

Pakistan's Foreign Policy

COVID CRISIS

Pakistan's Policy:

COVID-19 cases were reported from Islamabad and Karachi on February 26, 2020. Pakistan being one of the most densely populated countries in Asia, with a population of 204.65 million, and Karachi being the largest metropolitan city in Pakistan, has been greatly vulnerable to this outbreak. Owing to its present economic condition, health care resources, and the occurrence of previous outbreaks, the Centres for Disease Control and Prevention had already issued a level 3 warning for international travellers to Pakistan. The administration had a huge responsibility to constrain the spread through a timely response and the adoption of appropriate measures to avoid any major catastrophe. The disease was initially difficult to contain, especially because of noncompliance of the general population to the necessary measures and timely reporting of symptoms. However the WHO later applauded the Pakistani Government on its successful efforts combating Covid 19.

Impact on Pakistan's Economy:

Pakistan's GDP declined by 26.4 percent from mid-March to the end of June 2020 (14 weeks) compared to a non-COVID scenario. Services were hit the hardest, registering losses of 17.6 percent, followed by industry with losses of 6.7 percent. Agriculture turned out to be resilient and remained relatively unhurt, falling by 2.1 percent. All households witnessed a reduction in incomes, but higher-income quartiles appeared to have lost more than lower-income ones.

The total government expenditures were directed towards different kinds of households of PKR 318.6 billion (USD 2.12 billion). This led to a reduction of about USD 3.1 billion in GDP losses, which, compared to the amount spent implied a multiplier of 1.4 in GDP per PKR spent. The national poverty rate soared to 43 percent and 38.7 percent in April and May respectively. The Government's cash transfers program proved highly effective and led to 11 percent reduction in poverty rate during the pandemic. The recovery scenarios indicate a cumulative GDP loss of USD 11.8 billion and 11.1 USD billion under slow and fast recovery scenarios, respectively, by December 2020. Poverty is expected to stabilise at 27.6 percent and 27.4 percent within Pakistan. Pakistan's annual GDP (at market prices) will register a decline of 4.6 percent in the year 2022 due to negative effects of the pandemic and sluggish economic recovery.