**Name: Junaid Awan**

**ID: 13761**

**Department: BBA**

**Semester: 6TH**

**Assignment: Globalization & Business
 Final Exam**

**Submitted to: Ms Sameen Shah**

**Q1: Explain the exploitation of natural resources in the context of trade and investment flow. Use examples from the oil-rich countries. (12 Marks).**

**ANS:** The portion of common assets in world exchange expanded significantly somewhere in the range of 1900 and 1955 and afterward declined for a very long while before expanding once more. Various elements added since quite a while ago development of asset exchange, including industrialization, populace development, and falling transportation costs. A portion of the variety originates from the way that normal assets might be sent out in their crude structure or typified in fabricated merchandise.

All products either encapsulate regular assets (for example cars contain iron mineral) or require assets for their creation (for example food crops require land and water to develop), so all products could possibly be delegated common assets. Such a methodology would be legitimately reliable yet in any case unenlightening. At another outrageous, one could decide to concentrate carefully on assets in their common state. Nevertheless, even obvious instances of common assets would be hard to order as such under this methodology, since most assets require probably some handling before they can be exchanged or devoured. Anyhow the decision of definition, the line of boundary between natural assets/resources and different merchandise will consistently be to some degree flexible

Ongoing decades have seen high points and low points in oil costs, inciting financial and social fragility in oil-plentiful nations, filling in as a token of how significant it may be to expand their economies. Foreign Direct Investment (FDI) could improve these nations' advancement as it can bring new advances, expand access to new markets through fares, and broaden monetary movement. FDI is one of the principle pillars of advancement techniques in natural resources rich nations as it can likewise help regular asset based exercises to cultivate development through new aptitudes and advances.

Common assets can be extensively isolated into two fundamental classes; point and diffuse sources. Instances of the previous are oil and minerals. These sorts of assets are portrayed by their particular confinement, and responsibility for and incomes are concentrated among not many specialists. On the other hand, agribusiness or ranger service are bound to be increasingly scattered through the economy. Wealth in point-source regular assets is widely connected with nations' low financial exhibition. The common asset revile involves low monetary development through absence of exchange of manufactured merchandise, low institutional quality described by severe establishments and unfortunate allotment of assets for lease chasing and in burden of human capital arrangement or interest in beneficial exercises. Effectively overseeing asset riches is a financial and political procedure that requires private venture and reasonable approaches to support antagonistic effects.

Every characteristic asset is presented to various value changes and involves distinctive extractive expenses and innovation and as a result various ventures. Hence, it appears to be desirable over center, in exact investigations, on homogeneous assets, regardless of whether a few components depicted in the hypothetical writing between point-source assets, Institutions and FDI are regular to oil and minerals. As per the World Bank Development Indicators, oil rents spoke to 60% of common asset rents at the world level during the period 2003-2012. Because of its financial pertinence, this examination centers around oil.

FDI nexus is to give strong experimental proof in a more extensive board setting. Past investigations have two deficiencies: they ordinarily center on single nations or a decreased subset and examinations total FDI inflows, paying little mind to the two-sided nature of FDI. At the total level, FDI inflows could impact institutional quality with the resulting potential endogeneity predisposition. To support these impediments, we gauge reciprocal Greenfield FDI streams for 182 nations during 2003-2012 by methods for the gravity condition. Greenfield speculation speaks to the greater part of the world's FDI tasks and 72% of the complete FDI ventures got by creating nations. This sort of venture connotes an eminent passage of speculations and information for the beneficiary nation. The world's absolute number of FDI ventures is determined as the whole of Greenfield speculation and merger and acquisitions ventures.

**Example:**

The previous extent likely expanded significantly through the twentieth century with the ascent of new oil-creating nations. Be that as it may, changes in item costs, particularly in oil costs, represent a great part of the variety, specifically from the 1970s on. In the ten years that went before the worldwide money related emergency, the dollar estimation of world fares of common assets expanded in excess of six overlap, arriving at 3.7 trillion US dollars in 2008 preceding falling back. Energizes speak to the a lot of all-out world asset trades, arriving at 2.9 trillion US dollars in 2008. Around the same time, exchange other extractive assets, for example, minerals and different minerals and nonferrous metals, was 360 billion US dollars. The estimation of exchange of different assets, for example, fish and ranger service, albeit increasingly constrained, has likewise expanded after some time, coming to, separately, 98 and 106 billion US dollars in 2008.


On the flexibly side, the volume of oil created multiplied somewhere in the range of 1965 and 1980 and afterward expanded a further 30% by 2010. The proportion of stores to yearly creation currently remains at 46, up from 30 out of 1980. The portion of oil creation exchanged universally expanded from 51% in 1980 to 66% in 2010. 3 On the interest side, the principle changes have been the flood in import request from developing economies. Somewhere in the range of 2000 and 2008, the estimation of regular assets imported expanded at a yearly normal pace of 30% in China, 25% in India, 22% in Singapore, and 17% in Korea. The complete estimation of oil exended in the Asia-Pacific district surpassed that devoured in North America in 2006. As is talked about underneath, the harmony between changing world interest and an inelastic gracefully of normal assets has significant ramifications for value unpredictability in these segments.

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**Q2: What is the major criticism of Heckscher-Ohlin Theory? (12 Marks)**

**Ans: Introduction:**

Eli Heckscher (1919) and Bertil Ohlin (1933) found the reason for significant and considerable hypothetical improvements of global exchange by underscoring the connections between the arrangement of nations' factor blessings and ware exchange designs. The Heckscher-Ohlin (H-O) hypothesis is the least complex clarification for why nations include in exchange of products and ventures with different nations. Heckscher-Ohlin model, which is the general harmony scientific model of universal exchange hypothesis, is based on the Ricardian hypothesis of similar bit of leeway by making expectation on exchange examples and creation of products dependent on the factor gifts of countries (Learner 1995).

**Assumptions of the Heckscher- Ohlin Model**

The following Heckscher-Ohlin molds affect to the 2 \* 2 model.

We are assuming that there are only two nations (1 and 2) with two goods for exchange and trade (X and Y) and two production factors. (Capital and labour). For the production of goods, both nations are using the same technology and uniformed factors are used for production. Good X is labour concentrated and Y is capital concentrated, in both countries. The preferences and tastes of the both nations are also similar and also both countries can be characterized in the same indifference curve).



In both nations, we can see that the constant returns assumption to scale is applied for the production of goods X and Y. In both nations, there is still scope and area for improvement in production. However, in both nations the goods and production markets are perfectly competitive. Both countries face the perfect mobility of production factors through each country, but the mobility in international or local market is not possible. There are no constraints or restrictions to the free mobility international trade, because there is almost no/minimum transportation costs, tariffs, or any other obstacles that can control or restricts the imports or exports. It is supposed that in both countries there is full occupation of all resources. That is, there will not be any under employed resource in either nation.

The imports and exports among the countries are balanced. Which means that the value of total exports is equal to the value of total imports among both nations. Certain countries have huge natural [oil assets](https://www.investopedia.com/terms/o/oil-reserves.asp) but have very limited iron assets/minerals. Meanwhile, the other countries can very effortlessly access and stock precious metals, but they hold very little natural resources or stock in the field of agriculture.

**For example**,

The Netherlands sent out nearly $506 million in U.S. dollars in 2017, contrasted with imports that time of roughly $450 million. Its top import-send out accomplice was Germany. Bringing in on a near equivalent premise permitted it to all the more proficiently and financially produce and give its fares.

The model stresses the advantages of universal exchange and the worldwide advantages to everybody when every nation invests the most energy into trading assets that are locally normally plentiful. All nations’ advantage when they import the assets they normally need. Since a country doesn't need to depend exclusively on inward markets, it can exploit versatile interest. The expense of work increments and negligible efficiency decreases as more nations and developing markets create. Exchanging globally permits nations to change in accordance with capital-concentrated merchandise creation, which would not be conceivable if every nation just sold products inside.

**Major criticism:**

There are four international drawbacks of modern theory are:

1. Oversimplification

2. Limited equilibrium and no equilibrium analysis

3. One-sided theory

4. One of many possible explanations!

**1. Oversimplification:**

A few pundits hold that the factor extents hypothesis of Ohlin is unreasonable in light of the fact that it depends on distorted suppositions like those of the old style convention.

This is genuine in regards to his underlying model for clarifying the hypothesis. Be that as it may, he improved the model just so as to discover the base distinction between nations which would be adequate to start exchange.

This base distinction as a distinction in the general enrichment of variables between locales. When this is perceived, in Ohlin's hypothesis, the evident indecencies of the model end up being its excellences. Since, the hypothesis is material to the marvel significantly in the wake of evacuating all the suppositions hidden the model. It attests that a definitive base of global exchange is the distinction in extents between subjectively indistinguishable variables in the two areas.

**2. Partial equilibrium and not general equilibrium analysis**

As per Haberler however the area hypothesis of Ohlin is less conceptual and works 'closer to the real world,' it has neglected to build up an exhaustive general harmony idea. It is, all around, an incomplete balance investigation.

**3. One-sided theory:**

In his essential model, Ohlin expect that relative factor costs would reflect precisely relative factor enrichments. This implies in the assurance of factor value, flexibly is more critical than request.

Be that as it may, if request powers are increasingly significant in deciding the factor costs, likely the capital plentiful nation will send out the work concentrated great. At the cost of capital, comparative with work will be high because of the appeal for capital. At that point the factor value proportion (PK/PL) in a capital bountiful nation will surpass the (PK/PL) in the work plentiful nation.

Maybe this is inferred in the Leontief Paradox: that America sends out work serious products and imports capital concentrated ones.

Accordingly, relative contrasts popular conditions in factor and product markets between two nations likewise give a clarification of the premise of exchange. In this sense, varying variable enrichments (Ohlin's theory) become only one of the numerous potential clarifications.

A few pundits, be that as it may, feel that if contrasts in shopper's inclination and interest for merchandise are perceived, the ware value proportions will neglect to reflect cost proportions. Under this circumstance, the exchange example will neglect to relate to the essential hypothesis of Ohlin.

**4. One of many possible explanations:**

To certain critics, contrasts in relative factor blessings (the essential substance of Ohlin's model) are one of the numerous potential clarifications at the ware cost contrasts fundamental worldwide exchange. Item costs may vary in any event, when there are either contrasting element characteristics, contrasting creation strategies, expanding comes back to scale or contrasts in the customers' interest for the items in two nations.

Ohlin perceives this point and infers that however there are numerous such purposes behind the global contrasts in the item costs, inconsistent factor blessings appear to be the transcendent component in any clarification of the premise of worldwide exchange.

**Wijanholds’ specific criticism:**

Wijanholds, in any case, opines that it isn't that factor costs which decide costs subsequently decide item costs as expected by Ohlin, however it is the ware costs that decide factor costs. To him, costs of items are resolved essentially by their utility to the purchasers (the interest power in the market), while costs of elements like crude materials, work, and so on are after all subject to the interest and costs of conclusive merchandise delivered by them (their interest being an inferred request.)

He further keeps up that both the relative costs hypothesis and the factor extents hypothesis are blemished in light of the fact that they start from contrasts in expenses of creation; the previous estimates the distinction as far as work costs and the last in cash terms. Be that as it may, the genuine legitimate methodology is to begin with costs of wares, since, "costs are the main things we may acknowledge as information.

Everything else must be inferred hence." And costs of products (in the market) are principally controlled by their utility to the buyers. In this way, it is the costs of merchandise which on a very basic level decide the spot at which every unit of work, capital and so forth is to be utilized. Every unit of a factor will be utilized, where it can order the most noteworthy prize (money related returns), which thus relies upon the amount of merchandise delivered with it (i.e., its minor physical efficiency) and the cost of products in the market paid by the shopper.

As per Wijanholds, this standard holds useful for the division of work inside a nation just as between nations. To him along these lines however contrasts in capacity or proficiency of a factor do have their impact in regional specialization, it's anything but an extremely definitive or extreme reason as has been expected by Ricardo.

Ricardo's investigation was wrong since it focused exclusively on costs and completely disregarded utilities of wares. Wijanholds in this way presumes the guideline of relative costs basic the hypothesis of worldwide exchange ought to be supplanted by the law of "Near Returns" as the premise of topographical specializations.

**Concluding Remarks:**

Taking everything into account, in any case, it might be put in this manner: Though Ohlin's factor extent hypothesis is for every single reasonable reason obvious as it depends on certain prohibitive presumptions so it might be unsatisfactory to certifiable test and to that degree might be viewed as an awful hypothesis, and, after its all said and done, it is the most vital among all clarifications of why exchange happens.

It has been, in any case, commented that Ohlin's hypothesis has not so much been tried up until now. Further, Ohlin's hypothesis for every single down to earth intention is unquestionable, on the grounds that it can't be put to an ideal exact test by virtue of its unreasonable and prohibitive suspicions — flawless rivalry and full business.

To put it plainly, Ohlin's factor-relative investigation isn't the main clarification of the marvel of universal exchange. It is fairly one of the few potential clarifications, for example,

(1) Differences in factor supply

(2) Differences in the factor efficiency

(3) Different technological advancement

(4) Different communal scale of relative demands and preferences

(5) Differences in the economies of scale

(6) Different economic needs and population growth

(7) Different rates of capital formation, etc.

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**Q3: Refer to the research paper titled “Sustainable Development under Belt and Road Initiative: A Case Study of China-Pakistan Economic Corridor’s Socio-Economic Impact on Pakistan” that has already been shared with you. On page 17, under the title ‘Discussions’, there is a flow chart given to summarize the development process of CPEC. Use your understanding from this paper to elaborate on the chart and what it signifies in terms of Pak-China trade relationships. (14 Marks)**

**Ans: Introduction**

China-Pakistan Economic Corridor is a structure of local availability. CPEC won't just give benefit to Pakistan and China, however it will have additionally positive effect on Iran, India Afghanistan, and the Central Asian countries. The upgrade of topographical linkages having improved street, rail and air transportation framework with successive and free trades of development and individuals to individuals contact, upgrading understanding through scholastic, social and territorial information and culture, movement of higher volume of stream of exchange and organizations, creating and moving vitality to have increasingly ideal organizations and upgrade of co-activity by win-win model will bring about all around associated, incorporated locale of shared fate, amicability and advancement. The Economic Corridor between China and Pakistan is venture towards financial regionalization in the global market. It stabilizes improvement, harmony and win-win model on all of them. The Economic Corridor between China Pakistan is also a good expectation of better locale of the things to come with in harmony for development and advancement of the economy.

**The development process of CPEC:**



**Energy Infrastructure Development:**

In the investment of CPEC, around 34 billion USD will be put resources into the vitality segment of Pakistan through the turn of events and portion of electric force creating assets through coal and gas. In addition, about 2.5 billion USD has additionally been apportioned for the development of melted petroleum gas (LNG) pipelines. The melted flammable gas (LNG) will be moved from Iran to Balochistan (Gwadar) and Sindh (Nawabshah) to satisfy the vitality prerequisite of the two areas .Further, an anticipated gas and oil pipeline among Pakistan and Iran will likewise fulfill the vitality needs of both China and Pakistan. The proposed gas and oil pipeline under the CPEC task can change into China, Pakistan, and Iran oil and gas pipelines. The parts of vitality ventures under the CPEC will significantly affect the economy of Pakistan. These vitality tasks will satisfy the requirements of vitality to the modern segment of Pakistan and improve financial conditions. The GDP development of Pakistan has been moved down about 2%–2.5% because of the lack of vitality in the mechanical division. The electric force ventures will be executed in all over Pakistan on a need premise to satisfy the absence of power in Pakistan. The fruition of the force extends under CPEC is relied upon to deliver around 21,000 MGW of electric force.

**Projects Names:**

* Sahiwal 2x660MW Coal-fired Power Plant, Punjab
* HUBCO Coal Power Project, Hub Balochistan
* Hydro China Dawood Wind Farm(Gharo, Thatta)
* Sachal Wind Farm (Jhimpir, Thatta)
* SSRL Thar Coal Block-I 6.8 mtpa & Power Plant(2×660MW) (Shanghai Electric)
* ThalNova Thar Coal Power Project
* Suki Kinari Hydropower Station, Naran,Khyber Pukhtunkhwa
* At Gwadar Pakistan, Imported Coal Based 300MW Power Project
* Phandar Hydropower Station
* Western Energy (Pvt.) Ltd. 50MW Wind Power Project

**Transportation Infrastructure Development:**

The transportation and foundation improvement of Pakistan is the second segment of the CPEC and has been designated around 12 billion USD from the 46 billion USD CPEC speculation.

|  | Name of the projects | Length (KM) | Estimated Cost(US$ M) |
| --- | --- | --- | --- |
| 1 | KKH Phase II-Thakot. Havelian  | 118 | 1,315 |
| 2 | Peshawar-Karachi Motorway (Multan-Sukkur Section) | 392 | 2,889 |
| 3 | Basima Road, Khuzdar N-30 (110 km) | 110 | 19 Billion PKR |
| 4 | D.I.Khan-Yarik - Zhob, Phase-I N-50 (210 km) Upgradation | 210 | 76 Billion PKR |
| 5 | Thakot-Raikot-N35 (136 Km) Completion Project | 136 |  |
| 6 | Reconstruction and Expansion of existing Line ML-1 | 1,830 | 8,172 |

Foundation assumes an indispensable job in the improvement of any nation. Under the CPEC venture, China is additionally building new framework and redesigning the as of now existed transportation framework in Pakistan. The Industrial Commercial Bank of China (ICBC), China Exim Bank, and the China Development Bank (CDB) are the money giving organizations in transportation and framework advancement ventures. The development of new and the up-degree of the current railroad and high way systems will be incorporated all over Pakistan as indicated by the CPEC courses. A motorway around 1100 km long will be developed to interface Karachi with Lahore, and this motorway will assume a significant job in inside association and financial development. Further, Karakorum Highway (KKH) will be stretched out to different urban areas of Pakistan. A railroad organize among Peshawar and Karachi will likewise be developed.

**Special Economic Zones:**

During industrialization process, SEZs and mechanical groups assume an indispensable job. In various urban communities of Pakistan, it is proposed by SEZs to have been under the CPEC venture, that will additionally boost the industrialization procedure in Pakistan. Numerous SEZs will be created under the CPEC venture in Pakistan, and the Chinese government has likewise fabricated an elite monetary zone in the authentic city of Xinjiang named Kashghar. Kashghar is situated close to the outskirt region among Pakistan and China. Besides, Kashghar will assume a fundamental job in the full operationalization of the CPEC in Pakistan. The Special Economic Zone (SEZ) approach is viewed as an e\_ective method to upgrade financial turn of events and exchange inside a nation. In 47 states, as indicated by the perception of the International Labor Organization (ILO), 176 unique financial zones were built up in the year 1986. Further, the system of exceptional financial zones expanded in 2006, and now 3500 SEZs are working in 130 nations. In China, at the commonplace level, 750 exceptional monetary zones have been set up, and these SEZs add to national GDP—imports about 22%, sends out about 60%, and FDI about 46%. Prior to the SEZ methodology, mechanical bequests were built up in Pakistan to improve monetary development, yet these couldn't get agreeable outcomes. China will set up the first SEZ in Gwadar, and it is normal that the expense of delivery will essentially diminish. Habib Bank Limited Pakistan (HBL) and the Industrial and Commercial Bank of China (ICBC) are giving assets to the foundation of SEZs in Balochistan and Punjab. The SEZs will be announced tax exempt for a long time by the legislature of Pakistan. As indicated by the Ministry of Planning, Development and Reforms, 27 SEZs have been arranged under the lead of the CPEC to improve the neighborhood financial condition and exchange. Through the proposed SEZs turnover will be around 1 trillion Rs with 2,000,000 openings for work.

**PROJECT NAMES:**
Rashakai Economic Zone, M-1, Nowshera

* Dhabeji special Economic zone
* Bostan Industrial Zone
* ICT Model Industrial Zone, Islamabad
* Mirpur Industrial Zone, AJK
* Moqpondass SEZ Gilgit-Baltistan

 **Economic Development:**

The CPEC will have a huge job in the upgrade of Pakistan's monetary circumstance, and further, it will improve foundation and social turn of events. Notwithstanding, the CPEC will likewise expand the exchange of China with Pakistan and different areas of the world in light of the fact that the CPEC will give a safe and cost-sparing shipment course to China. Surveyed that China is ascending as a world monetary force, and this astute has been assuming a fundamental job in the reinforcing of the Pakistan and China relationship. The financial connection between the two nations will develop, and the CPEC will additionally improve the financial relationship of the two nations and advance collaboration in different fragments, for example, the development of foundation, the structure of intensity and vitality creation units (both key and computerized). Announced that the CPEC under the BRI will give the different sorts of chances and advantages for Pakistan from financial advancement to improved security the nation over. To put it plainly, the CPEC will improve administration in Pakistan, be useful in the destruction of destitution, and draw in remote venture.

**Poverty Alleviation and Social Development:**

Nearby individuals of Pakistan on di\_erent courses of the CPEC will get numerous open doors for work and business, which will additionally improve their salary level.

Also, in rustic regions of Pakistan, the CPEC will make radical changes and bring infrastructural improvement and thriving. Evaluated that the CPEC will inspire the social advancement of Pakistan through the usage of di\_erent tasks, for example, vitality creation, framework improvement, and the foundation of new ventures. These undertakings under the CPEC will deliver new position open doors for Pakistani youth and will be useful in destitution easing. Provincial, remote territories will interface with urban areas. In addition, specialized and professional focuses will likewise improve the social state of the Pakistani society by giving preparing about new present day innovation that will move to Pakistan under the CPEC.

**Sustainable Development:**

Feasible Development Goals (SDGs) have happened to focal center worldwide because of their great results in wellbeing, condition, manageability, personal satisfaction, and financial turn of events. The essential offices of life, for example, wellbeing, training, transportation, market, and banking can be handily gotten to through the CPEC in remote zones of Pakistan. Wellbeing and training are noteworthy variables in manageable turn of events, and improvement in these two components e lead to a superior way of life. The consequences of the parallel strategic relapse indicated that CPEC will be useful in the financial advancement in the investigation zone, and financial improvement is the stepping stool towards reasonable advancement in Pakistan. As indicated by globalization hypothesis, social trade and correspondence, innovation move, and interconnectedness are going to increment in the district under the BRI. Under the CPEC, the change of human capital information and innovation will assume an indispensable job in the improvement of Pakistan. Physical capital is relied upon to improve the urban part by

Industrialization, which will additionally settle the economy of Pakistan. Framework drove improvement is the establishment of financial turn of events. Characteristic assets and social framework are intended to be electively utilized under the CPEC. The aftereffects of this investigation are upheld by development hypotheses, globalization, and foundation drove improvement speculations. Pakistan has presented numerous institutional changes in the mechanical segment to improve local financial development. Moreover, the CPEC has become a wellspring of FDI, which will assume an impetus job in the adjustment of the shaking economy of Pakistan. The CPEC is a multidimensional venture under the umbrella of the BRI, which is the main improvement process in Pakistan for maintainable turn of events. The improvement of framework will be useful in financial turn of events, neediness mitigation, and improving the expectation for everyday comforts of individuals. Further, it will likewise be useful in the decrease of the advancement hole between di\_erent locales. The objective of practical advancement can be accomplished distinctly through a multidimensional improvement venture.

**Role of CPEC in Trade Development, Economy and Transportation of Pakistan:**

The physical foundation as street and train assumes a significant job in the improvement of exchange and monetary development. The evident significance of the physical foundation is no special case for China and Pakistan, which are getting a charge out of a more prominent than the mountains and more profound than sea relationship. Throughout the years, China has assumed a huge job in the social, monetary and money related advancement of Pakistan. To additionally reinforce the reciprocal ties, China has started the China Pakistan Economic Corridor

(CPEC), which will help in the monetary advancement of the two nations. It is a distinct advantage venture and a success win circumstance for the two nations and will get monetary insurgency the entire district. The task will cause an immediate and roundabout effect on GDP through the more noteworthy inflow of remote speculation. It will conquer the vitality lack in the nation. The continuous flexibly of power will positively affect the financial exercises and pull in the remote venture. The CPEC undertaking will likewise meet the vitality needs of China.

It will build up China's western less created areas and furthermore improve

Pakistan's economy. Besides, it is relied upon to be worthwhile to the majority in South Asia, along these lines supporting local security and incorporation.It will make the exchange openings, help up the financial condition and exchange of Pakistan. The CPEC task will help Pakistan in adjusting the negative exchange offset with China and exchange with neighboring nations will increment.

includes the connecting of Gwadar Port to China's North-Western regions of CPEC is a comprehensive advancement program that Xinxiang through parkways, optical strands, railroad tracks; and oil and gas pipelines. Its principle physical framework is to build a 27-hundred-kilometer parkway from Kashgar to Gwadar through Khunjerab. In addition, railroad contracts for cargo prepares among Gwadar and Khunjerab will be set up and will have the chance of network with Afghanistan, India and Iran.

The program will start the reclamation of an augmentation of the Karakorum roadway that joins Xinxiang with Pakistan northern regions Gilgit-Baltistan and Khyber Pakhtunkhwa. The physical linkage among China and Pakistan through the CPEC gives a chance to set up various monetary zones alongside the halls. A vitality arranging working gathering of the CPEC has additionally been set up and has started a most optimized plan of attack usage of intensity ventures related with the CPEC. These are of 21,690 MW task of intensity creations which will be continuous with the help of China under the CPEC strategy. The CPEC is a gigantic undertaking that will start the structure of parkways and railroad joins going through a large portion of Pakistan. These will begin from Gwadar in Baluchistan and end in Kashgar in western China while going through various monetary zones of Baluchistan, Khyber Pakhtunkhwa, Sindh, Punjab regions and Gilgit-Baltistan in northern Pakistan to broaden the Khunjerab Pass and outside China [6]. Other than others designs in CPEC venture, the improvement of transport courses as streets, railroad tracks and ports will guarantee proficiency in transport and exchange. Among different advancements are moved courses in CPEC including Karakorum Highway and Railway track from Peshawar to Karachi. It likewise incorporates mechanical units and the foundation of Special Economic Zones (SEZ) along these courses which are a wellspring of a quantum jump in the financial setting of the neighborhood masses. One of the significant points of this examination was how much the individuals of Pakistan will execute the CPEC effectively. What's more, it is likewise qualified to realize that how much will it build up the human capital, facilitating financial profile. The outcomes show that advancement of transport frameworks through CPEC will build work power profitability; guarantee a smooth and effective transportation of exchange merchandise and enterprises alongside lessening time, separation and cost.

**CPEC | Global Trade Impact:**

China-Pakistan Economic Corridor (CPEC) is a huge framework that incorporates streets, pipelines, and railroads, those will go through the whole length of Pakistan which incorporates KPK, Azad Kashmir (PoK), Punjab, and Baluchistan. CPEC will recoil the separation for Chinese products headed for Europe, Africa, and the entire western side of the equator, generously by just about 3000 km/13,000 km and the other way around. Products exchange by CPEC won't just give safe course yet in addition maintain a strategic distance from the risky Strait of Malacca in Southeast Asia by numerous km. CPEC has worldwide exchange suggestions, for instance, if the Chinese boats were to be emptied at New York as opposed to California, it would travel less by 2,000 miles through the Suez Canal course. There is likewise a presence of expectation that when the CPEC is finished, a decrease in the journey of stocks from the western side of the equator may likewise turn into a similar separation course and rival the Panama Canal.

Thus, CPEC has worldwide exchange suggestions, and regardless of whether Northwestern Indian states utilize the port of Gwadar to work together, it would be less expensive and faster through the hall. You never know, it could be conceivable in light of the fact that priority exists for the utilization of Fazilka-Amruka-Bahawalpur course was known as "The Golden Route" before 1947.

Though, there are verifiable realities that, there are some other geopolitical contemplations with various contending political interests identifying with CPEC. Around a 120 km west of Gwadar, the Iranian port of Chahbahar was worked by Pakistan's opponent India to sidestep Pakistan to arrive at its inclinations in Afghanistan in the mid nineties. In spite of US and EU pressure, India directs an exchange of around 15 billion dollars with Iran and imports about 15% of its oil needs from Iran as India is the world's fourth biggest purchaser of oil. Moreover, India is building the railroad joins from Chahbahar to associate with the Iranian Railway to tap the mineral-rich Afghanistan and to arrive at the Central Asian markets.

While these territorial elements appear to have undermined Indians as though the Chinese were surrounding them. Pakistan likewise feels encompassed by India, while Indians are expanding the Iranian railroad into the mineral-rich Afghanistan. India additionally wants to build their business and key interests in the previous Soviet Central Asian Republics (CARs) through Afghanistan.

While problematic for a couple, numerous nations are watching the CPEC with intrigue. As of late, Pakistan's President invited the desire of Central Asian states to join CPEC. Indeed, even Russia, which has had a cooled relationship with Pakistan, is presently heating up and has demonstrated enthusiasm into the financial hall, other than building Karachi to Lahore gas pipeline.

With the conceivable consideration of these new states in the arrangement, the chance of CPEC turns out to be progressively substantial and strong. Be that as it may, for Pakistan, Iran's consideration in the arrangement will increment and increase the passage's focal points. Hence, Islamabad stretched out a solicitation to Tehran, which Iran has consented to consider.

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**Q4: Refer to the research paper titled “Spillover of COVID-19: Impact on the Global Economy”. The article lists many spillover effects in different trade sectors for global economy. How many of those apply to Pakistan? Support your answer with sound arguments and data wherever necessary. (12 Marks)**

**Ans:**

**Global Spillover**

At first, the discernment was that the COVID-19 pandemic would be restricted in China as it were. It later spread over the world through the development of individuals. The financial agony got serious as individuals were approached to remain at home, and the seriousness was felt in different divisions of the economy with movement bans influencing the flying business, game retractions influencing the games business, the denial of mass social affairs influencing the occasions and media outlets

There are matches between the COVID-19 emergency and the occasions of 2007-2008: as in 2020, numerous individuals in the previous downturn expected the effects would to a great extent be confined (all things considered dependent on a presumption that the subprime contract emergency would be a generally minor issue influencing just the US, in any case influencing the worldwide budgetary framework). The abrupt monetary interruption brought about by COVID-19 isn't just dangerous yet in addition has overflow suggestions since it made interest and flexibly stuns in pretty much every zone of human undertaking.

**Spillover to the sports industry**

The games business was seriously influenced during the coronavirus episode. Which impact Pakistan sport also. Because of Pakistan cricket board experience the ill effects of lose around 100millin in light of the fact that in mid of PSL nobody was permitted to seen coordinate in ground. What's more, PSL was halted in semis, Pakistan not still not get winning group. In the hockey fragment, the 2020 hockey games in Pakistan was deferred. It's additionally affected Pakistan economy.

This year we likewise have an Asia cup and world championship in Pakistan yet was deferred dua to covid-19.

**Spillover to oil-dependent countries**

 **Loss of oil revenue to oil-dependent countries**

The impact of the pandemic on oil-subordinate nations was serious. The worldwide decrease in oil cost joined with the low interest for oil items in the global market prompted a huge deficiency in oil income to oil-subordinate nations like Pakistan, Pakistan additionally confronted expanding pressure on their outside trade saves, which in this way prompted the cheapening of nearby monetary standards against the dollar. National spending plans were additionally influenced. The continued decrease in worldwide oil cost because of the COVID-19 pandemic implied that the current national financial plan got obsolete for Pakistan, and must be amended in light of the fact that it didn't mirror the current monetary reality since the spending plan was valued at a higher oil cost from 2019. Thus, the national financial plan of some oil-subordinate nations ran into huge shortfalls which constrained a few nations to it is possible that (I) look for outside credit from the IMF, World Bank and different loan specialists to finance their spending deficiencies, or (ii) make another spending that was valued utilizing the current low oil cost in the worldwide market.

**Spillover to financial markets:**

In Pakistan the most obvious result of the COVID-19 emergency on money related markets was the impact in the worldwide financial exchange. Worldwide securities exchanges lost $6 trillion in esteem more than six days from 23 to 28 February, Pakistan's underlying financial misfortunes in various areas of the nation's economy have been evaluated at Rs1.3 trillion. These misfortunes will be caused by virtue of drop in the GDP development due to decrease in administrations part, including carrier business and others, FBR's income misfortune, gigantic decrease in imports, sends out, decrease in settlements, interruption in food supplies and different fronts.

**Spillover to the entertainment industry**

The worldwide film industry acquired a $5 billion misfortune during the coronavirus flare-up. A few Hollywood film creations were deferred uncertainly which implied farewell to theater and film. Pakistan film industry additionally face loss of 20 million due to covid-19, on account of close of film and cinemas. In Pakistan show and movies likewise halted their closing because of lockdown,

Nobody is prepared for work everybody feeling dread for crown infection since its split quick.

 **Spillover to the travel industry**

The coronavirus episode drove the administrations of Pakistan to force limitations on trivial travel to nations influenced by COVID-19. Uncertainly suspending the travel industry travel, work visas and worker visas. Pakistan put a total travel prohibition on all types of internal or outward travel, closing down all air terminals in the nation. At the tallness of the coronavirus pandemic, most planes flew practically void because of mass traveler retractions. The movement limitations forced by governments hence prompted the decrease in the interest for all types of movement which constrained PIA aircrafts to incidentally suspend activities. Such travel limitations cost the travel industry alone lost over $200 Million internationally, barring different loss of income for the travel industry travel, and were gauge to cost the flight business an all-out loss of $11Billion.

**Spillover for health:**

Pakistan Authorities should find a way to moderate the monetary effect of covid-19 on its most defenseless specialists, social separating, isolates, and the conclusion of organizations will have tremendous financial ramifications for piece of clothing and material laborers, local laborers, locally established specialists, and different specialists in low-salary family units. The Pakistan government ought to embrace estimates shielding laborers influenced by COVID-19 from enduring loss of salary that would drive them further into neediness and dissuade them from self-disengaging to contain the spread of the infection. There is just about 180000 cases in Pakistan and very nearly 4000 passing is Pakistan. Because of expanding quiet Pakistan confronting shy of bed in emergency clinic and furthermore medications.

**Spillover to the education sector:**
The coronavirus disrupted the $500 billion higher industry of education. Educators and students around the world felt the ripple effect of the coronavirus as universities, Schools and colleges were instructed to shut down after the coronavirus was declared a public health emergency in many countries as like Pakistan. In Pakistan around 20 million students are suffering of loss of time. There is no proper platform from student get knowledge in easy way. And around 1 million teacher loss their job suffering of unemployment.

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