CPEC is not all bad for Pakistan. It will bring about a number of good things to Pakistan, one being security. Over the course of 4 years, with the effort of Pakistan Army much of the country has been cleared off the extremist and militant groups

The forces in Balochistan and the militant groups in FATA and KPK have lost control. Both Gen. Raheel and Gen. Bajwa took the pledge to clear Pakistan out of terrorists to ensure security and thus creating a more viable business environment in the country. Second, with infrastructural developments in Balochistan and Karachi, it is likely that the standard of living improves and underdeveloped regions in Pakistan are able to connect with urban centres.

- Pakistan's tourist industry has seen an improvement compared with recent years and this is likely to increase. As a result of high Chinese investment and improved security situation in Pakistan, the foreign investors have gained confidence in Pakistan. The Foreign Direct Investment (FDI) in Pakistan grew by 4.6% in 2015-2016 which may be a sign of better things to come. Dutch, French and Swedish companies have shown great confidence in Pakistani markets and

- international news agencies like Bloomberg and Diplomat have shown great prospects of investing in the Pakistani market. With growing Chinese interest in Pakistan, it is highly likely that Pakistan's diplomatic importance and global value might improve. Chances of conflict with India or any other country might reduce as China may act as an important partner in advancing Pakistan's interests globally and at the UN.

- The energy crisis, which has haunted the industry and the citizens for years now may seem to reduce, if not completely solved. Pakistan has been working on many energy producing projects in Punjab and Sindh, majorly with the Chinese investment. This might further help in increasing the economic growth and improving the GDP. I think there is a lot to gain and a lot to lose from CPEC. If the government actually plans very prudently and intelligently, it may be able to produce results that benefit the country.

- in future. But little can be done than said now with many CPEC projects already underway,