

The Business

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Inviting investment

The Prime Minister's Office is working on "framing an effective strategy for Chinese industrial relocation in Pakistan to populate Specialised Industrial Zones (SIZs) and attract foreign investment. The timing is no doubt meant to take advantage of China's own process of transfer of its sunset industries to countries like Vietnam, Thailand and Cambodia as its move up the technology ladder forces a recalibration of production priorities inside the country. That explains why the Board of Investment (BoI) believes that "devising an all-inclusive marketing strategy will not only facilitate existing but also promote new Chinese businesses in Pakistan." It is being reported that everybody in government is taking very serious interest in the matter, all the way up to the prime minister, most likely because Beijing is our best bet of enhancing foreign investment inflows in the present environment; especially in the immediate-to-medium-term. And if the Chinese must shift some of their industries elsewhere for reasons of their own, then it is in our best interest to offer them better terms than others to create a double coincidence of wants so that this process can then proceed quickly. For that to happen successfully, though, the government would have to restrict itself to the role of a facilitator and let the private sector take the lead in forging joint ventures with Chinese manufacturers that opt to set up shop in our SEZs.

Production from industries that relocate will be exported from Pakistan to China itself and other countries, of course, and joint ventures (JVs) would do best because Chinese manufacturers that have a share of the global market would remain engaged and involved in it. More than 40 state-owned as well as private Chinese companies participated in a BoI-arranged symposium on Chinese investment in Pakistan the other day, which is a very good sign, and seemed happy with what they saw and heard. This is something that has poisoned our investment climate since forever and even the Chinese have increasingly complained of it ever since the China Pakistan Economic Corridor (CPEC) took off.

Since we need serious foreign investment to stimulate the economy, and there's nothing better than facilitating Chinese industrial relocation in Pakistan at the moment, how successfully the government is in persuading them will determine how much money it is able to market into the country in the buildup to the next election. Hopefully, it will put the right pieces in the right squares and let the private sector take the lead, enabling it to enter into JVs with Chinese manufacturers where it can and overseeing the overall process from a distance that is comfortable for everybody. But it will have to decide quickly and move fast if it is going to keep up with the working speed of the Chinese.

America's China preoccupation

MALEEHA LODHI

The already fraught relationship between the US and China has plunged to another low in the wake of President Joe Biden's first foreign trip that took him to Europe. The visit turned out to be more about containing China than other issues on the global agenda. The US president used the trip to build support among America's Western allies to counter China.

The meeting of the Group of Seven in Cornwall, the 30-member Nato summit and even the first US-EU summit saw much of the focus on China. During the G7 parleys the US pressed European countries to join it to censure Beijing on several counts including human rights and trade practices. Dialling up pressure on Beijing evoked a strong response from Chinese officials who accused the G7 of slandering their country's reputation and declared that "the days when global decisions were dictated by a small group of countries are long gone".

Even as the G7 tackled a slew of issues ranging from Covid-19 vaccines to climate change and global economic recovery it was China that seemed to dominate the agenda. This was evident from the communiqué as well as announcement of an ostensible answer to China's Belt and Road Initiative (BRI) that envisages raising private capital for infrastructure projects in developing nations. Biden set the tone by framing the competition with China as a 'contest' between Western democracies and autocrats and urging G7 countries to harden their position on Beijing. As a result, the communiqué assailed Beijing on human rights in

Xinjiang, called for greater autonomy for Hong Kong and demanded an investigation into the origins of Covid-19 in China.

Writing in The Guardian, Rafael Behr portrayed "Biden's mission" in Cornwall as an effort "to recruit allies for the next cold war". Whether or not a new cold war is an apt description, Biden's anti-China diplomacy seemed to go into overdrive. This became more obvious at the American president's next stop in Brussels for the Nato summit, where the stance got even tougher. The communiqué issued after Nato's annual summit pronounced China as a security challenge and declared that China's "stated ambitions and assertive behaviour" that included building a nuclear arsenal and space and cyber warfare capabilities "present systemic challenges to the rules-based international order". Chinese officials shot back to furiously denounce the communiqué for the China threat theory and portrayed it as being the "continuation of a Cold War mentality".

Driving this hardline US approach is its growing fear of a rival superpower's increasing global economic, military and technological power. It reflects the political and popular consensus in the US — fuelled by years of former president Trump's actions and rhetoric — that sees China as an adversary who has to be contained rather than engaged. Recently the White House's top official for Asia asserted that the "period that was broadly described as engagement has come to an end". Kurt Campbell, coordinator for Indo-Pacific affairs also said that US policy towards China will now be pursued within a "new set of strategic pa-

rameters" in which "the dominant paradigm is going to be competition". The latest act in this competition was G7's unveiling of a US orchestrated infrastructure plan — billed as a "Green" development initiative — to challenge China's BRI, the biggest and most ambitious economic enterprise of this century. The 'Build Back Better for the World' initiative was however long on rhetoric and short on specifics. No details were forthcoming either about its scope or funding. This left it open to question whether it would materialise at the scale envisioned. There was also a touch of irony in the fact that while the US was rolling out a global infrastructure plan the administration had failed to get its domestic infrastructure legislation approved by Congress.

The two key questions raised by Biden's Europe trip are how far European allies will be willing to go beyond tough words and sign up to an adversarial policy with China and what is the outlook for the future course of US-China relations. With some exceptions most European allies are sceptical about a confrontational policy especially as they have key economic equities in ties with China. Last year China became the EU's top trading partner surpassing the US. Germany's top export market and biggest trading partner happens to be China, which is why Chancellor Angela Merkel once said that EU and US interests on China are "not identical". Italy is part of BRI and is reported to have agreed with Merkel during the G7 summit that action against China should be avoided. Other than perhaps France and Belgium, most EU countries prefer a more measured approach to China. Washing-

ton's closest ally, UK may also be reluctant to adopt too antagonistic a policy especially as it wants to expand trade and investment with China. British Prime Minister Boris Johnson was quoted as saying when he arrived for the Nato summit that "When it comes to China, I don't think anybody wants to descend into a new cold war."

Differences between the US and its Western allies on China policy will not however constrain Washington from pursuing the path it has chosen. Turbulence in Sino-US ties will persist as competition intensifies between them. Cooperation will nonetheless be sought in limited areas of common interest — such as climate change. But volatility is inescapable when there is unmanaged competition and an explicit 'adversarial' dimension in US policy.

Can the relationship be stabilised? A prudent response to this has been offered by a Chinese academic in an article in Foreign Affairs titled 'New engagement consensus'. Professor Wang Dong argues that a new cold war is neither inevitable nor desirable. He proposes a new approach to engagement involving strategic reassurance among other things. China, as a rising power, would need to credibly reassure Washington that "it is neither pursuing a sphere of influence by pushing the US out of East Asia" nor aiming to replace the existing international order. The US for its part would have to "resist pursuing a containment strategy and seeking to mobilise the US public and its allies for a new cold war". Whether this sensible advice will be heeded remains an open question.

Cryptocurrency and its future

DR IMRAN BATADA

Cryptocurrency is a growing global phenomenon that is vastly being embraced in Pakistan. It is a digital currency that is not centrally managed but is based on blockchain technology.

Moreover, cryptocurrency is created and managed through advanced encryption techniques that makes it more secure. Mining occurs when the transactions are recorded in the blockchain. Surprisingly, there are more than 5,000 cryptocurrencies in the market. The best cryptocurrency investments at the moment are: Bitcoin (BTC), Ethereum (ETH), Binance coin (BNB), Tether (USDT), Cardano, Polkadot (DOT), Ripple (XRP), Litecoin (LTC), Chainlink (LINK), Dogecoin (DOGE), Basic Attention Token (BAT), and Stellar (XLM).

If you are planning to settle for any number of cryptocurrency investments, you need to consider some important factors. These include the transaction speed, associated fees, and the ability to use your cryptocurrency for regular purchases. Do thorough research to know the overall performance of the company, its reliability, usability, how secure it is, and the number of people investing in the cryptocurrency. If there is a high-level adoption, it has better liquidity. Hugely, cryptocurrency has become more superior to most traditional physical currencies. Majorly, this is because it does not require too much infrastructure to work. Transactions and mining are the major cryptocurrency operations. Let's take the example of Bitcoin; it can be stored on a phone, computer, or cloud. The advantage of Bitcoin is that it is secure and hard to forge. The creation of Bitcoin is a complex process and so it's hard to manipulate the system. Therefore, it is not easy to compromise the Bitcoin currency.

There is a high potential for cryptocurrency, which will evolve with time. In some countries, cryptocurrency is readily accepted as a store of value, however, it may not be fully ideal for transactions if there are better alternatives. To highlight further transparency, countries need to dis-

close investments made in cryptocurrencies, since it will help companies to have crypto on their balance sheets. This will be beneficial for countries that are dealing with crypto assets and are not sure of how to put them in the books.

Surprisingly, some big companies like Tesla, Paypal, and Mastercard have invested in Bitcoin cryptocurrency because of the benefits it brings. A major advantage of using cryptocurrency is that it makes it easier to pay employees more conveniently. For example, if you have many remote employees in different parts of the globe, you will have to convert your local currency into dozens of international currencies to pay your employees. Hence, with cryptocurrency, you get instant transactions with minimal fees.

Cryptocurrency has made crowd-funding and raising capital more transparent and opens the ability for people to publicly ask and seek for funds or donations. The total amount of donation remains open to the public. It is one of the best forms of payment and for business equity. Another major advantage of cryptocurrency is that it has a significantly lower transaction cost than most traditional methods. However, the success of cryptocurrency depends on the appropriate technology, consumer demand, corporate champions, and the regulatory environment. The impact of cryptocurrency can be relayed on the probable financial stability risks that may arise from crypto assets and stable coins. However, its drawback is that crypto-assets lack the key attributes of sovereign currencies. Which is why not many people are ready to use it for payment or to make transactions, as it has not been fully accepted as a mainstream form. Another major drawback to cryptocurrency is that its future depends on the ability to deal with issues such as the value of cryptocurrencies, yet there is no central authority to ensure its smooth-running.

Cryptocurrency is being used in more than 100+ countries around the world. The major countries that use cryptocurrencies are the most are Nigeria, Vietnam, the Philippines, Turkey, Peru, Switzerland, China, the US,

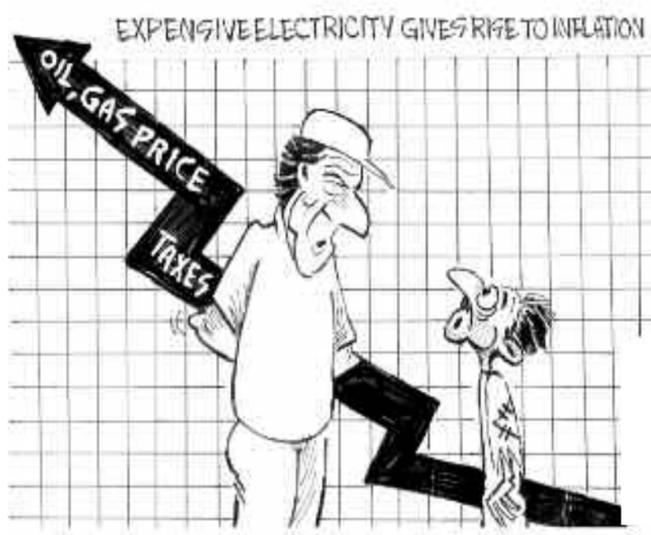
Germany, and Japan. However, some of the countries that have banned cryptocurrency include Algeria, Bolivia, Ecuador, Bangladesh, Nepal, Macedonia. In other countries where trading still takes place, there are banks that have banned it. Some of the countries that have issued their digital currency include Dubai (UAE) - Em-cash, Venezuela - Petro, Estonia - Est-coin, Russia - Cryptoruble, Sweden - E-Krona, Japan - J-Coin, India, China, US, UK, Ecuador, Canada, and Israel. The growth of cryptocurrency is making it a better payment method than it was foreseen. If cryptocurrency is fully embraced worldwide, it can lead to high economic growth. For starters, it will lead to a rise in economic activities that people will engage in. Moreover, cryptocurrency doesn't require too much storage infrastructure and grows tremendously. Hence, with the right knowledge, anyone can engage in its trading and lead to reduced unemployment rates. Cryptocurrency offers better financial opportunities for countries with unstable banking systems. Some countries don't have access to basic banking services; so cryptocurrency can help fill the gap of loans, calculating interest rates and payment schedules. The advantage of cryptocurrency is that it has a variety of apps and programmes that help trading to be done freely across borders.

In addition, cryptocurrency is helping out the economy because of its low transaction costs. Hence, it can easily outdo the traditional methods, as there will not be a need for employee wages, bills, or other operational costs. So, money that could be used for infrastructure can be used in other ways too. Digital currency brings out transparency when carrying out transactions. Cryptocurrency is helping more entrepreneurs embrace more currencies. It will be easier to carry out business and trade.

Over time, Pakistan has embraced the use of cryptocurrency and it is gaining mainstream acceptance. Khyber Pakhtunkhwa is one of the regions that has embraced the evolution and use of cryptocurrency. This is foreseen by the plan of the government to build hydro-electric powered currency mining farms to capitalize on the cryptocurrency market. This is

with the building of crypto mining farms because of the many investors who have approached the government for investment. The mining and trading of cryptocurrency are widely accepted in the legal grey area in Pakistan. According to web analytics, Finance and Coinbase apps are some of the most popularly downloaded apps. However, cryptocurrency is being used for crime such as international terror financing, extortion, and ransom. Militant groups are easily calling on supporters to donate using digital currency. Despite this, in some years to come, cryptocurrency will be fully embraced in most countries around the globe. Cryptocurrency is not only vital but will be a major player in the economy of Pakistan. The major transformation that cryptocurrency and blockchain technology are bringing is the exclusion of most of the mediators in the vast financial system of Pakistan. People are embracing cryptocurrency because of its minimal risks; it doesn't have a definite owner, there is demand for it, and major functions of ordinary money are assigned to digital coins. Pakistan is readily embracing cryptocurrencies even with plans to explore a new digital coin — to boost financial inclusion, reduce money laundering and terrorism financing. Investing is a risky process and should not be rushed. You need to make an investment decision after spending a significant amount of time researching the investment opportunity. Cryptocurrency is being adopted because of its high volatility, 24/7 availability, rising popularity, an enormous array of assets, and leverage trading. However, the disadvantage is based on decentralization and higher risks. Using cryptocurrency is a great option if you have all the basics with a high recommendation in your country. Choose the best digital currency that will serve you and your business in an effective manner.

Cryptocurrency growth in Pakistan is high with the acceptance of digital currency, mining firms, own digital coin, and government support. However, there is still a need to curb the crime associated with digital currency. For this, awareness should be created to ensure its users do not fall



Defending the national frontiers

MARIA KHALID

It is famously said that freedom has a price; hence it is not for free. Defending the frontiers demands an unflinching collective resolve, sacrifice, and determination. It flows from the will of the nation which is personified by our valiant defence forces, comprising men and women who choose to sacrifice their lives to safeguard the nation's honor and protect it from internal and external threats. While policies and strategies for defending the frontiers of the motherland are formulated, due weightage and consideration is given to the prevailing geostrategic environment, capabilities of other competing nations, and retaining/enhancing our own power potential to thwart all possible dangers to national sovereignty and territorial integrity. Thus far, as we are standing at a critical juncture for promoting peace and stability in the region, a review of neighbourly countries' behaviour on the eastern and western borders, their recent-past policies, defence capabilities and emerging security scenarios is of great importance. Given the volatile situation of the region and both overt and covert threats posed by the enemy, a potent force is required to counter the challenges.

In the East, India — a revisionist state — that has a centuries' old agenda of Hindutva, chose a leader for themselves who subscribes to the same ideology and has allowed the Hindutva ideology to become entrenched in the whole country, in the religious and social spheres, which is especially dominant in politics. The country's aggressive and revisionist behavior as well as territorial disputes with the neighboring countries signifies its infatuation with the prevailing scenario. All these developments are taking a toll on the minorities in India, the Kashmiri population and pose a serious threat to India's neighbouring countries, especially Pakistan, as well as to regional peace and stability. Pakistan, on the other hand, has always shown a rational and non-belligerent approach for peace in the region, but it has to be a collective desire of all key regional players.

The BJP-led government has taken various steps to rob Kashmiris of their identity as a part of Indian government's majoritarian agenda to make India Illegally Occupied Jammu and Kashmir a Hindu region. It is encouraging that a ceasefire along the LOC is being observed, which has returned peace and normalcy for the common Kashmiris living along the LOC, yet the major steps by India are awaited to check the ongoing process of demographic changes. A continuously rising Indian defence budget, which has gone beyond seventy billion dollars,



should be a matter of concern for us as well as other countries. India's present defence budget is almost seven times more than Pakistan's defence allocations, and the existing gap should never be ignored. With due care to nicely framed words and peace proclamations, a matching defence capability carries a better deterrent value, and is in fact a more stable guarantor of peace.

In the West, despite a clear roadmap and Pakistan's best efforts to play a constructive role in order to achieve peace and stability in Afghanistan, the issues keep surfacing owing to the regional security dynamics, and the external spoilers. It has long been established that any development in Afghanistan has a bearing on Pakistan's stability and security. With another brotherly Islamic country sharing the southwestern border, despite wanting enhanced cooperation, Pakistan is often pushed into a difficult situation as the issues keep simmering from time to time. Pakistan's sincerity towards peace on the western frontiers is amply proved by fencing its international border with Afghanistan. In fact, this is a 'peace fence', which will prove as an effective measure not only against terrorists' cross-border movement but also in curbing narcotics trafficking and other smuggling activities. Pakistan's fencing of the international border with Iran also has the same 'peace objectives'.

Apart from these obvious threats, there are indirect threats posed by an enemy that resorts to hybrid warfare, employing multiple means to meet its goals and ambitions in the short and long terms that fall below the threshold of armed conflict. Deterring such threats has to be a collective endeavour with a whole-of-the-nation approach. While Pakistan Armed Forces, along with the support of the nation, have eliminated and valiantly countered all threats that were thrust upon us with the contributions and countless sacrifices which have rendered the enemy ineffective, we must make sure that we don't go off balance amidst the countless challenges imposed upon us that are a serious threat to our national interests and security.

The writer is the Editor of monthly Hital