

# Globalization and Business

Ans1. Natural Resources:

Materials or substances occurring in nature which can be exploited for economic gain.

UNITED STATES:

United States is the top oil producing country in the world with an average of 17.87 million b/d, which accounts for 18% of the world production. SAUDI ARABIA:

The kingdom of Saudi Arabia contributes 12.42 million b/d, representing 12% of the world's total production.

RUSSIA:

While Russia has fallen in the ranks, it remains one of the world's top oil producers with an average of 11.4 million b/d in 2018, accounting for 11% of total world's production.

Why natural resources are being exploited?

- More consumption and demand of natural resources.
- Due to advanced technology exploitation of resources has become more easier.
- Countries can earn more profit through it.
- People are unaware of ways to reduce depletion and exploitation of resources.

Ans2. No doubt the Heckscher-Ohlin theory has been found to be more exact, precise, scientific and analytically superior to earlier approaches to the theory of international trade, still it has certain deficiencies for which it has been criticized. Major criticism which this theory faces:

Leontief Paradox

The leontief paradox presented by Wassily Leontief in 1953 found that the U.S., a country with a great deal of capital was importing capital-intensive commodities and exporting labor-intensive commodities. However if labor is separated into two distinct factors, skilled labor and unskilled labor, the Heckscher-Ohlin theorem is more accurate. The U.S. tends to export skilled labor intensive goods and tends to import unskilled labor intensive goods.

Other criticism factors

- Poor predictive power
- No unemployment
- Factor equalization theorem
- Identical production function
- Capital as endowment
- Homogenous capital
- No room for firms

Ans3. Implication of CPEC on Pak-China trade relationship :

CPEC is a win win synergy for both the nations. Pakistan and China both will benefit from investment in energy, construction and infrastructure sectors under the CPEC from social and economic resources and other projects. It is a rare opportunity for Pakistan to realize its true strategic and economic potential.

How CPEC will help towards SDGs:

CPEC will have a direct impact on the achievement of the sustainable development goals, including decent work and economic growth SDG. 8, affordable and clean energy for all SDG. 7, sustainable cities and communities SDG. 11, no poverty SDG. 1, zero hunger SDG. 2, and industry innovation and infrastructure SDG. 9.

Ans4. At first, the recognition was that the COVID-19 pandemic would be limited in China as it were. It later spread over the world through the development of individuals, because of which individuals were approached to remain at home, in light of with the severances was felt in numerous parts of the economy which incorporates travel bans influencing the avionics business, the restriction of mass social occasions influencing the occasions and media outlets, game abrogations influencing the games business (Horowitz, 2020; Elliot, 2020)."

"Overflow to import-subordinate nations:

Many import-subordinate nations were seriously influenced during the coronavirus pandemic. Numerous nations imported their basic products from significant sending out nations like China, USA, UK, India, and Japan and so on, and rely to a great extent upon these nations for the utilization of basic items. The log jam of assembling in China due to the coronavirus (COVID-19) flare-up is disturbing world exchange and could bring about a \$50 billion lessening in sends out across worldwide worth chains, as per gauges distributed by The United Nations Conference on Trade and Development (UNCTAD)."

"As per UNCTAD gauges, the most influenced parts incorporate accuracy instruments, hardware, car and correspondence gear. Among the most influenced economies are the European Union (\$15.6 billion), the United States (\$5.8bn), Japan (\$5.2bn), South Korea (\$3.8bn), Taiwan (\$2.6bn) and Vietnam (\$2.3bn)."

"UNCTAD has likewise remembered Pakistan for the rundown of 20 economies over the world that have been influenced the most after China endured log jam in view of novel coronavirus. The influenced esteem chain for Pakistan is materials and clothing which adds up to \$44 million from a 2% decrease of China sends out in middle of the road inputs."

"Overflow impact in Pakistan exchange part: Economies everywhere throughout the world, including Pakistan, are currently encountering a log jam. The effect of COVID-19 on Pakistan's economy can be extreme and may prompt a decrease in GDP development,

weakening in current and monetary adjusts, interruption in gracefully chain and expanded joblessness."

Pakistan Imports:

"As per the Pakistan Bureau of Statistics (PBS), complete imports of Pakistan remained at PKR 525.0 Bn during March 2020, down 18.7% y-o-y. According to SBP, the biggest import accomplices from July 2019 to February 2020 were China, UAE, Singapore, USA, and Saudi Arabia in total comprising of 51% of the absolute imports. China alone represented 21% of the complete imports during this period. The decrease in import worth can be credited to numerous variables, remembering disturbances for gracefully chains, lower request in Pakistan, and a fall in costs of merchandise and wares."

"A decrease in imports will positively affect Pakistan's present record deficiency; in any case, delays in imports of fundamental things could upset the gracefully chains of different enterprises. As per PIDC2, 32% of the all out imports of Pakistan are last items which won't directly affect the nation's GDP. Nonetheless, 68% of imports establish crude materials, halfway products, and capital merchandise which are utilized to create last products that are devoured locally or sent out. A decrease in these will, consequently, negatively affect venture spending just as on sends out. Thus, Pakistan is probably going to encounter a falling impact of falling imports, prompting an effect on the GDP."

"Overflow to the movement business of Pakistan:

After the broad four-decade fight against psychological oppression in Pakistan, household the travel industry other than different businesses reestablishes its breath in a nation. Larger part nations who proclaimed Pakistan as a fear based oppressor state are presently pronouncing Pakistan as the best occasion goal for 2019. Indeed, even Pakistan beat Forbes and Conde Nast Traveler's rundown of best occasion goals for 2020. Sadly before the finish of Jan 2020, coronavirus pandemic changed the circumstance of the whole world. The World Tourism Organization (UNWTO) has alarmed that "the COVID-19 pandemic could prompt lost \$300-500 billion in the travel industry receipts all around".

"Pakistan's travel industry and transportation parts are likewise influenced ineffectively as flights, markets, open spots, eateries and lodgings shut. Due to the coronavirus pandemic, a huge number of universal visitors dropped their reservations and appointments. This has negatively affected the travel industry network, especially watchmen, visit guides, road sellers, - each one of the individuals who depend on vacationer spending are enduring and influencing now."

Ans5. Future of globalization post covid 19

The economic crises that has besieged the world since the onset of covid-19 pandemic has led to some searching questions about the future of globalization. Uncertainties about the future of globalization have arisen in the wake of the disruptions that the lockdown has caused in all major economies. The impact of the lockdown on global trade volume is ominous sign. The World Trade Organization had predicted that global trade volumes could decline by 13%-32% in 2020.