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Editorial

Dear Readers,

As per vision of its Board of Governors, the Pakistan Institute for Parliamentary Services (PIPS) continues to deliver legislative, research, capacity building & outreach services to Members of Parliament & Parliamentary institutions, with renewed zeal for excellence. PIPS recently hosted a dialogue for the Young Parliamentarians Forum (YPF) of the National Assembly of Pakistan for youth activists from South Punjab and Sindh on the imperative theme of Peace Building and counter violence. The Ambassador of Kazakhstan also visited the Pakistan Institute for Parliamentary Services (PIPS) this month and recognized that the Institute is a quality-driven research think tank that Kazakh, as well as all regional parliaments can look up for collaboration and joint academic activities.

This Issue of the PIPS Parliamentary Research Digest includes analytical articles studying the concept of regional integration viz a viz the Economic Cooperation Organization (ECO) and the Shanghai Cooperation Organization (SCO); in addition to Pakistan's Current Account Crises-way forward. An absorbing book review on a recently published book titled "Labour and Employment in Pakistan," is also included that provides a detailed study of various dimensions of the issue before envisaging imperative insights for policy and decision makers about how and what to strategize to optimally enhance the employment rate and quality in Pakistan.

Please feel free to send your feedback and/or contact the team for any of our services at research@pips.gov.pk

Muhammad Rashid Mafzool Zaka
Director General (Research)



Meeting of Ambassador of Kazakhstan to Pakistan H.E. Mr. Yerzhan Kistafin with the Executive Director, PIPS Mr. Muhammad Anwar, February 18, 2022



MoU signing ceremony between Pakistan Institute for Parliamentary Services and the Population Council, Pakistan, Friday, February 11, 2022

ANALYSIS**Importance and Mandate of ECO and SCO****Fakiha Mahmood**

Deputy Director (Research), PIPS Strategic Studies and International Relations Desk

Abstract

The Economic Cooperation Organization (ECO) and the Shanghai Cooperation Organization (SCO) are two major regional intergovernmental organizations including member states located in and around Central, South and West Asia as well as the Caucasus region. A successor to the Regional Cooperation Organization for Development (RCD) which was the manifestation of the desire to develop economic and trade connectivity among Iran, Turkey and Pakistan, the ECO expanded to include the newly independent Central Asian and Caucasian states in the aftermath of Soviet Union dissolution. The newly independent Central Asian states participated in yet another regional organization in the framework of SCO which was initially meant to address the challenges of terrorism and extremism in the border regions of these states, especially in relation to China. The geographical contiguity coupled with shared history and culture offers immense opportunities for mutual collaboration among the regional countries of these two vital organizations. This paper reflects upon the importance and mandate of ECO and SCO to gauge the potential they offer in terms of political and economic development in this region alongside other areas of cooperation.

1. Introduction

The Economic Cooperation Organization (ECO) and the Shanghai Cooperation Organization (SCO) are two major regional intergovernmental organizations including member states located in and around Central, South and West Asia as well as the Caucasus region. A successor to the Regional Cooperation Organization for Development (RCD) which was the manifestation of the desire to develop economic and trade connectivity among Iran, Turkey and Pakistan, the ECO expanded to include the newly independent Central Asian and Caucasian states in the aftermath of dissolution of the former USSR. The newly independent Central Asian states participated in yet another regional organization in the framework of SCO that was initially meant to address the challenges of terrorism and extremism in the border regions of these states especially in relations to China. The changing global and regional scenario characterized by the shift from uni-polarity to multi-polarity in the aftermath of the dissolution of former Soviet Union has culminated into decreasing role of the United States in the region coupled with the rise of China as well as a resurgent Russia. More recently, the US/NATO withdrawal from Afghanistan has further deepened these ongoing regional political transformations. With the waning role of extra-regional political forces, the indigenous players gain even greater salience.

The geographical contiguity coupled with shared history and culture offers immense opportunities for mutual collaboration among regional countries of these two vital organizations. The military and economic might of some of the leading countries in these organizations can culminate into dealing with the ensuing political and economic challenges in a befitting manner. The economic

downturn experience by countries across the world in the wake of the pandemic further necessitates active collaboration among neighboring countries for spurring economic growth and development. The China led transport and connectivity projects under the Belt and Road Initiative offer glimmers of hope for generating economic activity with mutual collaboration. This paper reflects upon the importance and mandate of ECO and SCO in order to gauge their potential in terms of political and economic development in this region alongside other areas of cooperation. The study begins with a brief overview of the concept and dynamics of regional integration as an overarching theoretical framework.

2. Regional Integration - Defining the Concept

According to the International Encyclopedia of the Social & Behavioral Sciences, “Regional integration is a multifaceted process, whereby sovereign nation-states establish common political, legal, economic and social institutions for collective governance.” Despite the recent setback faced in the wake of the BREXIT, the example of European Union, which evolved from the initial European Coal and Steel Community into a well-developed governance model, is often seen as the foremost model of Regional Integration.¹

Regional Integration frameworks facilitate the flow of commodities and services across borders of member states; thereby helping countries in spurring economic growth, particularly in developing countries. Regional Integration helps in mitigating the effects of existing disparities in terms of geography, infrastructure, transport and communication etc. across the member countries. It requires collaboration among member states in areas such as trade, investment, transport, energy infrastructure, fiscal policy as well as the provision of common public goods like natural resources. A successful regional integration project culminates into enhanced market efficiency, mega infrastructure projects, shared costs of public goods, support for global integration as well as enhanced peace and security.

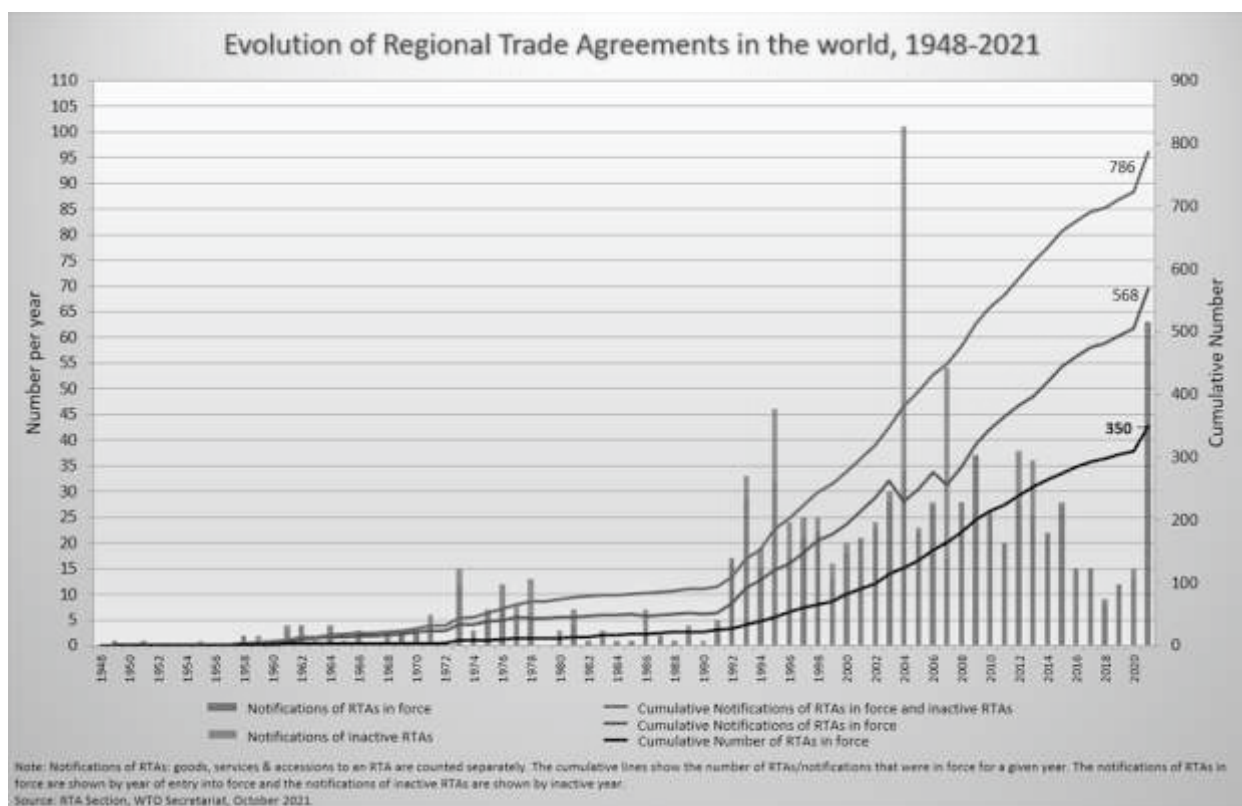
Some of the caveats linked with regional integration include: a) divergent preferences among member states depending upon existing potential and challenges to their sovereignty; b) the actual impact of regional integration upon the envisioned trade and investment flows as well as economic growth is at times difficult to establish; c) policies often fall short of expected outcomes due to lack of complementarity among associated areas, for example, an ambitious transport infrastructure project may not bear fruit due to border restrictions or a less flexible visa regime among member states; and d) regional integration can generate losers along with winners within countries if policies and institutions are not formulated in an inclusive manner.²

As the figure below illustrates, recent decades have witnessed exponential growth in the number of regional organizations around the world. No country has been left out in the drive for regionalism, as each country is part of at least one regional trade agreement. Alongside the increase in the number of regional trade or economic agreements, a qualitative change in the nature of regional arrangements has also been observed. For example, the model of regional arrangements

¹ International Encyclopedia of Social and Behavioral Sciences, “Regional Integration,” 2001, <https://www.sciencedirect.com/topics/computer-science/regional-integration>.

² The World Bank, “Regional Integration,” <https://www.worldbank.org/en/topic/regional-integration/overview#1>.

existing in the 1970s or 1980s was more inward-looking. The current wave of regional blocs includes intergovernmental organizations that seek greater engagement with the states as well as organizations outside their own. Moreover, the integration efforts go much beyond reducing tariffs and quotas, as the pressures of globalization are compelling states towards deeper trade liberalization. The impetus for greater regionalism within countries has been driven by multiple factors, such as the need to access big markets, the desire to act in unison with other states, as well as the need to engage with neighboring countries to avoid the effects of conflict and unrest. The regional as well as global transformations, 1990s onwards, in terms of globalization, politics and trade liberalization have also been instrumental in increasing the magnitude and scope of regional organizations.³



3. Economic Cooperation Organization (ECO)

The Economic Cooperation Organization (ECO) region comprising of ten (10) geographically contiguous countries hosts a population of around half a billion people and includes 8 million square miles/12 million square km of territory on the Asian continent. The geographical area covered in the ECO region is rich in natural resources as well as historical cultural heritage.⁴ As per the Izmir Treaty, which retains the status of the ECO Constitution, the organization has been established with the following objectives:

³ Maurice Schiff and L. Alan Winters, *Regional Integration and Development*, (Washington DC: The World Bank, 2003), 1-10.

⁴ ECO Chronicle, Series 10, no. 25, (2021).

- i. Mobilizing the socio-economic potential in the region to ensure sustainable economic development;
- ii. Reducing trade barriers among member states in line with global economic trends; enhanced economic cooperation among member states;
- iii. Greater cooperation in fields of shared interests;
- iv. Greater connectivity through transport infrastructure;
- v. Tapping the regions' natural resource potential, especially in the energy sector;
- vi. Strengthening historical and cultural linkages among states already tied together through shared history and civilization.

The ECO finds its roots in the trilateral regional forum among Iran, Pakistan and Turkey which began Regional Cooperation for Development (RCD) in 1964. The RCD was dissolved in 1979 in the wake of regional developments, most notably the Islamic revolution in one of its key members i.e. Iran. Former members of the RCD revived the forum with a new name the Economic Cooperation Organization (ECO) in 1985. The membership swelled to ten with the joining of countries of the Central Asian and Caucasian region (including Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) in the aftermath of the Soviet Union dissolution in the early 1990s.⁵ Since 1992, ECO has held fifteen (15) Summit meetings which are the highest decision-making body. The last meeting was held in Ashgabat, Turkmenistan on November 28, 2021.

Under the framework of Vision 2025, agreed among the ECO member states in 2015, countries identified six (6) core areas to focus upon in the next decade including; trade, transport and connectivity, energy, tourism, economic growth and productivity, as well as social welfare and environment. Regional countries agreed to double the trade level among the member countries as well as with the rest of the world for spurring the economic growth in the region by 2025. Despite holding immense potential for trade due to geographical proximity and wealth of natural resources, the intra-regional ECO trade was nearly 9 percent in 2015, i.e. far less than the actual potential. The global ECO trade at that time was US\$ 648 billion, including US\$ 285 billion exports and US\$ 363 billion imports, hence signifying a negative trade balance of US\$ 78 billion. The impediments to increasing trade in the ECO region include lack of trade liberalization policies, existing disparities of policies, high cost of doing business, and under-developed financial infrastructure among others. Several of the agreements meant to facilitate trade remain short of implementation. For example, the ECO Trade Agreement (ECOTA) signed more than seventeen (17) years ago still awaits operationalization. Many of the ECO member states have not yet ratified the document. Also, several member countries have not acceded to the World Trade Organization which is the foremost international trade organization.

In the arena of transport and connectivity, the ECO states seek to “maximize connectivity, mobility and accessibility by making major ECO transport corridors commercially viable and operational and contribute to achieving goals of the information society in the region.” In order to improve transport infrastructure, ECO member countries seek to operationalize the existing

⁵ Muhammad Iqbal Chawla, “Economic Cooperation Organization: a historical perspective,” *Journal of Political Studies* 24, no. 2, (2017).

ECO corridors such as the container trains on Istanbul-Almaty, Bandar Abbas-Almaty and Islamabad-Tehran-Istanbul routes. In order to meet the growing energy demands in the region, ECO member countries have been working to ensure energy security through greater trade in energy related items. As part of the ancient Silk Route, the ECO region is rich in beautiful natural landscapes as well as historical-cultural heritage. Hence, the development of the tourism sector can contribute significantly in the economic development of member states. However, the challenges emerging from precarious peace and security situation often hinders progress in this arena.

Table 1: ECO and SCO Member States profiles

Sr. no.	Country	SCO	ECO	Profile	
				GDP (million current US\$, 2020)	Trade (% GDP, 2018-2020)
1	Afghanistan	Observer	Member	19,132	23.4
2	Azerbaijan	Dialogue partner	Member	42,607	41.7
3	China	Member	–	14,722,840	18.6
4	India	Member	–	2,708,770	20.0
5	Iran	Observer	Member	635,724	11.9
6	Kazakhstan	Member	Member	164,792	31.0
7	Kyrgyzstan	Member	Member	7,471	49.4
8	Pakistan	Member	Member	262,799	15.3
9	Russia	Member	–	1,473,580	24.6
10	Tajikistan	Member	Member	7,997	28.5
11	Turkey	Dialogue partner	Member	719,537	30.7
12	Turkmenistan	–	Member	47,354	No data available
13	Uzbekistan	Member	Member	57,706	35.6

Statistics source: WTO

4. Shanghai Cooperation Organization (SCO)

An organization which began as an agreement for resolving border disputes and reducing military installations in the border areas of the participating countries, the genesis of SCO took place as follows:

- Agreement on strengthening confidence in the military field in the border area was signed on April 26, 1996 under the framework of the so-called Shanghai Five including China, Kazakhstan, Kyrgyzstan, Russian Federation, and Tajikistan.
- The Shanghai Five signed an agreement on Mutual reduction of armed forces in the border areas on April 24, 1997.
- With the addition of Uzbekistan, the Shanghai Five countries agreed upon the Declaration on the establishment of the Shanghai Cooperation Organization on 15 June 2001.
- The six founding members of the SCO issued the Charter of the Organization on 07 June 2002.

- e. During the Heads of State Council of the SCO held on 8-9 June 2017, the organization decided to grant full member status to Pakistan and India.

Afghanistan, a major regional player, currently enjoys observer status in the SCO. In case of permanent membership in the wake of recent political shifts, the organization will become even more inclusive in terms of geographical expanse. Already the organization is led by some of the world's leading countries in terms of economic and political clout as well as military prowess. As per the Charter of SCO, the goals of this regional organization cover a broad range of areas encompassing primarily the "development of multifaceted cooperation in the maintenance and strengthening of peace, security and stability in the region and promotion of a new democratic, fair and rational political and economic international order." Combating the so-called "three evils" i.e. terrorism, separatism and extremism in all forms, has been the prime agenda of the SCO since the founding of Shanghai Five. Gradually, the participating countries expanded their cooperation in other areas as well including trade, economy, environmental protection, human rights, fundamental freedoms, culture, education, energy, transport, as well as science and technology.

Table 2: ECO and SCO Member States rank in world trade 2020

Sr. no.	Country	Merchandise		Commercial Services	
		Exports	Imports	Exports	Imports
1	Afghanistan	157	108	130	133
2	Azerbaijan	80	90	88	74
3	China	1	2	4	2
4	India	21	14	7	10
5	Iran	45	56	73	65
6	Kazakhstan	49	57	72	61
7	Kyrgyzstan	138	133	139	150
8	Pakistan	65	50	74	64
9	Russia	16	21	26	19
10	Tajikistan	144	138	172	163
11	Turkey	30	23	29	36
12	Turkmenistan	99	139	99	78
13	Uzbekistan	81	70	100	82
<i>Ranking source: WTO</i>					

Though regional economic development through enhanced trade and connectivity among member states has been an important goal of the organization like other regional blocs, the SCO has an explicit objective of greater cooperation in the arenas of politics as well as security. This goal has explicitly been stated in its official documents including the Charter as well as the Development Strategy covering the period 2015-2025. As per this vision document, the organization seeks to develop an "indivisible security space," alongside developing a cooperation mechanism with other global and regional organizations like the United Nations. The Development Strategy also highlights the potential of SCO member countries to "develop common approaches" with China's Belt and Road Initiative.

5. External Relations of ECO and SCO

Both the ECO and SCO have bilateral relations with each other as well as with other intergovernmental organizations, notably the United Nations. Bilateral cooperation between ECO and SCO is as old as 2007 when on 11 December both the intergovernmental organizations signed the Memorandum of Understanding through their Secretariats in order to develop cooperation in the areas of the economy, trade, transport, energy, environment, and tourism, etc. The United Nations granted ECO observer status through UN General Assembly resolution 48/2 of 13 October 1993. Over the years, ECO has partnered with various UN agencies in realizing its goals and objective agreed upon among the member states. Similarly, SCO secured observer status in the UN on 02 December 2004 as per the UN General Assembly resolution 59/48. The UN General Assembly resolution with regard to cooperation between the United Nations and the Shanghai Cooperation Organization of 17 March 2021 is a recent testimony to UN-SCO relations, which provides details with regard to multifaceted bilateral relations. The resolution is based on earlier such documents including resolutions: 64/183 of 18 December 2009, 65/124 of 13 December 2010, 67/15 of 19 November 2012, 69/11 of 11 November 2014, 71/14 of 21 November 2016 and 73/334 of 30 August 2019.

6. Conclusion

Though the BREXIT Movement has tainted the image of the European Union project worldwide, still the success of regional integration exemplified by the EU has compelled countries across the world to set aside their differences with neighboring countries and enter into regional economic blocs for socio-economic development. Therefore, states are bent towards engaging with regional countries in order to reap the trade potential as well as reducing the fallout of conflict and unrest. However, regional integration requires necessary commitment which often comes with some challenges including for example compromises on state sovereignty. Resultantly, the agreements often fall short of actual implementation due to a lack of required political will among other factors.

Under the frameworks of ECO and SCO, the regional countries have formulated significant blueprints for regional cooperation. The formation of these intergovernmental organizations is a reflection of global trends towards greater regional integration driven by politico-economic changes ongoing at the international level coupled with the pressures of globalization. The region includes the world's top-ranking countries in terms of trade as well as military might. The resource-rich Central Asian countries offer great potential for economic development, which can be achieved by providing them access to international waters through neighboring countries. In terms of membership, SCO is almost ECO plus China, Russia and India. Both the regional blocs include the geographically contiguous states located at the heart of Asia. If the idea of granting Afghanistan permanent membership in SCO materializes, the organization will gain greater salience in terms of geographical expanse and will open up a plethora of opportunities for socio-economic development. Already China has utilized this forum to extend its military outreach deeper into neighboring countries like Tajikistan. The ECO, which has focused more on economic development as per its mandate since its inception, requires further commitment from participating countries in order to implement the already agreed lofty agreements.

BOOK REVIEW

Labour and Employment in Pakistan

Reviewed by

Jimshid Asghar,

Assistant Director (Research), PIPS

The book under review **Labour and Employment in Pakistan** is primarily based on rigorous statistical and economic analysis of Pakistan's labour and employment trajectory as it aims to make Pakistan a better and more progressive society, serving all its citizens. The author of this book Dr. Hafiz Pasha is a former Finance Minister of Pakistan, who is an internationally respected economist. Dr. Pasha has discussed in detail in this book, multiple issues such as the labour force in Pakistan, the labour market, employment and unemployment, demographic factors, gender discrimination in the labour market, wage discrimination, skill/education of the workforce, as well as the relevance of international labour law for Pakistan. The book published in 2021 by Friedrich Ebert Stiftung (FES), is equally useful for general readers as well as researchers, decision and policymakers who are interested in various aspects of labour and employment in Pakistan. The publication has wealth of information, some very absorbing facts. For instance, unemployment in Pakistan, according to the book, is highest amongst workers with degree or post-graduate education, which is quite unusual as compared to other countries.

The first chapter gives the general facts and figures of the labour force in Pakistan. The labour force is defined in the book as all persons in the population aged 10 years or more, who can be categorized as employed or unemployed. The first chapter of the book quantifies the labour force participation rate from 2003-04 to 2017-18 by location, gender and province. Pakistan is characterized by a big difference between the rates of participation of males and females in the national figure. The latest figure of 2017-18 entails that it was 68% of males and only 20% of females, in the total workforce of the country, which is not quite surprising. It shows social taboos viz a viz women education and participation in the economy. However, there is an encouraging trend of increase over the period i.e. 16% in 2003-4 to over 20% in 2017-18. The book also highlights that Punjab has a more dominant agricultural economy and, therefore, a higher incidence of unpaid family workers. The participation rate in Khyber Pakhtunkhwa is substantially lower because of large-scale migration by male workers to other parts of Pakistan and the Middle East. The book presents statistics as to how the size of the labour force is increasing exponentially with the rate of over 1 million annually. The growth of the economy over the period of time also impacts the annual growth rate of labour force positively and vice versa. Pakistan has 2.2 million child workers, which are aged from 10 to 14. A comparison among Asian countries tells us that the participation rates of children are generally higher in East Asian countries as compared to South Asian, except Nepal. Pakistan stands at 8th number with 53%.

The second chapter of the book highlights the level, structure and growth of employment in Pakistan. A major issue in the measurement of the growth of employment remains that of inclusion or exclusion of family workers; who are unpaid but they give their inputs to the economic activities like subsistence farming, management of livestock and construction or repair of the home dwelling. This segment of the labour increased exponentially over the years almost 10% per annum. The total number of employed personnel in the country was 25.8 million in the year 1982-83 that rose to 61.7 million in the year 2017-18. The book builds the argument supported by gathered facts that absorption in employment is directly and positively linked with the growth rate of the economy, when the growth rate of the economy is 5.5% or more there is full absorption in employment. The surprising and worrying finding is that the number of employed managers and professionals is decreasing while medium-level occupations are playing a leading role. Manufacturing, transport and communication sectors showed handsome growth over the period of time, so policymakers should consider these sectors while formulating the strategies for maximizing the increase in employment. Employment in the agriculture sector increased rapidly from 2001-02 to 2007-08 due to growth in the economy but decreased in the next 16 years due to loss of momentum in the agriculture sector, which should be a matter of concern, especially keeping in mind the food security of the masses. The book also reveals important inferences such as the observation that 1% growth in population leads to a 1.11% growth in labour force. 1% growth in the real wage leads to 0.06% growth in labour force. 1% GDP growth leads to a 1.5% increase in labor demand. 1% growth in the volume of international trade in relation to the GDP induces an increase in employment of 0.87%. 1% growth in real wages causes a decline in labour demand of 0.48%.

The third chapter studies the level and pattern of unemployment in the country. According to the author, the rate of unemployment was 5.8% according to the Pakistan Bureau of Statistics (PBS) Report 2017-18, which was low as compared to India with 8%, Turkey 12.8%, Egypt 7.5% and Brazil at 13%. However, the author believes that it is not the real or 'true' rate of unemployment because two other major factors contributing to the unemployment rate are not used or recognized by the PBS. One is wage-related underemployment and the other is the 'discouraged worker' effect. The 'true' rate is estimated as above 8%. An increase or decrease in the growth rate of GDP does not impact sharply the rate of the unemployment rate. An important source of variation in the unemployment rate is by the level of education of workers and a worrying finding is that unemployment rises sharply in the case of more educated workers, which is opposite to international figures. It is 3.2% for illiterate and 16.3% for highly qualified workers. Universities are producing graduates at a rapid rate but lack of absorption by the market is creating a huge gap. Balochistan province is the lowest concerning unemployment rate i.e. 4.2% while the province of Khyber Pakhtunkhwa is the highest with 8.1%. Migration from rural areas to urban areas also caused more pressure on the labour market across the provinces.

The fourth chapter is related to prevalence of decent work. The author notes that out of 26.18 million employees in Pakistan in 2017-18 only 12.23 million received at least the minimum wage,

which means that almost over 53% earned less than the minimum wage. On the other hand, 78% of female employees receive less than the minimum wage as compared to the male which is 49%. The situation in rural areas of the country is even worse. Surprisingly, 73% of the workers are working more than 40 hours a week where the standard is 40 hours a week, so there is no doubt that Pakistan is a nation of hard-working but underpaid workers. Gender discrimination is another issue; a female on average was drawing Rs. 11, 884 in 2017-18 and male was drawing Rs. 19,550 for the same job. Another indicator shared was of a safe environment, the report shows that almost 4% of the worker had work-related injury or disease in 2017-19. This is a high incidence and amounts to almost 2.5 million workers. The book recommends that there is a need to devise proper social security programs for the workers and contribution-based pension schemes.

Chapter 5 is related to 'Youth Bulge' and 'Idle' youth. The author highlights that Pakistan has been witnessing a 'youth bulge,' of the population aged 15 to 29 years over the last four decades. Youth can be a blessing as well as a challenge because a qualified human capital that is not absorbed in the market can be prone to religious fundamentalism, violence, or crime. The author says that programs like 'Kamyab Jawan' are the appropriate response to address the issue of idle youth. The study emphasizes the need that youth policies must be drawn so that related youth programs may be introduced, for imparting training and skill courses related to current world market demands. Tax incentives should be given to the employers for creating jobs for the youth. Zero-interest rate loans should be given to the youth to effectively utilize this human capital.

The author discusses the living wage and the minimum wage in the sixth chapter. Considering the minimum basic requirements of a family's Cost of Basic Needs (CBN) is determined in this chapter. The cost of fulfilling basic needs was derived as Rs. 4250 per adult in urban areas and Rs. 3790 per adult in rural areas per month as of 2015-16 where the average family size is close to six members. The minimum wage set in 2018-19 was Rs. 16,000 which was 7.4% less in the rural areas and 17.4% less in the urban areas and for now in 2022, the gap might be more.

This chapter entails the skill premium and returns to education in Pakistan. The writer says that the average years of schooling per person are 5.9 years. The 18% of the total human capital is the persons having a degree or post-graduate qualification. The utilization rate of human capital with highly qualified workers was as low as 57% which is very unfortunate and a waste of precious human capital of the country. One reason as discussed by the author earlier is the lack of active participation by the females due to any reasons. Another shocking fact is that utilization of male human capital is 61% while the female is even below 13%, which is a huge challenge. So, it is high time to overcome social taboos and engage the female human capital as much as we can by creating due opportunities. The average wage of highly qualified professionals was over 1.9 times the national average in 2017-18, while unskilled workers get a wage on average 31% below the national average.

The next chapter describes the trends in real wages. The author describes that the real wages per worker have gone up by 2.9% annually on average between 2008-09 and 2017-18. There is a difference of 29% between the level of wages in the urban and rural areas. Among four provinces, Balochistan has the highest wage rate due to a relative labour shortage and Punjab has the lowest wage rate. Sindh and KPK showed relatively low growth in real wages. Managers have the highest growth rate in their wages i.e 5.4% per annum and professionals have less than 1% growth rate, which is quite surprising and consequently, it will retard the entry of new professionals in the field and possibly encourage international migration. Real wages in the public sector are rising faster than in the private sector. Another valuable insight is that there is a correlation between real wage rates and the growth of the sector. As the growth rate increases, the annual wage rate also increases in that respective sector.

This chapter describes formal versus informal sector employment. Recent estimates of 2017-18 show that 38.6% of the employment in the country is in agriculture, 44.2% is in the informal sector and the remainder 17.2% is in the formal sector. These figures also highlight the reason why the tax base is small in Pakistan. The large size of the informal sector and its faster growth acts as a 'shock absorber' in the economy. In times of low GDP growth rate, this sector somehow supports the system. Around 80% of the employment is concentrated in large-scale manufacturing and the Government and private services sector. So, this highlights why faster growth in the manufacturing sector is vital for greater buoyancy in tax revenues. 72% of non-agricultural employment is informal in nature and this is the grey area where workers have no job security, unsafe working environment and lack of access to social security. Overall, the informal sector in Pakistan is large, but over 70% of the workers here face unfavorable conditions.

The Chapter 10 discusses gender discrimination in the labour market. Global Gender Gap Report for 2020 of the World Economic Forum (WEF) has ranked Pakistan at 151 out of 153 countries; which is quite alarming. On the other hand, Bangladesh has been ranked at 50, Nepal at 101, Sri Lanka at 102 and India at 112. Pakistan still has a very large gender gap and it is decreasing by only 2% per annum. It will take 60 years to close this gap if we go to the same pace. Women are largely engaged in domestic help i.e 58%, followed by almost 39% in education. Only 22% of the women get more than the minimum wage while over 50% of the males get higher than the minimum wage. Access to managerial and professional positions is very limited at less than 26% while it is 82% in the case of males that is perhaps the ultimate proof of gender discrimination in the labour market of Pakistan.

The next chapter explains the provincial labour markets of the country. The Labour Force Participation Rate (LFPR) has increased in two provinces i.e Punjab and Balochistan, while it has fallen in Sindh and KPK. The overall increase in the labour force is due to the growth in population. Consequently, both Punjab and KPK have high growth rates above 2%, while the rate of increase in Sindh and Baluchistan is below 1%. There are big differences in the share of females in employment among provinces. It stands in 2017-18 at the maximum of almost 28% in Punjab

and the lowest of only 8% in Baluchistan. As far as different sectors of the economy are concerned, Punjab has the biggest share in the manufacturing sector, while KPK has employment in the construction sector due to the large and growing inflow of remittances. On the other hand, the share of employment in government services is higher in the two smaller provinces. Given the concentration of large-scale manufacturing and banking and finance in Karachi, it is not surprising that Sindh has the largest share of employment in the formal sector. This also explains the disproportionately large contribution to Federal Tax Revenues from Sindh. The formal sector has expanded over the years in each province that is good for the overall economy. Balochistan generally performs the best in terms of the incidence of decent work, followed by KPK. The book recommends that developed provinces, Punjab and Sindh, need to focus more on improving the working conditions of employees in the multitude of establishments.

The 12th chapter discusses the share of labour in National Income. The author says that according to the estimate by the International Labour Organization (ILO), the average share of labour in national income is 46% to 48% in Asian countries while in developed countries it is almost 60%. By implying a framework, the author evaluated that the estimated share of labour in Pakistan is increasing annually and recently it is calculated as 38%. However, relative to other countries at the same stage of development is quite low, in those countries it is 46%. With respect to provinces the estimated labour share in net income is highest in KPK, which is 43.5%, followed by Baluchistan at 40.3%, Punjab at 38.5% and the lowest in Sindh at 34.7%. The overall conclusion of the chapter is that the labour share of national income is low in Pakistan. This highlights the exploitative nature of the relationship between owners of capital and workers.

This chapter entails about comparison of South Asian countries. The author draws some comparisons between the level of development of the labour market of Pakistan and the conditions of its labour force with that of other South Asian countries. Pakistan is at number 4 in five of these countries with 51% while Nepal is highest with 83% participation rates. India is at the top in the share of employment in agriculture in these five countries while Pakistan is at 3rd position. As far as the share of employment in the industry is concerned, Nepal is at the top with 31% and Pakistan is at 4th position with 25%.

The 14th chapter of the book is related to the discussion of GSP plus and labour conventions. Pakistan is currently exporting goods equal to \$7 billion to the EU, with a share of 29% in total exports through the GSP+ trade program. To enjoy the benefits of exports to the EU, Pakistan has to comply with the international labour conventions. The Australian-based Global Slavery Index estimates that in Pakistan 3 million workers remain stuck in debt bondage. Some major international conventions related to labour are discussed and the situation of Pakistan regarding these conventions is discussed. Overall, Pakistan has legislation related to labour in many areas, with the exception of law against gender discrimination in labour market and a comprehensive law against child labour. The trade union movement remains underdeveloped in Pakistan. There is overall a need not only for new laws but also that there is the adequate institutional capacity to

ensure the effective implementation of existing laws. The book recommends that compliance with existing laws is imperative.

The 15th chapter of the book talks about the Sustainable Development Goal-8 (SDG-8) on Decent Work and Economic Growth. The author explains that SDG 8 is on Decent Work and Economic Growth, which has ten targets to be achieved by 2030. Improvement in labour productivity in Pakistan has been low in comparison to many other developing countries, especially in South Asia. Unfortunately, on the scale of 10 targets of SDG 8, Pakistan lags behind in almost all the indicators and a lot of efforts are needed to be put in place to achieve these targets in the current decade up to 2030.

This chapter deals with the impact of COVID-19 on workers. The spread of COVID-19 has not only adversely affected the lives of people in Pakistan but worldwide as well. The global number of confirmed cases per million population is 1863, somehow in Pakistan, it is 1300 per million that is quite low due to strategies used by the government like smart lockdown and consensus-oriented coordination. The other two countries of South Asia have much higher rates i.e 1631 per million in Bangladesh and 1856 per million in India. Major sectors in Pakistan affected by the pandemic are manufacturing, construction, wholesale and retail trade, transport and communications. The book reveals that the government expects a fairly strong recovery in the economy; however, the IMF projects it at 1% and the World Bank at -0.2% next year. The industrial sector is the worst hit by COVID-19 due to loss of exports resulting from the anticipated decline of 15 to 20% in the volume of world trade and due to localized shutdown of factories and interruption in the supply chain. The study unveils that as of the end-June 2020, 5 million workers have probably lost their jobs. By the end-June of 2021, 2.7 million are likely to return to their jobs, while almost 2.3 million will remain laid off. The number of unemployed workers will increase from 4.2 million in 2018-19 to 5.9 million now due to new entrants in the labour force. It is also mentioned by the author that the overall unemployment rate is expected to fall from 15.3% in 2019-20 to 12.9% recently. However, it will still remain at over twice the level before COVID-19.

The book reveals that the overall rate of job losses is 5% in the case of managers and professionals, 12% in the case of skilled workers and almost 20% in the case of unskilled workers. Self-employed workers, both skilled and unskilled, have suffered big erosion in their real wages after COVID-19 and the consequential decline in Labour demand, especially in the construction sector. The total loss of wage income following during COVID-19 pandemic is Rs. 94 billion per month. To cater to these issues, multiple schemes may be launched to give a tax incentive to the employers for retention of workers and other subsidized loans to the youth to cater the unemployment.

The 17th chapter gives the summary of following findings:

- i. The labour force participation rate of the population 15 years or above is at the intermediate level in Pakistan at 53% as compared to 59% in Bangladesh and 51% in India. However, it is exceptionally low in the female population.

- ii. The labour force was increased artificially in the Musharraf era to reduce the unemployment rate.
- iii. The incidence of workers working more than 40 hours a week is high at 84% in the case of employees and among the self-employed at 77%.
- iv. The coverage of social security is limited to government employees and contributing establishment to EOBI. The EOBI is giving pensions to 640,000 retired workers and has 8.7 million insured workers. The total value of benefits paid is almost Rs. 11 billion.
- v. The BNU Macroeconomic Model estimates that the number of unemployed workers has risen to 10.4 million by the end of 2019-20, implying an increase of 6.3 million in relation to the number unemployed in 2018-19. Consequently, the unemployment rate is likely to have risen from 6.2% to 15.3%.

The last chapter of the book is related to 'Recommended Employment Strategy and Labour Policies'. Pakistan has a history of labour policy announcements by different governments. There have been seven Labour Policy Statements in 1949, 1955, 1959, 1969, 1972, 2002 and 2010 respectively. In this chapter, the author highlights that priority should be given to promoting the development of a sector that are labour-intensive and where the elasticity of employment with respect to output growth is larger.

The book emphasizes the need that High-School Education should ideally be topped off by a layer of technical and vocational training. Underutilized youth should be harnessed for emerging technologies for raising IT exports. Coverage of child labour law is needed and law for equal pay for equal work especially for women and non-muslims is also required. Implementation of existing labour laws is also missing where particularly the lack of capacity of the relevant departments remains the main issue.

The book recommends that there should be a Labour Officer in each district of a province with supporting staff. There is a need of a comprehensive Labour Information Management System (LIMS). Extended court facilities and ease of registration of trade unions should be ensured. New social security and pension programs may be introduced to facilitate the labour force in case of injury or death. Conditional cash programs through 'EHSAAS', for mothers to send their child to school, incentives for investors to setup facilities near cities for female workers, 'KAMYAB JAWAN' program, 'Rural employment Guarantee Scheme' are some of the suggestions given under the head of workers' benefits and special programs.

Two other salient suggestions regarding fiscal incentives are that, during a particular tax year, a 10% tax credit on the additional wage bill of female employees may be given. Second, the income tax exemption limit may also be enhanced for female professionals from Rs. 600,000 per annum to 900,000 per annum. In the end, it is highlighted that labour surveys should be carried out once in two years to update the quality of labour force data for better policymaking.

ANALYSIS

Pakistan's Current Account Crises: Analysis and way forward**Muhammad Rizwan Manzoor**

Assistant Director (Research), PIPS Economy & Budget Desk

1. Introduction

The Current Account provides picture of country's financial transactions' balance with the rest of the world. It broadly includes trade balance (trade in goods and services), net balance of cross-border investments, and net balance of transfer payments in a given period of time, such as a year or a quarter. In the case of economies like Pakistan, the current account deficit (CAD) puts pressure on Governments that are supposed to adjust deficit amounts injecting foreign exchange reserves.

In FY 2017-18, during the last year of the previous government regime, the country faced the record high current account deficit of USD 17.994 billion that was 5.7 percent of GDP.¹ Afterward the newly elected Government had to go for a bailout package with International Monetary Fund (IMF) in FY 2018-19 due to shrinking foreign exchange reserves.²

The Government imposed increased tax rates on 328 import items on the directions of IMF for enhancing tax revenues declaring them as luxury imports that included mobile phones, automobiles and food supplements.³ This measure helped government in two ways, one by increasing the tax revenues second, by reducing the import bill. Furthermore, the foreign remittances from overseas Pakistanis increased extraordinarily, where, Pakistan had received USD 21.739 billion in FY 2018-19 and it further increased to USD 23.120 billion in FY 2019-20 that were all time high in the economic history of the country.⁴ The key determinant behind this high influx of remittances was COVID-19, in which a large majority of Pakistani working class abroad transferred their savings to their homeland due to uncertain global circumstances, as well as the government's efforts to control illegal currency exchange channels under FATF pressure.⁵

This overall situation helped incumbent Government for quick tackling of current account crises in FYs 2019, 2020 and to some extent in FY 2021. In FY 2019, the CAD came down to USD 13.43 billion (4.8% of GDP) as compared to USD 17.994 billion in FY 2018 (5.7% of GDP). In FY 2020, the current account deficit curtailed to record low of USD 2.96 billion in past five years period.⁶

¹ Salman Siddiqui, "Pakistan's current account deficit peaks at \$17.99b," *The Express Tribune*, 20 July, 2018 <https://tribune.com.pk/story/1762078/pakistans-current-account-deficit-peaks-17-99b>

² "Pakistan's new prime minister turns to the IMF," *The Economist*, 11 October 2018 <https://www.economist.com/asia/2018/10/11/pakistans-new-prime-minister-turns-to-the-imf>

³ Ghulam Abbas, "Mini-budget to have negative revenue impact of Rs6.8 billion during remainder of FY18-19," *The Pakistan Today*, 25 January 2019, <https://profit.pakistantoday.com.pk/2019/01/25/mini-budget-to-have-negative-revenue-impact-of-rs6-8-billion-during-remainder-of-fy18-19/>

⁴ Erum Zaidi, "Remittances hit all-time high of \$23.12 billion in FY20," *The News*, 14 July, 2020, <https://www.thenews.com.pk/print/686412-remittances-hit-all-time-high-of-23-12-billion-in-fy20>

⁵ "Pakistan: Remittances set to cross record \$28 billion this year," *Khaleej Times*, 28 February, 2022, <https://www.khaleejtimes.com/business/pakistan-remittances-set-to-cross-record-28-billion-this-year>

⁶ Salman Siddiqui, "Pakistan's current account deficit contracts 78%," *The Express Tribune*, 20 July 2020, <https://tribune.com.pk/story/2256039/current-account-deficit-contracts-78>

However, this positive indicator of economy proved transitory more likely for the said significant reason of COVID-19 that caused to stop imports and enhanced remittances inflow.

Out of the three components of current account of Pakistan, this paper will focus more on international trade balance of Pakistan.

2. The Present State of Current Account

After temporary relief from growing current account deficit in FY 2020 and FY 2021, the situation of current account in ongoing year is worrisome and challenging the economic performance as one of the key negative indicator. As growing current account deficit forces the Government to borrow dollars for bridging the gap as well as it puts downward pressure on the local currency due to the depleting stock of foreign exchange with the Government.

Contrary to first half of FY 2021 where current account was showing a surplus balance of USD 1.25 billion, the current account balance is showing a deficit of US 9.09 billion in the first half of FY 2022 (July-December - FY 2022).

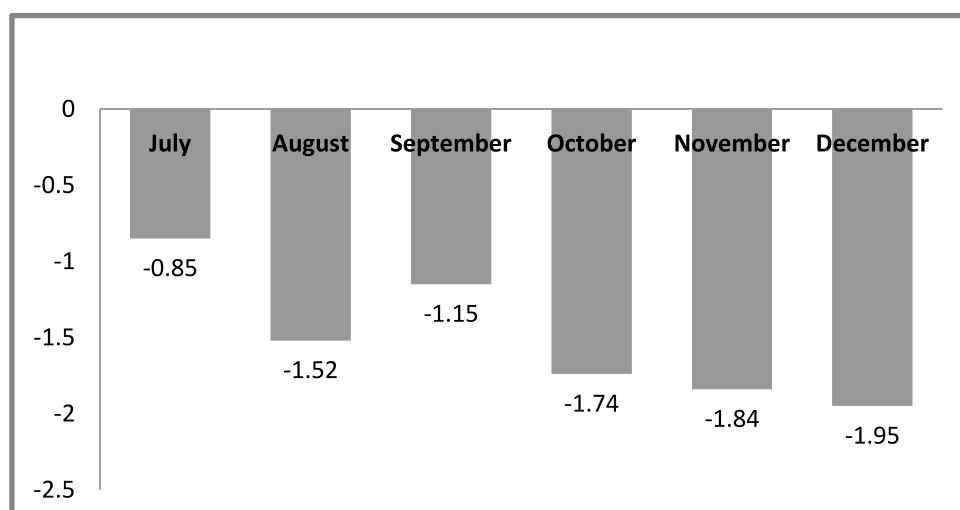


Figure 1: Monthly Current Account Balance in First Half of FY-2021-22 (in USD billion)

Source: *State Bank of Pakistan*

The current account balance (CAD) is one of the key figures for Pakistan economy. A broadening current account deficit puts pressure on local currency which is already at record low level in recent years hovering around 176-177 level against the USD. The rising imports are deteriorating the current account balance in particular where imports just for the month of December 2021 grew to USD 7.55 billion as compared to USD 5.79 billion in previous corresponding month showing an increase of 30.5 percent.⁷

The other two main components of current account i.e. net foreign investments and net remittances inflow also reflected stringent growth putting no positive impact on net current account balance.

⁷Ali Ahmed, "Current account deficit increases marginally to \$1.93bn in December," *Business Recorder*, 22 January, 2022, <https://www.brecorder.com/news/40149045>

Instead, the FDI inflow into different sectors witnessed a decline by 28.9 percent to \$1.85 billion in FY 2020-21 which is more likely due to travel disruption globally.⁸

3. Pakistan's Foreign Trade

Historically, Pakistan faced a trade deficit due to poor production base and some inevitable imports particularly in petroleum, palm oil and machinery equipment for industrial purposes. In the first half of FY 2021-22, Pakistan's trade deficit reached USD 25 billion (July - December) as compared to USD 12.36 billion in the same period of FY 2020-21. According to Pakistan Bureau of Statistics, Pakistan's total imports were USD 39.91 billion in first half of FY 2021-22 (July - December) while total exports of the same period were recorded as \$15.125 billion, showing trade deficit of around USD 25 billion.⁹

In figure 2 below, data set of 36 years shows that Pakistan's external trade balance always was in deficit in the given period. However, the deficit gap increased significantly after 2004. During 2004-2007, Pakistan entered into different trade agreements particularly with China and Malaysia which allowed market access to trading counterparts at concessional rates. As Pakistan had poor production base, relatively expensive input prices so instead of enhancing exports, Pakistan's imports witnessed a continuous expansion in post agreement periods.

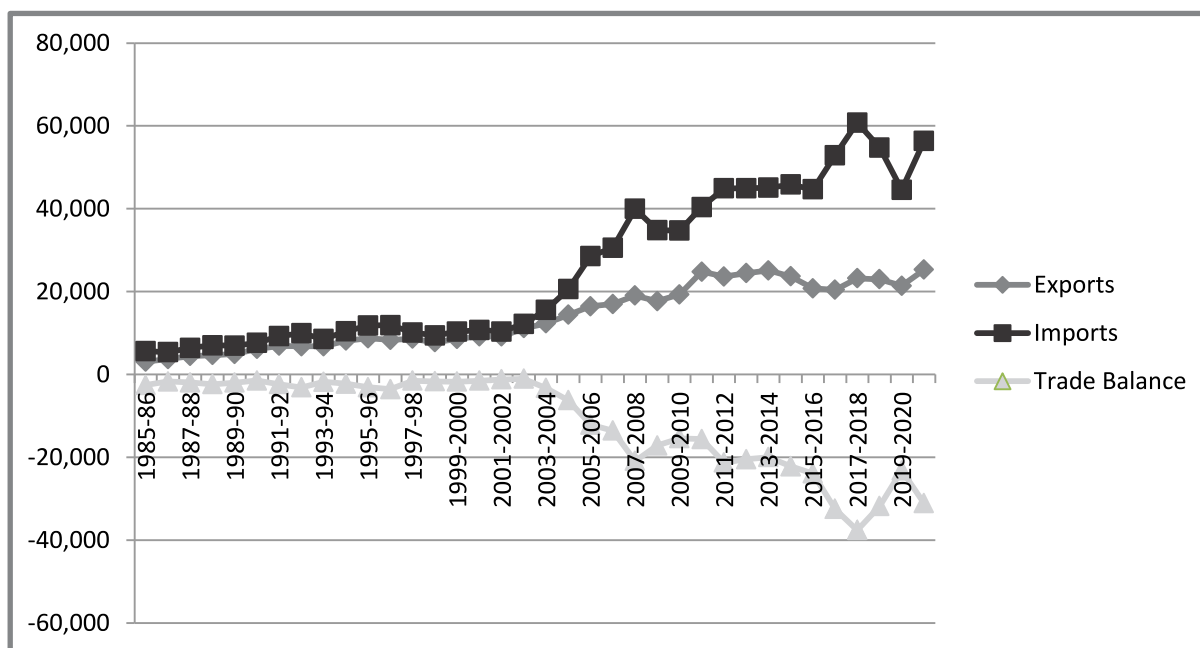


Figure 2: Pakistan's External Trade Trends in USD Millions (1985-2021)

Source: Pakistan Bureau of Statistics

⁸ Omar Qureshi, "Foreign Direct Investment declines 29% in FY21," *The Express Tribune*, 17 July, 2021, <https://tribune.com.pk/story/2310957/foreign-direct-investment-declines-29-in-fy21>

⁹ "Jul-Dec 2021: Trade deficit touches \$25bn mark," *Business Recorder*, 03 Jan, 2022, <https://www.brecorder.com/news/40144300>.

In the following we will attempt tracing and highlighting the key reasons, that hindered Pakistan's exports growth and pushed the trade balance into negative thus resultantly Pakistan ends up every year with a mammoth current account deficit.

3.1. Monotonous and low value added Exports' Structure:

Pakistan failed in developing some diversified exports structure as majority of the exports were concentrated in raw materials such as cotton yarn, or semi-finished products that give low monetary returns as compared to high tech commodities. Around 35 percent of the Pakistan's exports lie in cotton and textile where a huge amount goes in low value added as Pakistan has largely failed in introducing some notable international textile and apparels' brands.

Similarly, Pakistan exports huge bulk of cereals, rice and wheat which goes in low value added commodities and earns low export revenues as compared to other finished industrial products. The figure 3, which is sketched based on the average values of export commodity groups using average of five years exports data.

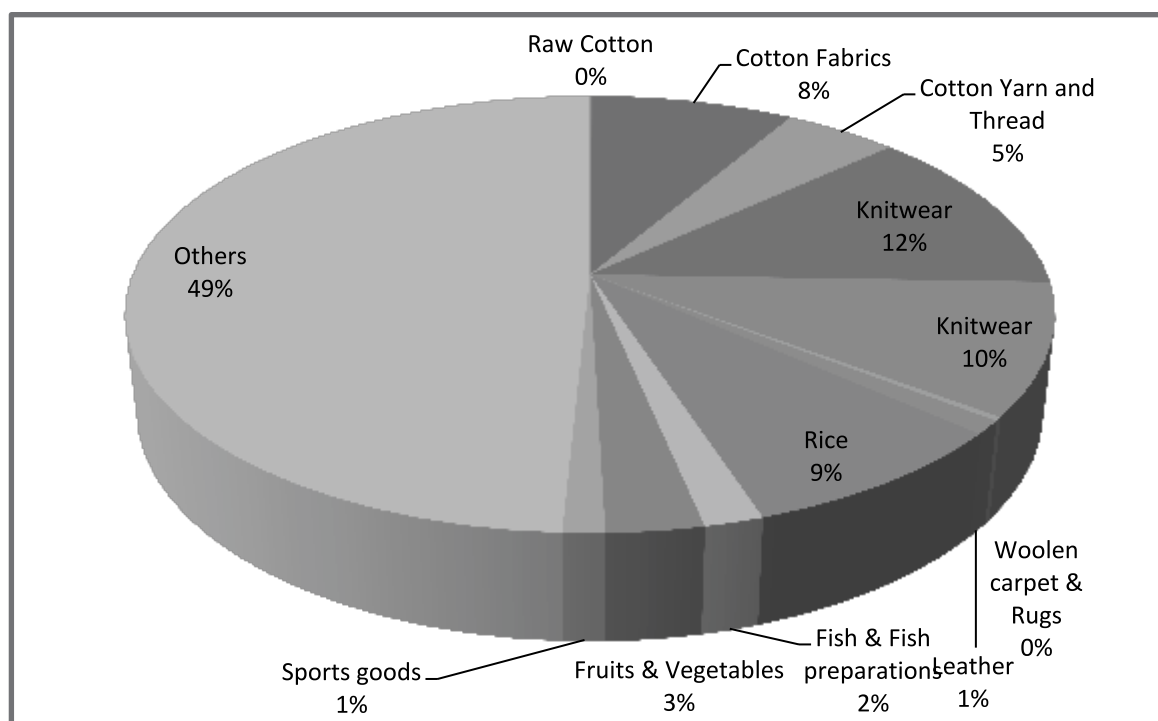


Figure 3: Pakistan's Exports Composition (2016-21)

Data Source: Author's calculations based on data of Pakistan Bureau of Statistics

3.2. Undiversified Export Market

Pakistan's exports remained largely limited to specific countries and it remained largely unable to explore new markets and to diversify its market access to Africa, Central Asia and South America which are otherwise potential areas due to huge populations and import demands.

This limited access poses different challenges. One, it limits the exports quantum due to limited set of countries as major export market. Secondly, in case of any international dispute or relationship upheaval it may cripple export sector due to limited options available for exporting commodities. The table 1 below shows the export markets of Pakistan. The export data shows that around 50 percent of Pakistan's exports are going to just six countries.

Table 1: Major Export Destinations of Pakistan				(Million Rs.)	
Countries		Jul, 2021 To Sep, 2021		Jul, 2020 To Sep, 2020	
Value		% Share		Value	% Share
	Total	1,147,072.93	100.00	912,273.89	100.00
1	USA	240,268.31	20.95	189,922.87	20.82
2	China	111,937.25	9.76	58,759.10	6.44
3	United Kingdom	88,852.10	7.75	78,212.88	8.57
4	Germany	68,553.40	5.98	63,091.34	6.92
5	Netherlands	61,656.20	5.38	47,902.61	5.25
6	Spain	45,090.68	3.93	33,008.88	3.62
7	United Arab Emirates	44,210.34	3.85	36,852.05	4.04
8	Italy	38,789.33	3.38	29,503.76	3.23
9	Bangladesh	36,931.65	3.22	23,361.37	2.56
10	Belgium	28,837.49	2.51	23,664.82	2.59
11	Afghanistan	24,723.71	2.16	42,499.78	4.66
12	France	19,070.62	1.66	16,244.00	1.78
13	Malaysia	17,574.47	1.53	6,382.41	0.70
14	Canada	16,806.63	1.47	11,586.45	1.27
15	Saudi Arabia	14,455.91	1.26	16,570.97	1.82
16	Sri Lanka	13,852.24	1.21	10,106.50	1.11
17	Poland	13,427.96	1.17	11,936.85	1.31
18	Viet Nam	12,460.37	1.09	4,414.96	0.48
19	Turkey	12,424.45	1.08	11,971.92	1.31
20	Australia	11,598.86	1.01	10,250.49	1.12
	Others	225,551.00	19.66	186,029.87	20.39

Source: Pakistan Bureau of Statistics

3.3. Unfavorable Trade Agreements

Pakistan signed free trade agreements with China, Sri Lanka, and Malaysia. Additionally, Pakistan is a part of the South Asian Association for Regional Cooperation (SAARC) and has signed preferential trade agreements with Iran, Indonesia, and Mauritius. Majority of these developments occurred in the period from 2003-2007.

The trade data (in figure 2) shows that right after Pakistan engaged into said trade agreements, the Pakistan's imports increased significantly whereas the exports did not witness and notable growth. The free or concessional market access to strong economies like China, Malaysia and Indonesia paved ways for an enhanced imports influx into Pakistan making overall trade balance awkwardly deficit. On the other hand, Pakistan due to poor production base and expensive inputs particularly energy and some other tax regimes was not competitive enough to take benefit of available free or preferential market access in the said countries. This overall scenario resulted in a significantly negative trade balance, putting pressure on the country's balance of payments and current account.

4. Conclusion and Way Forward

The Current Account Deficit has been one of the serious challenges of Pakistan's economy. After a short term control of deep CAD in FY 2019-20 and FY 2020-21, it is posing a serious challenge in the running fiscal year. As said above, first half of FY 2021-22 witnessed a deficit of USD 9.09 billion against the surplus balance of USD 1.25 billion in corresponding period of FY 2020-21. This spurious current account situation is putting serious pressure on the government to seek international loans in order to maintain some foreign exchange reserves. The momentarily better situation of current account in previous years seems largely due to global scenario after COVID-19, which caused to increase the inflow of foreign remittances from overseas Pakistanis as well as the government's initiatives for channelizing financial transactions after the FATF's conditions also worked positively for bringing remittances inflow into national accounts.

The following set of way forwards may be devised in the light of the analysis and discussion in this paper:

i. Efforts to Increase Foreign Remittances

The Government of Pakistan has taken a mega initiative in September 2020, for inviting funds from overseas Pakistani community and workers through Roshan Digital Account and providing some attractive schemes. These schemes include Naya Pakistan Certificates which aimed to facilitate both the non-resident Pakistanis (NRPs) and Pakistanis having declared abroad wealth, to avail attractive returns over a variety of tenor and currencies. Other schemes comprise of Roshan Apni Car and Roshan Apna Ghar, are about to enable the NRPs to avail the opportunity of owning a car and house in Pakistan with multiple benefits like zero processing charges, options of having both fixed and floating financing options, facility of up to 7 years of financing, and in case of owning a car getting up to 25 million rupees free personal accidental coverage. All these recent attractive programs are designed to benefit the economic growth of Pakistan in future. However, there is a need to channelize these schemes with great and sincere efforts, along with a robust structural audit, to make

these initiative flourished in long-run and corruption free. Besides, the Pakistani missions working abroad should be involved for making these efforts more fruitful, via employing proper marketing strategies for promoting these schemes and adding more doable incentives after getting the feedback from relevant stakeholders, particularly the gross root clients.

ii. Generating Knowledgeable and Skilled Labor

A large number of Pakistani workers in the Middle East are employed in odd jobs that pay relatively low wages. This is because of the reason that a large chunk of the worker is knowledge and skill less. Countries in the Middle East are opting to adopt infrastructural changes by 2030, which in result will create a huge demand of knowledgeable, skilled, and experienced labor. The government should focus on researching the future demands of labors in Middle East potential projects and markets. This information would play a primitive role to analyze the perspectives and then employ an investment on labor force training and skill learning initiatives accordingly in Pakistan, in order to produce a well-skilled and highly demanded labor for future. Government should also focus on establishing quality bilateral connections with international markets for trading the national skilled labor for better job opportunities in these markets. These initiatives will empower the labor to earn a good living and contribute more to the form of foreign remittances.

iii. Peace and Ease for Business

Pakistan lost significant proportion of foreign direct investments during the Afghan war that posed terrorism and security challenges in the country. Besides regional stability in last few years, the FDI inflows failed to improve to the previous level. Therefore, maintaining a peaceful business environment is essential to accumulate the FDI and retain the national current account. Which is why, the government need to maintain peaceful relations with its close neighboring counties and efforts should be made to strengthen the interior security system via eradicating the sectarian and ethnic militancy and terrorism. Moreover, a sustainable business framework is required to introduce world class facilities and secure incentives for the foreign investors, to attain a consistent progress. The Government should frame policies in line with the international standards and requirements so as to attract more FDIs, particularly in newly establishing Industrial Zones under CPEC.

iv. Diversification of Export Products

The government needs to diversify its export's composition/structure, moving from manufacturing of low value product to high value products and integrate manufacturing sector with research and technology to produce more and increase exports. Instead of exporting raw materials like cotton yarn or semi-finished commodities which earn low values in return, there should be qualified final products like readymade garments from these cotton and yarns, which would be advantageous to export in monetary terms. Government should introduce favorable incentives for exporters incorporating technology and should simplify regulations related to exports. Furthermore, focus should be established on those exportable services and products which required minimum infrastructure and low investments for instance promoting the country in international Software Engineering markets via building software houses. The automation of industries globally raises the demand for IT programmers with substantial number of returns. Therefore, shifting from

low value to high value products and introducing innovating technology in operations can raise the export revenues, which in return may enhance funding for coping CAD.

v. Exploring International Markets

Pakistan must explore new international markets to advance and increase export volumes. The trade sector requires continuous efforts to acquire updated information about international markets, their requirements for exports and distribute them among national export firms effectively. Moreover, Pakistani trade missions abroad should be given specific goals for engaging the business community abroad and connecting with relevant industries at home to build strong connections which would be helpful for bringing exports revenues.

PARLIAMENTARY BUSINESS**The Resolution of the Senate of Pakistan in support of the inalienable Right to Self-determination of the People of Illegally Indian Occupied Jammu & Kashmir****RESOLUTION NO.516**

"The senate of Pakistan reflecting the sentiments of the people of Pakistan, salutes the heroism and valour of the people of Indian illegally occupied Jammu & Kashmir (IIOJK) on this day solidarity with the Kashmiri people;

Resolutely rejects the Indian illegal and unilateral actions of August 5, 2019 and demands the Government of India to reverse and revoke the illegal and unilateral steps of August 5 2019, which are a gross violation of all UN Resolution on Jammu and Kashmir;

Firmly condemns the unabated Indian human rights violations, war crimes and violations of international humanitarian law in the IIOJK. Ever since Aug 5 2019, hundreds of innocent Kashmiris have been martyred, arbitrarily arrested or rounded up under trumped-up charges.

Warns India that even the worst form of state-terrorism will not break the will of the Kashmiri people or crush their legitimate struggle, which is popular, spontaneous, widespread, indigenous;

Demands that Prime Minister Modi and his RSS fascist organization, who have unleashed a reign of terror on the defenseless people of Indian Illegally Occupied Jammu and Kashmir (IIOJK and have been involved in unspeakable atrocities, be held accountable for their crimes against humanity;

-2-

Calls upon the Government of India to stop extrajudicial killings of Kashmiri youth in fake encounters and Cordon and Search operations;

Denounces the illegal Indian measures to change the demographic structure of the occupied territory and the efforts to peddle a facade of 'normalcy' and demands immediate release of all political prisoners in IIOJK;

Demands that the international community take note of India's belligerence, intransigence and brazen persistence of cruelty against the Kashmiri people, including the danger of genocide which is now documented internationally;

Expects that the international community takes cognizance and action against India's gross and widespread human rights violations in IIOJK as well as its open repudiation of UN resolutions;

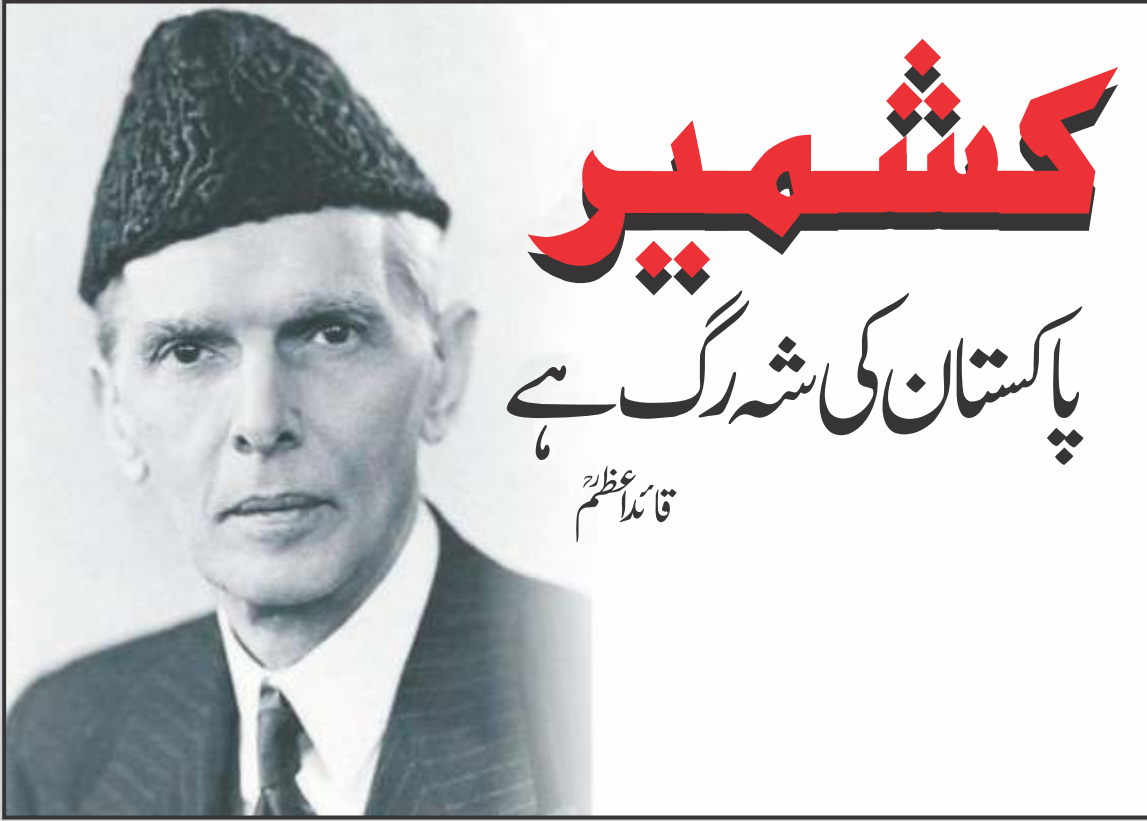
Reassures our Kashmiri brothers and sisters that the People, of Government and Parliament of Pakistan will always stand firm with their Kashmir brothers and sisters in their just struggle until the resolutions of this dispute according to the wishes of the Kashmiri people and as per the relevant UNSC resolution; and

The Senate of Pakistan reiterates its support to the people of Kashmir in the just struggle for their inalienable right to self-determination every steps of the way."

Moved by Mr. Ali Muhammad Khan, Minister of State for Parliamentary Affairs Unanimously
Passed by the Senate of Pakistan on
Friday, the 4th February, 2022.



Glimpses of PIPS Interactive Session as part of Dialogue of Young Parliamentarians Forum (YPF) with Hon. Members Parliament on Peace building with Youth Activists from South Punjab and Sindh, February 09, 2022



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