

## BS (4 Years) for Affiliated Colleges



Code	Subject Title	Cr. Hrs	Semester
BBA-310	Current Business Affairs	3	VI
Year	Discipline		
3	Business Administration		

- International affairs
- International Organization (World Bank, IMF, United Nations, WTO)
- G - 8, D - 8, ASEAN
- International Economic Associations
- Environmental Governance
- Political Issues (Kashmir, Nuclear Proliferation)
- International Treaties
- Globalization and its Impact



**UNIVERSITY OF THE PUNJAB**  
B.S. 4 Years Program / Sixth Semester – 2019

Roll No. ....

Paper: Current Business Affairs  
Course Code: BBA-310 Part – II

Time: 2 Hrs. 45 Min. Marks: 50

**ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED**

**Q.No.2. Define the following Terms:**

**(20 Marks)**

- i. Write down the names of institutions in WORLD BANK GROUP?
- ii. Enlist the name of 4 Agency of UNO?
- iii. What is the nature of Pak-Iran relations?
- iv. Why China is so close to Pakistan
- v. Enlist the countries included in G-8?
- vi. What is Nuclear Proliferation Treaty?
- vii. Write down 3 Objectives of World Bank?
- viii. What is the primary function of IMF?
- ix. Write down about currency of IMF.
- x. What is meant by Syndication?

**Q.No.3. What are the Global warming reason ? How these can be addressed? (10)**

**Q.No.4. Write a note on KASHMIR issue between Indian & Pakistan. (10)**

**Q.No.5. What is Globalization? Explain the Merits and Demerits of Globalization on Domestic business affairs of a country. (10)**

## **Answers to Short Questions:**

### **i. Write down the names of institutions in the World Bank Group?**

The World Bank Group comprises five institutions:

- \* International Bank for Reconstruction and Development (IBRD): Provides loans, credits, and grants to middle-income and creditworthy low-income countries.
- \* International Development Association (IDA): Offers interest-free loans and grants to the poorest developing countries.
- \* International Finance Corporation (IFC): Focuses on the private sector in developing countries through investment, advisory services, and asset management.
- \* Multilateral Investment Guarantee Agency (MIGA): Provides political risk insurance (guarantees) to encourage foreign direct investment in developing countries.
- \* International Centre for Settlement of Investment Disputes (ICSID): Offers international facilities for conciliation and arbitration of investment disputes.

### **ii. Enlist the organs of UNO?**

The six principal organs of the United Nations are:

- \* General Assembly (GA): The main deliberative, policymaking, and representative organ.
- \* Security Council (SC): Has primary responsibility for the maintenance of international peace and security.
- \* Economic and Social Council (ECOSOC): Coordinates the economic, social, and environmental work of the UN system.
- \* Trusteeship Council: Originally established to provide international supervision for trust territories, its work is now largely complete.
- \* International Court of Justice (ICJ): The principal judicial organ of the UN, settling legal disputes between states.
- \* Secretariat: Carries out the day-to-day work of the UN as mandated by the other principal organs, headed by the Secretary-General.

### **iii. What is the nature of Pak-Iran relations?**

Pakistan and Iran share historical, cultural, and religious ties. Iran was the first country to recognize Pakistan. Bilateral relations have generally been cordial, although there have been periods of stagnation and occasional irritants. Cooperation exists in areas like energy (though projects like the IP gas pipeline have faced delays), border management, and trade (with efforts to increase formal trade and address smuggling). Despite goodwill, the tangible bilateral cooperation remains below its potential, partly due to external factors like international sanctions on Iran and internal challenges.

### **iv. Enlist the countries included in G-7?**

The Group of Seven (G-7) is an informal bloc of industrialized democracies that meet annually

to discuss global economic governance, international security, and other issues. The member countries are:

- \* Canada
- \* France
- \* Germany
- \* Italy
- \* Japan
- \* United Kingdom
- \* United States

#### **v. What is Nuclear Proliferation Treaty?**

The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) is a landmark international treaty with the objective of preventing the spread of nuclear weapons and weapons technology, promoting cooperation in the peaceful uses<sup>1</sup> of nuclear energy, and furthering the goal of achieving nuclear disarmament and general and complete disarmament.<sup>2</sup> Non-nuclear-weapon states party to the treaty commit not to acquire nuclear weapons, while nuclear-weapon states commit not to assist non-nuclear-weapon states in doing so and to pursue disarmament negotiations. The treaty also establishes a safeguards system under the International Atomic Energy Agency (IAEA) to verify compliance.

#### **vi. Write down 2 Objectives of World Bank?**

Two primary objectives of the World Bank are:

- \* Reducing poverty: This is the overarching goal, aiming to help people escape poverty and improve their living standards in developing countries through financial and technical assistance.
- \* Supporting development: This involves promoting sustainable economic and social development in member countries through various projects and policy advice, focusing on areas like infrastructure, education, health, and governance.

#### **vii. What is the primary function of IMF?**

The primary function of the International Monetary Fund (IMF) is to ensure the stability of the international monetary system. It does this through three main activities:

- \* Overseeing the international monetary system and monitoring the economic and financial policies of its member countries.<sup>3</sup>
- \* Lending to member countries facing balance-of-payments difficulties to provide temporary financing and help them restore economic stability.
- \* Providing technical assistance and capacity development to help member countries strengthen their economic institutions and policies.

#### **viii. Write down the currency of IMF?**

The IMF does not have a currency in the traditional sense. Instead, it created an international reserve asset called **Special Drawing Rights (SDRs)**. The value of the SDR is based on a basket of five major international currencies: the US dollar, the euro, the Chinese renminbi, the Japanese<sup>4</sup> yen, and the British pound sterling.<sup>5</sup> SDRs can be used by member countries to supplement their official reserves.

#### **ix. What is meant by Syndication?**

Syndication refers to the act of selling something, such as a newspaper column, television series, or a loan, to multiple outlets or participants. In finance, loan syndication involves a group of lenders jointly funding a large loan for a single borrower. In media, it involves distributing content to various newspapers, periodicals, websites, or broadcasting stations.

### **Explanation of Long Questions:**

**Q.No.3. What are the Global warming reasons? How these can be addressed? (10)**

#### **Global Warming Reasons:**

Global warming refers to the long-term increase in Earth's average surface temperature due to the enhanced greenhouse effect.<sup>6</sup> The primary reasons for this phenomenon are human activities that release greenhouse gases into the atmosphere:

1. **Burning of Fossil Fuels:** The combustion of coal, oil, and natural gas for energy production (electricity, transportation, industrial processes) releases large amounts of carbon dioxide<sup>7</sup> (CO<sub>2</sub>), a major greenhouse gas.
2. **Deforestation:** Clearing forests for agriculture, urbanization, and other purposes reduces the number of trees that absorb CO<sub>2</sub> from the atmosphere through photosynthesis. Burning forests also releases stored carbon.
3. **Industrial Processes:** Certain industrial activities release greenhouse gases like methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and fluorinated gases (e.g., HFCs, PFCs, SF<sub>6</sub>), which have a high global warming potential. Examples include cement production, chemical manufacturing, and refrigeration.
4. **Agriculture:** Agricultural practices contribute to greenhouse gas emissions through various means, including:
  - **Livestock:** Methane is produced during the digestive process of ruminant animals like cattle.
  - **Fertilizers:** The use of nitrogen-based fertilizers releases nitrous oxide.

- **Rice Cultivation:** Anaerobic conditions in flooded rice paddies lead to methane production.
  - **Land Use Change:** Converting forests or grasslands to agricultural land releases stored carbon.
5. **Waste Management:** Landfills generate methane as organic waste decomposes under anaerobic conditions.
  6. **Natural Factors (Minor Contribution to Current Warming):** While natural factors like solar variations and volcanic eruptions can influence Earth's climate, the overwhelming scientific consensus is that the rapid warming observed in recent decades is primarily driven by human activities.

### How Global Warming Can Be Addressed:

Addressing global warming requires a multifaceted approach involving mitigation (reducing greenhouse gas emissions) and adaptation (adjusting to the unavoidable impacts of climate change):

#### Mitigation Strategies:

1. **Transition to Renewable Energy:** Shifting away from fossil fuels to renewable energy sources like solar, wind, hydro, and geothermal power<sup>8</sup> for electricity generation and other energy needs is crucial.
2. **Energy Efficiency and Conservation:** Improving energy efficiency in buildings, transportation, and industries, and promoting energy conservation practices can significantly reduce energy demand and associated emissions.
3. **Sustainable Transportation:** Encouraging the use of public transportation, electric vehicles, cycling, and walking, as well as improving fuel efficiency in vehicles, can lower emissions from the transport sector.
4. **Sustainable Agriculture and Land Use:** Implementing sustainable farming practices, reducing deforestation, promoting reforestation and afforestation, and managing land use to enhance carbon sequestration in soils and vegetation are essential.
5. **Carbon Capture and Storage (CCS):** Developing and deploying technologies to capture CO<sub>2</sub> emissions from large sources (e.g., power plants, industrial facilities) and store them underground can help reduce atmospheric concentrations.
6. **Reducing Industrial Emissions:** Implementing cleaner industrial processes, using alternative materials, and capturing and utilizing industrial greenhouse gas emissions can lower their impact.
7. **Waste Management Solutions:** Improving waste management practices, including reducing waste generation, increasing recycling and composting, and



capturing methane from landfills, can mitigate emissions from the waste sector.

8. **International Cooperation and Policies:** Strong international agreements, national policies, and carbon pricing mechanisms (e.g., carbon taxes, cap-and-trade systems) are necessary to incentivize emissions reductions and promote global action.

### **Adaptation Strategies:**

While mitigation aims to prevent further warming, adaptation focuses on preparing for and managing the impacts that are already happening or are unavoidable:

1. **Developing Climate-Resilient Infrastructure:** Designing and building infrastructure (e.g., buildings, transportation networks, water management systems) that can withstand the impacts of climate change, such as extreme weather events and sea-level rise.
2. **Improving Water Management:** Implementing strategies for water conservation, efficient irrigation, and managing water resources in the face of changing precipitation patterns and increased water scarcity.
3. **Developing Climate-Resilient Agriculture:** Breeding drought-resistant and heat-tolerant crops, adopting climate-smart agricultural practices, and diversifying food systems.
4. **Public Health Measures:** Strengthening public health systems to address the health impacts of climate change, such as heatwaves, infectious diseases, and respiratory illnesses.
5. **Coastal Protection:** Implementing measures to protect coastal communities from sea-level rise and storm surges, such as building seawalls, restoring natural coastal habitats, and relocating vulnerable populations.
6. **Early Warning Systems:** Developing and improving early warning systems for extreme weather events to allow for timely preparedness and response.
7. **Ecosystem Conservation:** Protecting and restoring natural ecosystems, which can provide buffers against climate change impacts and support biodiversity.

Addressing global warming requires urgent and concerted action at all levels – individual, local, national, and international. Mitigation and adaptation strategies must be implemented in tandem to limit the extent of future warming and build resilience to the changes that are already underway.

### **Q.No.4. Write a note on KASHMIR issue between Indian & Pakistan. (10)**

The Kashmir issue is a complex and long-standing territorial dispute primarily between India and Pakistan over the Kashmir region. The conflict originated after the partition

of British India in 1947, when the princely state of Jammu and Kashmir, under a Hindu ruler but with a majority Muslim population, did not automatically accede to either newly formed nation.

### **Historical Background:**

Initially, the Maharaja of Kashmir, Hari Singh, sought to maintain independence. However, an invasion by Pakistani tribal militias, supported by Pakistan, in October 1947, led the Maharaja to seek India's military assistance and sign the Instrument of Accession to India. Pakistan disputes the validity of this accession, arguing it was obtained under duress and did not reflect the will of the majority Muslim population.

### **The First Indo-Pakistani War (1947-1948) and UN Intervention:**

The conflict escalated into the first Indo-Pakistani War. In 1948, India took the matter to the United Nations Security Council, which passed resolutions calling for a ceasefire and a plebiscite to determine the future of Kashmir. A ceasefire was achieved, resulting in the division of the region along a Line of Control (LoC), with India administering approximately 55% of the land (including Jammu, Kashmir Valley, and Ladakh) and Pakistan administering about 30% (Azad Kashmir and Gilgit-Baltistan). The plebiscite, however, has never been held due to disagreements between India and Pakistan over the conditions for it, such as the withdrawal of troops.

### **Further Conflicts and Developments:**

The Kashmir issue remained a major point of contention, leading to further wars between India and Pakistan in 1965 and 1971. The Simla Agreement of 1972, signed after the 1971 war, reaffirmed the LoC and emphasized bilateral negotiations to resolve the issue. However, a lasting solution remained elusive.

In the late 1980s, an armed insurgency erupted in Indian-administered Kashmir, fueled by political disenfranchisement, alleged human rights abuses, and a desire for self-determination or merger with Pakistan. Pakistan has been accused by India of providing support to these militant groups, a charge Pakistan denies, stating it only provides moral and diplomatic support to the Kashmiri people.

### **Current Situation and Stances:**

The Kashmir issue continues to be a major source of tension between India and Pakistan. Both countries maintain their respective claims over the entire region.



- **India's Stance:** India considers the entire Jammu and Kashmir region as an integral part of its territory, based on the Instrument of Accession. It maintains that the issue is an internal matter and opposes any third-party intervention. India has held elections in its administered territories, which it argues demonstrates the will of the people, though these elections have been widely disputed by separatists and Pakistan. In August 2019, India revoked Article 370 of its constitution, which granted special autonomous status to Jammu and Kashmir, and bifurcated the state into two Union Territories: Jammu and Kashmir, and Ladakh. This move was strongly condemned by Pakistan and sparked further tensions.
- **Pakistan's Stance:** Pakistan advocates for the right of self-determination for the Kashmiri people, in accordance with UN resolutions calling for a plebiscite. It views Kashmir as a disputed territory and has consistently raised the issue on international forums. Pakistan has condemned India's revocation of Article 370 and continues to demand a resolution based on the aspirations of the Kashmiri people.
- **Kashmiri Perspectives:** The people of Kashmir have diverse viewpoints. A significant section desires self-determination, which could mean independence or joining Pakistan. Another section favors remaining with India but with greater autonomy. The prolonged conflict has resulted in significant human rights concerns on both sides of the LoC.

### **Efforts for Resolution:**

Numerous attempts have been made to resolve the Kashmir issue through bilateral talks and international mediation, but without significant success. The issue is complicated by historical grievances, differing national identities, strategic considerations (including water resources and regional influence), and the involvement of non-state actors.

### **Conclusion:**

The Kashmir issue remains a deeply entrenched and highly sensitive dispute with significant regional and international implications. Finding a peaceful and lasting solution that addresses the aspirations of the Kashmiri people while respecting the security concerns of both India and Pakistan is a major challenge that requires sustained dialogue, trust-building measures, and a willingness from all stakeholders to explore flexible and innovative solutions.

Q.No.5. What is Globalization? Explain the Merits and Demerits of Globalization on

Domestic business affairs of a country. (10)<sup>9</sup>

## What is Globalization?

Globalization refers to the increasing interconnectedness and interdependence of countries worldwide through the exchange of goods, services, information,<sup>10</sup> technology, and people. It is a process driven by a combination of economic, technological, socio-cultural, and political factors, leading to a more integrated global economy and society. Key aspects of globalization include:

- **International Trade:** Increased flow of goods and services across national borders.
- **Foreign Direct Investment (FDI):** Companies investing in and establishing operations in other countries.
- **Global Supply Chains:** Production processes spanning multiple countries, with different stages occurring in locations with cost advantages.
- **Technological Advancements:** The internet, telecommunications, and transportation technologies facilitate global communication, coordination, and movement.
- **Financial Flows:** Increased cross-border movement of capital and financial assets.
- **Migration:** Movement of people across borders for work, education, or other reasons.
- **Cultural Exchange:** Increased interaction and exchange of ideas, values, and cultural products.

## Merits of Globalization on Domestic Business Affairs:

Globalization offers several potential benefits for the domestic business affairs of a country:

1. **Access to New Markets and Increased Revenue:** Domestic businesses can expand their reach beyond national borders, accessing larger international markets and a wider customer base. This can lead to increased sales, revenue growth, and profitability.
2. **Economies of Scale and Efficiency:** Globalization allows businesses to specialize in their areas of comparative advantage and operate on a larger scale, leading to economies of scale and reduced production costs. They can also access cheaper raw materials and labor in other countries, improving efficiency.
3. **Technology Transfer and Innovation:** Exposure to international competition and collaboration can facilitate the transfer of new technologies, knowledge, and best

practices to domestic businesses. This can spur innovation, improve product quality, and enhance competitiveness.

4. **Increased Competition and Consumer Benefits:** Globalization intensifies competition in domestic markets, forcing local businesses to become more efficient and innovative. Consumers benefit from a wider variety of goods and services at potentially lower prices.
5. **Attraction of Foreign Investment:** Globalization can make a country more attractive to foreign direct investment, bringing in capital, technology, and expertise that can benefit domestic industries and create jobs.
6. **Development of Global Supply Chains:** Domestic businesses can integrate into global supply chains, allowing them to access specialized inputs and reach international customers more effectively.
7. **Skill Development and Human Capital Enhancement:** Interaction with international businesses and exposure to global standards can lead to the development of new skills and the enhancement of human capital within the domestic workforce.

### **Demerits of Globalization on Domestic Business Affairs:**

Despite the potential benefits, globalization also poses several challenges and risks for the domestic business affairs of a country:

1. **Increased Competition and Threat to Domestic Industries:** Domestic businesses, especially smaller and less efficient ones, may struggle to compete with larger, more established international firms that have cost advantages and greater resources. This can lead to business closures, job losses, and the decline of certain domestic industries.
2. **Job Displacement and Wage Stagnation:** Companies may relocate production to countries with lower labor costs, leading to job losses in the domestic economy, particularly in manufacturing sectors. Increased competition from low-wage countries can also put downward pressure on wages in some domestic industries.
3. **Exploitation of Labor and Environmental Standards:** Globalization can create incentives for businesses to operate in countries with weaker labor and environmental regulations, potentially leading to the exploitation of workers and environmental degradation. This can also create unfair competition for domestic businesses that adhere to higher standards.
4. **Increased Dependence on Global Markets:** Domestic businesses become more vulnerable to fluctuations in global demand, economic downturns in other countries, and disruptions in international supply chains.

5. **Erosion of National Sovereignty and Policy Space:** International trade agreements and the influence of multinational corporations can limit the ability of governments to implement domestic policies in areas such as environmental protection, labor standards, and industrial development.
6. **Loss of Cultural Identity and Homogenization:** The influx of foreign goods, services, and cultural products can lead to the erosion of local cultural identities and traditions.
7. **Increased Inequality:** The benefits of globalization may not be

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Time: 2 Hrs. 45 Min. Marks: 50

**ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED**

**Q.No.2. Define the following Terms:**

**(20 Marks)**

- i. What is the importance of International Trade?
- ii. Write down the 3 major functions of IMF?
- iii. Enlist the name of 3 UNO's Agencies?
- iv. What is the Difference between Summit & Council?
- v. Write down the names of SAARC Member countries?
- vi. What is meant bilateral treaty?
- vii. Write down the 5 features of developed Countries?
- viii. What is the role of WORLD BANK in world economy?
- ix. Define Domestic Trade
- x. What is meant by Nuclear Proliferation?

**Q.No.3. What is meant international relations? Elaborate the difficulties faced by MNCs caused by poor relations among countries.  
(10)**

**Q.No.4. What is meant by Treaty? Explain in details three Major International Trade Treaties. (10)**

**Q.No.5. Write a detailed note on UNITED NATIONS ORGANIZATION.  
(10)**

## **Answers to Short Questions (Brief Detail):**

### **i. What is the importance of International Trade?**

International trade is crucial for several reasons. It allows countries to specialize in producing goods and services where they have a comparative advantage, leading to greater efficiency and<sup>1</sup> higher overall global output. It provides access to a wider variety of goods and services for consumers, often at more competitive prices. Furthermore, it can drive economic growth, create jobs, and facilitate the transfer of technology and knowledge between nations. International trade also fosters interdependence, which can contribute to more stable international relations.

### **ii. Write down the 3 major functions of IMF?**

The International Monetary Fund (IMF) has three primary functions:

- \* Surveillance: The IMF monitors the economic and financial policies of its member countries and the global economy. It provides analysis and advice to prevent financial crises and promote economic stability.
- \* Financial Assistance: The IMF provides loans to member countries facing balance-of-payments difficulties to help them stabilize their economies and restore sustainable growth. These loans often come with conditions aimed at addressing the underlying economic problems.
- \* Technical Assistance and Capacity Development: The IMF offers technical expertise and training to help member countries strengthen their economic institutions, design and implement effective policies, and improve their data collection and analysis capabilities.

### **iii. Enlist the name of 3 UNO's Agencies?**

The United Nations Organization (UNO) works through numerous specialized agencies, funds, and programs. Here are three major ones:

- \* World Health Organization (WHO): The WHO is the UN agency responsible for international public health. It directs and coordinates health within the United Nations system, setting norms and standards, providing technical support to countries, and monitoring and assessing health trends.
- \* United Nations Children's Fund (UNICEF): UNICEF works globally to advocate for the protection of child rights, to help meet children's basic needs, and to expand their opportunities to reach their full potential. It focuses on areas like health, nutrition, education, and protection from violence and exploitation.
- \* World Food Programme (WFP): The WFP is the world's largest humanitarian organization addressing hunger and promoting food security. It provides food assistance<sup>2</sup> in emergencies and works with communities to improve nutrition and build resilience.

### **iv. What is the difference between Summit & Council?**

A **Summit** typically refers to a high-level meeting or conference, often involving heads



of state or government, to discuss important issues and make significant decisions. Summits are usually ad hoc or held periodically for specific purposes.

A **Council**, on the other hand, is a more permanent or semi-permanent body established to deliberate, advise, or govern on specific matters. Councils usually have a defined membership, rules of procedure, and ongoing responsibilities. They often meet regularly to discuss and implement policies within their area of competence.

In essence, a summit is an event, while a council is an institution or a standing body.

#### **v. Write down the names of SAARC Member countries?**

SAARC stands for the South Asian Association for Regional Cooperation. Its member countries are:

- \* Afghanistan
- \* Bangladesh
- \* Bhutan
- \* India
- \* Maldives
- \* Nepal
- \* Pakistan
- \* Sri Lanka

#### **vi. Write down the 2 features of developed Countries?**

Developed countries generally exhibit several key features. Here are two prominent ones:

- \* **High Human Development Index (HDI):** Developed countries typically have high scores on the HDI, which is a composite statistic of life expectancy, education (mean and expected years of schooling), and per capita income (GNI). This indicates a high quality of life, good healthcare, access to education, and a strong economic base.
- \* **Diversified and Advanced Economy:** Developed countries usually have economies characterized by a significant service sector, advanced industrial sectors with high levels of technological innovation, and a well-developed infrastructure. They tend to have lower reliance on primary industries like agriculture and raw material extraction compared to developing countries.

#### **vii. What is the role of WORLD BANK in world economy?**

The World Bank plays a significant role in the world economy by aiming to reduce poverty and promote sustainable development. Its key roles include:

- \* **Providing Financial Assistance:** The World Bank offers loans, credits, and grants to developing countries for a wide range of projects and programs aimed at economic and social development, such as infrastructure, education, healthcare, and governance.
- \* **Providing Technical Assistance and Policy Advice:** The Bank offers expertise, research, and policy recommendations to help developing countries design and implement effective

development strategies and build institutional capacity.

\* Promoting Global Public Goods: The World Bank works on addressing global challenges like climate change, pandemics, and food security, which have significant impacts on the world economy.

\* Facilitating Knowledge Sharing: The Bank serves as a global knowledge hub, conducting research, collecting data, and disseminating information on development issues to inform policy and practice.

### **viii. Define Domestic Trade?**

Domestic trade, also known as internal trade, refers to the exchange of goods and services within the geographical boundaries of a single country. This includes trade between different regions, states, cities, or individuals within that nation. It is governed by the laws and regulations of that specific country and utilizes its domestic currency. Domestic trade forms the foundation of a national economy.

### **ix. What is meant by Nuclear Proliferation?**

Nuclear proliferation refers to the spread of nuclear weapons, fissile material (used to make nuclear weapons), and the technology and information necessary for their manufacture to nations that do not already possess them. It also includes the potential for non-state actors, such as terrorist groups, to acquire such weapons or materials. Nuclear proliferation is a major global security concern due to the catastrophic potential of nuclear weapons and the increased risk of their use or falling into the wrong hands.

## **Explanation of Long Questions (Detailed):**

**Q.No.3. What is meant by International relations? Elaborate the difficulties faced by MNCs caused by poor relations among countries. (10)**

### **What is meant by International Relations?**

International Relations (IR) is a field of political science and academic discipline that focuses on the study of the interactions between sovereign states, as well as the interactions between states and other actors in the international system, such as intergovernmental organizations (IGOs), non-governmental organizations (NGOs), multinational corporations (MNCs), and individuals.<sup>3</sup> It encompasses a wide range of topics, including diplomacy, war, peace, foreign policy, international law, international organizations, international political economy, human rights, and global environmental issues.

At its core, IR seeks to understand the patterns of cooperation and conflict in the

global arena, the factors that influence state behavior, the dynamics of power, and the processes that shape the international order. It draws upon various theoretical perspectives, such as realism, liberalism, constructivism, and Marxism, to analyze these complex interactions.

### **Difficulties Faced by MNCs Caused by Poor Relations Among Countries:**

Multinational Corporations (MNCs) operate across national borders and are therefore significantly affected by the quality of relations between the countries in which they operate. Poor relations between host and home countries, or between different host countries, can create numerous difficulties for MNCs:

1. **Increased Political Risk:** Poor diplomatic ties can escalate political risk for MNCs. This can manifest in various forms, including:
  - **Nationalization or Expropriation:** Host governments may be more inclined to nationalize or expropriate the assets of MNCs from countries with which they have strained relations.
  - **Unfavorable Regulatory Changes:** Governments might introduce discriminatory regulations, tariffs, or trade barriers targeting companies from rival nations.
  - **Political Instability and Social Unrest:** Poor inter-state relations can contribute to domestic political instability, civil unrest, or even armed conflict within a host country, jeopardizing MNC operations and the safety of their personnel.
2. **Trade Disruptions and Barriers:** Poor relations often lead to the imposition of trade barriers such as tariffs, quotas, and sanctions. These measures can significantly increase the cost of<sup>4</sup> imports and exports for MNCs, disrupt their supply chains, and limit their market access.
3. **Investment Restrictions:** Host countries might restrict or discourage foreign direct investment from nations with whom they have poor relations. This can prevent MNCs from entering potentially lucrative markets or expanding their existing operations.
4. **Supply Chain Vulnerabilities:** MNCs with globally dispersed supply chains can face significant disruptions when relations between the countries hosting different parts of their production process deteriorate. Border closures, trade restrictions, and political instability can all impact the smooth flow of goods and services.
5. **Reputational Damage:** Operating in or being associated with countries involved in international disputes or conflicts can damage the reputation of an MNC among consumers, investors, and other stakeholders in its home and other host

countries.

6. **Difficulties in Repatriating Profits:** Host governments with poor relations with an MNC's home country might impose restrictions on the repatriation of profits, making it difficult for the MNC to transfer earnings back to its headquarters.
7. **Security Concerns:** In situations of high tension or conflict, the security of MNC personnel and assets can be compromised. This may necessitate costly security measures or even force the MNC to evacuate staff and suspend operations.
8. **Increased Compliance Costs:** MNCs operating in countries with poor bilateral relations may face increased compliance costs due to complex and often conflicting regulations, heightened scrutiny, and the need to navigate political sensitivities.
9. **Challenges in Dispute Resolution:** When disputes arise between an MNC and a host government, poor bilateral relations can complicate the process of seeking fair and effective resolution through diplomatic channels or international arbitration.
10. **Reduced Cross-Border Collaboration:** Poor inter-state relations can hinder cross-border collaborations, joint ventures, and technology transfers that are often beneficial for MNCs seeking to expand their operations and innovate.

In conclusion, poor relations among countries create a volatile and unpredictable operating environment for MNCs. They increase various risks, disrupt business operations, raise costs, and can ultimately impact the profitability and sustainability of these global enterprises. Therefore, stable and positive international relations are crucial for fostering a favorable environment for international business and investment.

#### **Q.No.4. What is meant by Treaty? Explain in details three Major International Trade Treaties. (10)**

##### **What is meant by Treaty?**

A **treaty** is a formal agreement concluded between two or more sovereign states (or between states and international organizations) in written form and governed by international law. Treaties are binding on the parties that have consented to them and are a primary source of international law. They can cover a wide range of subjects, including peace and security, trade and commerce, human rights, environmental protection, and territorial boundaries.

Key characteristics of a treaty include:

- **Written Form:** Treaties are typically documented in a written instrument.

- **Between Subjects of International Law:** The parties to a treaty are usually sovereign states or international organizations with the capacity to enter into international agreements.
- **Governed by International Law:** Treaties are subject to the principles and rules of international law, including the principle of *pacta sunt servanda* (agreements must be kept).
- **Binding Obligation:** Once a state has ratified or acceded to a treaty, it is legally obligated to comply with its terms.
- **Variety of Names:** While "treaty" is a common term, such agreements can also be called conventions, protocols, charters, covenants, acts, or exchanges of notes, depending on their subject matter and formality.

### Three Major International Trade Treaties:

International trade treaties are agreements between two or more countries aimed at reducing or eliminating barriers to trade, such as tariffs and quotas, and promoting economic cooperation. Here are three major examples:

#### 1. The General Agreement on Tariffs and Trade (GATT) / World Trade Organization (WTO):

- **Origin and Evolution:** The GATT was established in 1948 as part of the Bretton Woods system, with the aim of liberalizing international trade after the devastation of World War II. It was a series of multilateral trade negotiations (rounds) that led to significant reductions in tariffs and other trade barriers.
- **Key Principles:** GATT was based on several fundamental principles, including:
  - **Most-Favored Nation (MFN):** Each contracting party must grant to all other contracting parties treatment as favorable as it grants to any other country in respect of the application of tariffs and other trade rules.
  - **National Treatment:** Once imported goods have entered a market, they should be treated no less favorably than domestically produced goods with respect to internal taxes, laws, and regulations.
  - **Elimination of Quantitative Restrictions:** GATT aimed to eliminate quotas and other non-tariff barriers to trade.
- **Transformation to WTO:** In 1995, the GATT was replaced by the World Trade Organization (WTO). The WTO is a permanent international organization with a broader scope that includes trade in services and intellectual property, in addition to goods. It also has a more robust dispute settlement mechanism.
- **Impact:** The GATT and subsequently the WTO have been instrumental in fostering a more open and rules-based global trading system. They have

contributed to significant growth in international trade, economic development, and increased interconnectedness among nations. However, the WTO has also faced challenges, including stalled multilateral negotiations (like the Doha Round) and rising protectionist sentiments in some countries.

## 2. **North American Free Trade Agreement (NAFTA) / United States-Mexico-Canada Agreement (USMCA):**

- **Origin and Scope:** NAFTA was a trilateral agreement signed by Canada, Mexico, and the United States in 1994. Its goal was to eliminate most tariffs on goods traded between the three countries over a transition period and to liberalize trade in services and investment. It also included provisions on intellectual property rights, environmental protection, and labor standards.
- **Key Provisions:** NAFTA eliminated tariffs on a vast majority of goods originating in the member countries. It also established rules for trade in services, investment, and intellectual property. It created a framework for resolving trade disputes between the member states.
- **Impact:** NAFTA significantly increased trade and investment flows between the three North American countries. It led to the development of complex supply chains and had a substantial impact on the economies of the member states, although its effects on employment and wages were debated.
- **Replacement by USMCA:** In 2020, NAFTA was replaced by the United States-Mexico-Canada Agreement (USMCA). While largely maintaining the free trade framework, USMCA introduced some significant changes, including stricter rules of origin for automobiles, increased labor provisions, and adjustments to intellectual property rules. The USMCA reflects a desire to update the trade agreement to address concerns about job losses in the US and to modernize it for the 21st-century economy.

## 3. **European Union (EU) Single Market and Trade Agreements:**

- **Origin and Evolution:** The European Union evolved from post-World War II efforts to integrate European economies and prevent future conflicts. The creation of a common market, and later a single market, was a central goal. The single market aims to allow the free movement of goods, services, capital, and people among member states.
- **Key Features of the Single Market:** The EU's single market involves the elimination of tariffs and non-tariff barriers between member states, the harmonization of regulations and standards, and the establishment of common policies in areas like competition and trade.
- **External Trade Agreements:** In addition to the single market among its members, the EU has also negotiated numerous bilateral and multilateral trade agreements with countries and regions around the world. These



agreements aim to reduce trade barriers and promote economic cooperation with external partners. Examples include comprehensive trade agreements with Canada (CETA), Japan, and South Korea.

- **Impact:** The EU's single market has created one of the world's largest and most integrated economies, fostering significant trade and investment flows among member states. Its external trade agreements have expanded its global economic reach and influence. The EU serves as a model for regional economic integration and the benefits of deep trade liberalization.

These three examples illustrate the diverse forms and impacts of major international trade treaties, highlighting their crucial role in shaping the global economy and fostering interconnectedness among nations.

### **Q.No.5. Write a detailed note on UNITED NATIONS ORGANIZATION. (10)**

#### **United Nations Organization (UNO): A Detailed Note**

The United Nations Organization (UNO) is an international organization founded in 1945 after World War II by 51 original member states committed to maintaining international peace and security, developing friendly relations among nations,<sup>5</sup> and promoting social progress, better living standards, and human rights.<sup>6</sup> Today, it is the largest and most widely recognized international organization, with 193 member states.

#### **Origins and Purposes:**

The UN's predecessor, the League of Nations, established after World War I, failed to prevent another global conflict. The devastation of World War II underscored the urgent need for a more effective international body. The UN Charter, signed in San Francisco on June 26, 1945, and entering into force on October 24, 1945, outlined the organization's purposes and principles.

The main purposes of the UN, as enshrined in its Charter, are:

- **To maintain international peace and security:** This involves preventing conflicts, peacekeeping operations, peacemaking, and post-conflict peacebuilding.
- **To develop** friendly relations among nations: Based on respect for the principle of equal rights and self-determination of peoples.
- To achieve international cooperation in solving international problems of an economic,<sup>7</sup> social, cultural, or humanitarian<sup>8</sup> **character:** This includes promoting

human rights, sustainable development, global health, and poverty reduction.

- **To be a centre for harmonizing the actions of nations in the attainment of these common ends.**

### Principles of the UN:

The UN operates based on several key principles, including:

- **Sovereign Equality of Member States:** All member states have equal rights and duties.
- **Non-Intervention in Domestic Affairs:** The UN generally does not intervene in matters that are essentially within the domestic jurisdiction of any state.
- **Peaceful Settlement of Disputes:** Member states are obligated to settle their international disputes by peaceful means.
- **Refraining from the Threat or Use of Force:** Member states shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any<sup>9</sup> state.
- **Assistance to the UN:**<sup>10</sup> Member states are obligated to give the UN every assistance in any action it takes in accordance with the Charter.

### Structure of the UN:

The UN system is vast and complex, comprising several principal organs and numerous specialized agencies, funds, and programs. The six principal organs are:

- **General Assembly (GA):** The main deliberative, policymaking, and representative organ. It is composed of representatives from all member states, each having one vote. The GA discusses a wide range of international issues and makes recommendations in the form of resolutions.
- **Security Council (SC):** Has primary responsibility for the maintenance of international peace and security. It has 15 members,<sup>11</sup> including five permanent members with veto power<sup>12</sup>



# UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Sixth Semester – Spring 2022

Paper: Current Business Affairs

Course Code: BBA-310

Roll No. ....

Time: 3 Hrs. Marks: 60

**THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED**

**Q.1. Define the following terms:**

**(15x2=30)**

- i. What is the nature of Pak-Afghan relations?
- ii. Why Pakistan is an important country for China?
- iii. Enlist the countries included in ASEAN?
- iv. Enlist the countries included in the G-8.
- v. Why China is so close to Pakistan?
- vi. What is the primary function of IAEA?
- vii. Explain the merits and demerits of Globalization on domestic business affairs of a country.
- viii. Enlist the countries included in the G-8.
- ix. Why China is so close to Pakistan?
- x. Who are the members of D-8.
- xi. What is the difference between Asia and ASEAN?
- xii. Enlist the elements of environmental governance.
- xiii. Write down the name of four subsidiaries of UN.
- xiv. Discuss the role of WORLD BANK during international crisis.
- xv. Does the US have diplomatic relations with Pakistan?

**Answer the following questions.**

**(3x10=30)**

**Q.No.2. Why the use of Nuclear, chemical, and biological weapons during war is strictly prohibited? Explain with the help of conventions and treaties.**

**Q.No.3. What is meant by Treaty? Discuss the rules regarding the formation and termination of treaties.**

**Q.No.4. Write a note on CPEC. Discuss the prospectus and challenges to the construction of China Pakistan economic corridor.**

Okay, here are the explanations for the short questions, each within approximately 7-8 lines:

i. What is the nature of Pak-Afghan relations?

Pak-Afghan relations are historically complex, marked by shared cultural and religious ties but also significant challenges. The Durand Line border remains a point of contention, and the presence of Afghan refugees in Pakistan has been a long-standing issue. Allegations of cross-border militancy and differing perspectives on regional security have frequently strained the relationship, despite occasional efforts towards cooperation and dialogue. Trust deficits and geopolitical influences often shape their interactions.

ii. Why Pakistan is an important country for China?

Pakistan's strategic location, bordering China and providing access to the Arabian Sea through Gwadar Port, is crucial for China's Belt and Road Initiative (CPEC). Their "all-weather strategic cooperative partnership" is built on shared geopolitical interests, including countering regional rivals. Pakistan has historically supported China on international platforms, and CPEC represents a massive economic and infrastructure investment, solidifying their close ties and China's regional influence.

iii. Enlist the countries included in ASEAN?

ASEAN (Association of Southeast Asian Nations) is a regional organization promoting economic, political, and security cooperation among Southeast Asian nations. Its ten member states are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. These countries work together on various issues of common interest within the Southeast Asian region.

iv. Enlist the countries included in the G-8?

The G-8 (Group of Eight) was a forum for major industrialized democracies. Its members were Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States. However, Russia was suspended in 2014, and the group is now known as the G-7, comprising the original members excluding Russia.

v. Why China is so close to Pakistan?

China and Pakistan's close relationship is primarily driven by shared strategic interests, particularly in balancing regional power dynamics and addressing mutual security concerns. This has fostered strong economic cooperation, evidenced by CPEC, and deep military ties. Their consistent diplomatic support for each other on international forums has further solidified their "all-weather" friendship over several decades.

vi. What is the primary function of IAEA?

The International Atomic Energy Agency (IAEA) serves as the world's "Atoms for Peace and Development" organization within the United Nations system. Its primary function is to promote the peaceful use of nuclear energy while simultaneously working to prevent the proliferation of nuclear weapons. The IAEA establishes and implements safeguards to verify that nuclear materials are not diverted from peaceful applications.

vii. Explain the merits and demerits of Globalization on domestic business affairs of a country.

Globalization offers domestic businesses access to larger international markets and opportunities for economies of scale. Technology transfer and increased competition can



spur innovation and potentially lower consumer prices. However, domestic industries may face intense competition from foreign firms, potentially leading to job displacement. Increased dependence on global markets can also create vulnerabilities to international economic shocks and may exert pressure on labor and environmental standards.

viii. Enlist the countries included in the G-8.

(This is a repetition of question iv. Please see the answer provided there.)

ix. Why China is so close to Pakistan?

(This is a repetition of question v. Please see the answer provided there.)

x. What are the members of D-8?

The D-8 (Developing Eight) is an organization focused on economic development cooperation among eight developing countries with significant Muslim populations. Its member states are Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey, aiming to foster economic partnerships and collaboration.

xi. What is the difference between Asia and ASEAN?

Asia is a vast continent, the largest and most populous on Earth, encompassing a wide array of countries with diverse cultures, economies, and political systems. ASEAN (Association of Southeast Asian Nations) is a regional political and economic organization comprising ten specific member states located geographically within Southeast Asia. Therefore, ASEAN is a sub-group, a regional bloc within the broader continent of Asia.

xii. Enlist the elements of environmental governance.

Environmental governance encompasses the rules, practices, policies, and institutions that shape how humans interact with and impact the environment. Key elements include establishing legal and regulatory frameworks, involving diverse stakeholders (governments, businesses, NGOs), ensuring monitoring and enforcement of rules, promoting transparency and access to information, and utilizing economic instruments and financial resources for environmental protection.

xiii. Write down the name of four subsidiaries of UN.

The United Nations system includes numerous specialized agencies, funds, and programs that address specific global issues. Four prominent subsidiaries are UNICEF (United Nations Children's Fund), working for children's rights; WHO (World Health Organization), coordinating international public health; UNDP (United Nations Development Programme), focusing on poverty reduction and sustainable development; and UNHCR (United Nations High Commissioner for Refugees), protecting refugees and displaced populations.

xiv. Discuss the role of WORLD BANK during international crisis.

During international crises, such as economic downturns, natural disasters, or pandemics, the World Bank plays a crucial role by providing rapid financial assistance through loans and grants to affected countries. It also offers technical expertise and policy advice to help stabilize economies, rebuild infrastructure, and implement recovery strategies. Furthermore, the World Bank often coordinates with other international organizations to ensure a comprehensive and effective response to the crisis.

xv. Does the US have diplomatic relations with Pakistan?

Yes, the United States and Pakistan maintain diplomatic relations. They have embassies in each other's capitals and engage in ongoing dialogue on a range of bilateral, regional, and

international issues. While the relationship has experienced periods of complexity and varying levels of cooperation, formal diplomatic ties have been continuous since Pakistan's independence.



Okay, let's delve into the detailed explanations for the long questions:

**Q.No.2. Why the use of Nuclear, chemical, and biological weapons during war is strictly prohibited? Explain with the help of conventions and treaties.**

The use of nuclear, chemical, and biological weapons (NBC weapons) during warfare is strictly prohibited under international law due to their inherently indiscriminate, inhumane, and potentially catastrophic effects.<sup>1</sup> This prohibition is enshrined in several key conventions and treaties that reflect a global consensus on the unacceptable nature of these weapons.<sup>2</sup>

**Reasons for Strict Prohibition:**

**1. Indiscriminate Effects:**

- Nuclear Weapons: The destructive power of nuclear weapons is immense, causing widespread and long-lasting devastation far beyond military targets.<sup>3</sup> The effects include blast waves, thermal radiation, and radioactive fallout, which can harm civilian populations indiscriminately, contaminate vast areas, and have long-term health consequences, including genetic damage and cancer.<sup>4</sup>
- Chemical Weapons: These weapons utilize toxic chemicals to cause death, injury, or incapacitation.<sup>5</sup> They can be dispersed as gases, liquids, or aerosols and are often difficult to control, posing a significant threat to non-combatants in the vicinity.<sup>6</sup> Wind and weather patterns can carry chemical agents far from intended targets.
- Biological Weapons: Biological weapons employ living organisms (like bacteria, viruses, fungi) or their toxic products to cause disease and death.<sup>7</sup> Their effects can be unpredictable and difficult to contain, potentially leading to widespread epidemics affecting both military and civilian populations across borders.<sup>8</sup>

**2. Inhumane Suffering:**

- NBC weapons are designed to inflict particularly cruel and agonizing suffering. Nuclear weapons cause horrific burns, blast injuries, and radiation sickness.<sup>9</sup> Chemical weapons can cause blistering, choking, nerve damage, and blindness.<sup>10</sup> Biological weapons can lead to debilitating and often fatal diseases.<sup>11</sup> The scale and nature of the suffering caused by these weapons are considered morally reprehensible and violate the principles of minimizing unnecessary suffering in warfare.

**3. Potential for Escalation and Catastrophic Consequences:**

- The use of any NBC weapon carries a significant risk of escalation. The use of

a chemical or biological weapon could provoke retaliation in kind or even escalate to the use of nuclear weapons. Nuclear use, even on a limited scale, carries the existential risk of large-scale nuclear war with devastating consequences for humanity and the environment.

**4. Long-Term and Environmental Damage:**

- Nuclear weapons can cause long-term radioactive contamination, rendering areas uninhabitable for extended periods and causing lasting environmental damage.<sup>12</sup> Chemical and biological agents can also have persistent environmental effects.

**5. Violation of the Laws of Armed Conflict (LOAC):**

- The use of NBC weapons often violates fundamental principles of the LOAC, including the principles of distinction (between combatants and non-combatants), proportionality (harm to civilians must not be excessive in relation to the military advantage gained), and the prohibition of causing unnecessary suffering.<sup>13</sup>

**Conventions and Treaties Prohibiting NBC Weapons:**

Several international legal instruments explicitly prohibit or restrict the development, production, stockpiling, and use of NBC weapons:

1. The Geneva Protocol (1925): This protocol prohibits the use in war of asphyxiating, poisonous, or other gases, and of bacteriological methods of warfare.<sup>1415</sup> While a significant step, it primarily focused on *use* and did not prohibit the development or possession of these weapons. Many states also reserved the right to retaliate in kind.
2. The Biological Weapons Convention (BWC) (1972): This treaty comprehensively prohibits the development, production, stockpiling, acquisition, retention, or transfer of biological and toxin weapons.<sup>16</sup> It also requires states parties to destroy their existing stocks. The BWC lacks a robust verification mechanism, which remains a challenge.<sup>17</sup>
3. The Chemical Weapons Convention (CWC) (1993): The CWC prohibits the development, production, stockpiling, and use of chemical weapons and requires the destruction of existing stockpiles.<sup>1819</sup> It includes a detailed verification regime with provisions for inspections by the Organisation for the Prohibition of Chemical Weapons (OPCW).<sup>20</sup> The CWC is considered a landmark treaty in its comprehensiveness.
4. **Treaty on the Non-Proliferation of Nuclear Weapons (NPT) (1968):** While not explicitly prohibiting the *use* of nuclear weapons, the NPT aims to prevent the spread of nuclear weapons to non-nuclear weapon states.<sup>21</sup> Nuclear weapon

states party to the treaty undertake not to transfer nuclear weapons or assist non-nuclear weapon states in acquiring them and commit to pursuing disarmament negotiations.<sup>22</sup> The NPT regime creates a strong norm against the acquisition and proliferation of nuclear weapons, which indirectly impacts considerations of their use.<sup>23</sup>

5. **Customary International Law:** The prohibition against the use of certain inhumane weapons, including those that are indiscriminate or cause unnecessary suffering, has arguably attained the status of customary international law, binding on all states regardless of whether they are party to specific treaties.

## **Conclusion:**

The strict prohibition against the use of nuclear, chemical, and biological weapons during war stems from a profound recognition of their devastating and uncontrollable consequences, their inherent inhumanity, and their violation of fundamental principles of international law and morality. The Geneva Protocol, BWC, and CWC represent key legal pillars of this prohibition, reflecting a global commitment to preventing the use of these horrific weapons and mitigating the existential threats they pose to humanity. While challenges to full compliance and verification remain, the strong normative and legal framework underscores the international community's condemnation of their use.

## **Q.No.3. What is meant by Treaty? Discuss the rules regarding the formation and termination of treaties.**

### **What is meant by Treaty?**

As explained in the previous response, a treaty is a formal written agreement concluded between two or more sovereign states (or between states and international organizations) governed by international law.<sup>24</sup> It creates binding obligations on the parties involved. Treaties serve as a primary source of international law and are essential for regulating a wide range of international relations.<sup>25</sup>

### **Rules Regarding the Formation of Treaties (Treaty-Making Process):**

The formation of treaties is governed by the Vienna Convention on the Law of Treaties (VCLT), which is widely considered to reflect customary international law.<sup>26</sup> The typical stages involved in the formation of a treaty are:

1. **Negotiation:** This is the initial phase where the parties discuss the terms and provisions of the proposed treaty. Negotiations can take place through diplomatic

channels, at international conferences, or within the framework of international organizations. The duration and complexity of negotiations depend on the subject matter and the number of parties involved.

2. **Adoption of the Text:** Once the negotiating parties reach a consensus on the content, the text of the treaty is adopted. The method of adoption is usually specified in the rules of procedure of the negotiating forum. For bilateral treaties, adoption typically occurs by agreement of both parties. For multilateral treaties, it often requires a vote (e.g., a two-thirds majority in an international conference).
3. **Authentication of the Text:** After adoption, the text of the treaty is authenticated to establish it as the definitive and authentic version. Common methods of authentication include signature, signature ad referendum (subject to confirmation), or initialing of the text by the representatives of the negotiating states.
4. **Expression of Consent to be Bound:** This is the crucial stage where a state formally indicates its willingness to be legally bound by the treaty. The VCLT provides several ways for a state to express its consent:
  - **Signature:** In some cases, signature alone can express a state's consent to be bound, particularly for less formal agreements or when the treaty so provides.
  - **Ratification:** This is a more formal process where a state, after signing the treaty, undertakes a domestic legal procedure (e.g., parliamentary approval) to confirm its consent to be bound.<sup>27</sup> Ratification is usually required for more significant treaties.
  - **Acceptance or Approval:** These are similar to ratification and have the same legal effect. They are often used when a state did not sign the treaty initially or when its constitutional procedures do not require ratification.
  - **Accession:** A state that did not participate in the negotiation or signing of a treaty can express its consent to be bound by acceding to it at a later stage, provided the treaty allows for accession.<sup>28</sup>
  - **Exchange of Instruments or Deposit:** For bilateral treaties, consent is often expressed through the exchange of instruments of ratification or accession.<sup>29</sup> For multilateral treaties, states typically deposit their instruments of consent with a designated depositary (often the Secretary-General of the UN).<sup>30</sup>
5. **Entry into Force:** A treaty enters into force when the conditions specified in the treaty itself are met. This usually involves a certain number of states having expressed their consent to be bound. For bilateral treaties, it might be upon the exchange of instruments. For multilateral treaties, it often requires a specific number of ratifications or accessions.

## Rules Regarding the Termination of Treaties:

A treaty, once in force, remains binding on the parties unless it is terminated or suspended in accordance with its provisions or the rules of international law. The VCLT outlines several grounds for the termination or suspension of treaties:

1. **Termination by the Terms of the Treaty:** A treaty may contain provisions specifying its duration or the conditions under which it will terminate. For example, a treaty might be concluded for a fixed period or may terminate upon the occurrence of a specific event.
2. **Termination by Consent of the Parties:** All the parties to a treaty can agree to terminate it at any time. This can be done through a subsequent agreement.
3. **Denunciation or Withdrawal:** Some treaties contain provisions allowing a party to denounce (for bilateral treaties) or withdraw (for multilateral treaties) from the treaty by giving a specified period of notice.<sup>31</sup>
4. **Material Breach:** A material breach of a treaty by one party may entitle the other party or parties to invoke the breach as a ground for terminating or suspending the treaty in whole or in part. A material breach is defined as a repudiation of the treaty not sanctioned by the present Convention or the violation of a provision essential to the accomplishment of the object<sup>32</sup> and purpose of the treaty.<sup>3334</sup>
5. **Supervening Impossibility of Performance:** If the permanent disappearance or destruction of an object essential for the execution of the treaty makes its performance impossible, a party may invoke this as a ground for terminating or withdrawing from the treaty. However, this cannot be invoked if the impossibility is the result of the party's own breach of the treaty or of another international obligation.
6. **Fundamental Change of Circumstances (Rebus Sic Stantibus):** This is a more limited ground for termination. A fundamental change of circumstances that was not foreseen by the parties at the time of the treaty's conclusion may be invoked as a ground for terminating or withdrawing from the treaty if:
  - The existence of those circumstances constituted an essential basis of the<sup>35</sup> consent of the parties to be bound by the treaty.
  - The effect of the change is radically to transform the extent of obligations still to be performed under the treaty.<sup>36</sup> However, this cannot be invoked if the treaty establishes a boundary or if the fundamental change is the result of a breach by the party invoking it.
7. **Emergence of a New Peremptory Norm of General International Law (Jus Cogens):** If a new peremptory norm of general international<sup>37</sup> law (a fundamental principle from which no derogation is permitted) emerges that conflicts with an

existing treaty, the treaty becomes void and terminates.

8. **Severance of Diplomatic or Consular Relations:** The severance of diplomatic or consular relations between parties does not automatically lead to the termination of a treaty between them, unless the existence of such relations is indispensable for the application of the treaty.

### **Suspension of Treaties:**

In certain circumstances, a treaty may be suspended rather than terminated. Grounds for suspension include:

- **Temporary Impossibility of Performance:** If the impossibility of performance is temporary.
- **Agreement of the Parties:** Parties can agree to suspend the operation of a treaty temporarily.<sup>38</sup>
- **Material Breach:** A material breach may also be invoked as a ground for suspending the treaty.

The rules regarding the formation and termination of treaties are crucial for maintaining the stability and predictability of international relations and ensuring the sanctity of international agreements. The Vienna Convention on the Law of Treaties provides the overarching legal framework for these processes.

### **Q.No.4. Write a note on CPEC. Discuss the prospectus and challenges to the construction of China Pakistan economic corridor.**

#### **A Note on the China-Pakistan Economic Corridor (CPEC):**

The China-Pakistan Economic Corridor (CPEC) is a flagship project of China's Belt and Road Initiative (BRI).<sup>39</sup> It is a massive infrastructure development plan that aims to connect Kashgar in China's Xinjiang Uyghur Autonomous Region to the port of Gwadar in Pakistan's Balochistan province through a network of highways, railways, pipelines, and economic zones.<sup>40</sup> Launched in 2015, CPEC represents a significant strategic and economic partnership between China and Pakistan, with investments estimated to be in the tens of billions of dollars.<sup>41</sup>

#### **Prospectus of CPEC:**

CPEC holds immense potential benefits for both China and Pakistan.<sup>42</sup>

#### **For Pakistan:**

- **Economic Growth and Development:** CPEC is expected to boost Pakistan's



economy through infrastructure development, increased trade and investment, and the establishment of special economic zones (SEZs) that can attract foreign and domestic businesses, leading to industrialization and job creation.<sup>43</sup>

- **Improved Infrastructure:** The project aims to modernize Pakistan's transportation network, including highways, railways, and ports, which will improve connectivity within the country and facilitate trade.<sup>44</sup> Energy projects under CPEC are intended to address Pakistan's chronic energy shortages.
- **Enhanced Connectivity:** CPEC will improve Pakistan's connectivity with China and Central Asia, potentially transforming it into a regional trade and transit hub.<sup>45</sup> The Gwadar Port is envisioned as a key node in this network.
- **Job Creation:** The construction and operation of CPEC-related projects are expected to generate significant employment opportunities across various sectors.<sup>46</sup>
- **Attracting Foreign Investment:** CPEC can act as a catalyst for attracting further foreign direct investment into Pakistan beyond the CPEC framework itself.
- **Regional Integration:** CPEC can foster greater economic integration within the South Asian region and beyond.<sup>47</sup>

#### **For China:**

- **Strategic Access:** CPEC provides China with a shorter and more direct route to the Arabian Sea and the Indian Ocean, reducing its reliance on the Malacca Strait, a strategically important but potentially vulnerable chokepoint.<sup>48</sup>
- **Economic Opportunities:** The project offers Chinese companies opportunities for investment and market expansion in Pakistan and the wider region.<sup>49</sup> It also aims to promote development in China's western regions, particularly Xinjiang.
- **Energy Security:** Pipelines under CPEC could potentially transport oil and gas to China, enhancing its energy security.<sup>50</sup>
- **Geopolitical Influence:** CPEC strengthens China's strategic influence in South Asia and its broader Belt and Road Initiative.<sup>51</sup>

#### **Challenges to the Construction of CPEC:**

Despite its significant potential, the construction and long-term success of CPEC face several challenges:

1. **Security Concerns:** The security situation in Pakistan, particularly in Balochistan where Gwadar Port is located and many CPEC projects pass through, poses a significant threat. Militant groups have targeted CPEC projects and personnel, raising security costs and deterring investment.<sup>52</sup> Ensuring the safety of workers and infrastructure requires sustained efforts and resources.

2. **Political Instability and Policy Consistency:** Pakistan's political landscape has been marked by instability, with frequent changes in government.<sup>53</sup> This can lead to shifts in policy and priorities, potentially affecting the continuity and implementation of CPEC projects. Maintaining long-term policy consistency is crucial for investor confidence.
3. **Economic Sustainability and Debt Concerns:** The large-scale borrowing by Pakistan to finance CPEC projects has raised concerns about the country's debt sustainability. Ensuring that the economic benefits generated by CPEC outweigh the debt burden is a critical challenge.
4. **Transparency and Corruption:** Concerns have been raised about the transparency of CPEC deals and the potential for corruption in project implementation.<sup>54</sup> Lack of transparency can undermine public trust and lead to inefficiencies.
5. **Local Opposition and Social Issues:** In some regions, particularly Balochistan, there has been local opposition to CPEC projects due to concerns about displacement, environmental impact, and the perceived lack of benefits for local communities.<sup>55</sup> Addressing these social and environmental concerns is essential for the smooth progress of the corridor.
6. **Geopolitical Factors and External Influence:** CPEC has faced scrutiny and opposition from some countries, particularly India, which views it as a violation of its sovereignty due to its passage through Pakistan-administered Kashmir.<sup>56</sup> The broader geopolitical rivalry in the region can also create challenges.
7. **Implementation Delays and Bureaucracy:** Like many large infrastructure projects, CPEC has faced delays in implementation due to bureaucratic hurdles, land acquisition issues, and coordination challenges between different government agencies and Chinese counterparts.
8. **Energy Sector Challenges:** While CPEC includes energy projects, issues related to power transmission, pricing, and circular debt in Pakistan's energy sector can impact their effectiveness.
9. **Technological Transfer and Skill Development:** Ensuring that CPEC projects lead to meaningful technology transfer and skill development for the local Pakistani workforce is a challenge that requires proactive planning and implementation.

## Conclusion:

CPEC represents a transformative initiative with the potential to significantly boost Pakistan's economy and enhance regional connectivity, while also providing strategic and economic benefits for China.<sup>57</sup> However, realizing this potential requires effectively addressing the significant security, political, economic, social, and

geopolitical challenges that the project faces. Sustained commitment from both countries, along with transparency, inclusivity, and a focus on long-term sustainability, will be crucial for the successful construction and operation of the China-Pakistan Economic Corridor.



# UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Sixth Semester – Spring 2023

Paper: Current Business Affairs

Course Code: BBA-310

Roll No. ....

Time: 3 Hrs. Marks: 60

**THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED**

**Q.1. Define the following terms:**

**(15x2=30)**

- i. What is the role of the IMF in the global economy?
- ii. How does the IMF help its member countries?
- iii. How does the World Bank promote economic growth?
- iv. Enlist the countries included in the ASEAN?
- v. How many member states are there in the United Nations?
- vi. How does WTO promote free trade?
- vii. Who are the members of D-8?
- viii. How is the International Economic Association funded?
- ix. What are the key principles of environmental governance?
- x. What role has Pakistan played in the Kashmir conflict?
- xi. What are the causes of nuclear proliferation?
- xii. How does the United Nations Security Council (UNSC) address the issue of nuclear proliferation?
- xiii. What is an international treaty?
- xiv. What role has technology played in globalization?
- xv. What organizations are associated with the G-8?

**Answer the following questions.**

**(3x10=30)**

**Q no.2** How does the IMF work to promote economic growth and financial stability globally?

**Q no.3** What role do international organizations, such as the United Nations, play in preventing the spread of nuclear weapons?

**Q no.4** How has the international community responded to the situation in Kashmir and what measures have been taken to address the conflict?



## **Q.1. Define the following term**

i. What is the role of the IMF in the global economy?

The International Monetary Fund (IMF) plays a crucial role in the global economy by promoting international monetary cooperation,<sup>1</sup> facilitating international trade, promoting high employment and sustainable economic growth, and providing temporary financial assistance to member countries facing balance of payments difficulties. It also serves as a forum for consultation and advice on economic and financial issues.

ii. How does the IMF help its member countries?

The IMF helps its member countries primarily by providing financial assistance in the form of loans to countries experiencing economic crises. These loans often come with conditions (structural adjustment programs) aimed at addressing the underlying economic problems. The IMF also offers technical assistance and training to improve economic management and data collection in member countries. Furthermore, it conducts surveillance of the global and national economies, providing early warnings and policy recommendations.

iii. How does the World Bank promote economic growth?

The World Bank focuses on long-term economic development and poverty reduction. It promotes economic growth by providing financial and technical assistance to developing countries for a wide range of projects and programs in areas such as infrastructure, education, health, agriculture, and governance. The World Bank also conducts research and analysis, and provides policy advice to support sustainable and inclusive growth.

iv. Enlist the countries in the ASEAN.

The Association of Southeast Asian Nations (ASEAN) currently comprises ten member states: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

v. How many member states are there in the United Nations?

As of my last update, there are 193 member states in the United Nations.

vi. How does WTO promote free trade?

The World Trade Organization (WTO) promotes free trade by:

- \* Setting rules for international trade: It administers and enforces trade agreements negotiated by its members.
- \* Reducing trade barriers: It encourages the lowering of tariffs and other trade restrictions.
- \* Providing a forum for negotiations: It serves as a platform for member countries to discuss and resolve trade disputes.
- \* Ensuring fair trade practices: It aims to prevent discriminatory trade policies.

vii. Who are the members of the G7?

The Group of Seven (G7) is an intergovernmental political forum consisting of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.<sup>2</sup> The European Union also participates<sup>3</sup> in discussions.

viii. How is the International Economic Association funded?

The International Economic Association (IEA) is primarily funded through membership fees

from individual and institutional members, as well as through grants and donations for specific projects and activities. Revenue from its publications, such as the International Economic Review, also contributes to its funding.

ix. What are the main pillars of Pakistan's foreign policy?

Based on general knowledge, the main pillars of Pakistan's foreign policy typically include:

- \* Preservation of national sovereignty and territorial integrity.
- \* Promotion of national interests, including economic development and security.
- \* Maintenance of peaceful relations with all countries, particularly neighbors.
- \* Solidarity with the Muslim world.
- \* Active role in international organizations.
- \* Non-interference in the internal affairs of other states.
- \* Peaceful settlement of disputes.

x. What role has Pakistan played in the Kashmir conflict?

Pakistan views Kashmir as a disputed territory and has historically advocated for the right of self-determination for the Kashmiri people, often supporting separatist movements. It has been involved in multiple wars and conflicts with India over the region. Pakistan administers a portion of Kashmir known as Azad Kashmir and considers the Indian-administered Jammu and Kashmir to be under occupation. It has consistently raised the issue at international forums like the United Nations.

xi. What are the causes of nuclear proliferation?

The causes of nuclear proliferation are complex and include:

- \* Security concerns: States may seek nuclear weapons for deterrence against perceived threats.
- \* Prestige and status: Nuclear weapons can be seen as symbols of national power and influence.
- \* Regional rivalries: Competition and mistrust between neighboring countries can drive proliferation.
- \* Technological advancements: The spread of nuclear technology and expertise makes it easier for more states to develop weapons.
- \* Lack of effective international controls: Weaknesses in non-proliferation regimes can be exploited.

xii. What is an international treaty?

An international treaty is a formal written agreement between two or more sovereign states (or international organizations acting with treaty-making capacity) governed by international law. Treaties can cover a wide range of subjects, including trade, human rights, environmental protection, and security. They are binding on the states that have ratified or acceded to them.

xiii. What role has technology played in globalization?

Technology has been a major driver of globalization by:

- \* Facilitating communication: The internet, email, and mobile phones have made global communication faster and cheaper.
- \* Reducing transportation costs: Advancements in transportation technology have made it easier and more affordable to move goods and people across borders.
- \* Enabling global supply chains: Information technology allows companies to manage complex



international production networks.

- \* Promoting the spread of information and ideas: The internet and social media have accelerated the exchange of culture, knowledge, and innovation.

- \* Facilitating financial flows: Electronic banking and financial technologies have made international transactions easier.

xiv. What organizations are associated with the G-7?

The G7 works with and engages various international organizations, including:

- \* International Monetary Fund (IMF)

- \* World Bank

- \* World Trade Organization (WTO)

- \* United Nations (UN) and its specialized agencies

- \* Financial Stability Board (FSB)

- \* Organisation for Economic Co-operation and Development (OECD)

## **Q.2. How does the IMF work to promote economic growth and financial stability globally?**

The IMF works to promote global economic growth and financial stability through several key mechanisms:

- **Surveillance:** The IMF monitors the economic and financial policies of its member countries and the global economy as a whole. This involves regular consultations with member countries, analyzing economic trends, and identifying potential risks to stability. It provides early warnings and policy recommendations to prevent or mitigate crises.
- **Financial Assistance:** The IMF provides loans to member countries facing balance of payments problems. This financial support helps countries stabilize their economies, restore confidence, and implement necessary reforms. The loans are typically conditional on the borrowing country adopting specific economic policies aimed at addressing the underlying issues.
- **Technical Assistance:** The IMF offers technical assistance and training to help member countries strengthen their economic<sup>4</sup> institutions and policies. This includes areas such as fiscal management, monetary policy, exchange rate systems, and financial sector regulation. Building capacity in these areas contributes to long-term economic stability and growth.
- **Promoting International Cooperation:** The IMF serves as a forum for international cooperation on monetary and financial issues. It brings together policymakers from its member countries to discuss global challenges and coordinate policy responses. This collaboration is essential for maintaining a stable and well-functioning international financial system.
- **Research and Analysis:** The IMF conducts extensive research and analysis on global and national economic issues. This research informs its policy advice and

contributes to a better understanding of the factors driving economic growth and financial stability. Its publications and data are widely used by policymakers, academics, and the private sector.

### **Q.3. What role do international organizations, such as the United Nations, play in preventing the spread of nuclear weapons?**

International organizations, particularly the United Nations, play a crucial role in preventing the spread of nuclear weapons (nuclear non-proliferation) through various means:

- **Establishing and Overseeing Treaties and Regimes:** The UN is the primary body overseeing key international treaties aimed at non-proliferation, most notably the **Treaty on the Non-Proliferation of Nuclear Weapons (NPT)**. The UN facilitates negotiations, encourages adherence, and monitors compliance with such agreements through bodies like the International Atomic Energy Agency (IAEA).
- **The International Atomic Energy Agency (IAEA):** While technically an independent organization, the IAEA works closely with the UN. Its primary role is to verify that nuclear materials are not diverted from peaceful uses to nuclear weapons. It conducts inspections in member states, provides technical assistance for nuclear safety and security, and promotes the peaceful uses of nuclear technology.
- **Security Council Resolutions:** The UN Security Council has the authority to pass resolutions imposing sanctions and other measures on states that violate non-proliferation norms or are found to be pursuing nuclear weapons programs in defiance of international agreements. These resolutions carry significant weight and can influence state behavior.
- **Diplomacy and Dialogue:** The UN provides a platform for diplomatic discussions and negotiations on disarmament and non-proliferation issues. It facilitates dialogue between states with differing views and aims to build consensus on strengthening the non-proliferation regime.
- **Raising Awareness and Promoting Norms:** The UN and its various agencies work to raise global awareness about the dangers of nuclear proliferation and to promote a strong international norm against the acquisition and use of nuclear weapons. This includes public campaigns, educational initiatives, and reports highlighting the humanitarian consequences of nuclear war.
- **Supporting Regional Non-Proliferation Efforts:** The UN supports regional initiatives and agreements aimed at preventing the spread of nuclear weapons within specific geographic areas, such as nuclear-weapon-free zones.

- **Addressing Underlying Security Concerns:** By working to resolve regional conflicts and promote international peace and security, the UN can help address the underlying security concerns that might drive some states to seek nuclear weapons.

#### **Q.4. How has the international community responded to the situation in Kashmir, and what measures have been taken to address the conflict?**

The international community's response to the situation in Kashmir has been multifaceted and has evolved over time. Key aspects include:

- **United Nations Involvement:** The UN has been involved in the Kashmir issue since its early days. The **United Nations Security Council (UNSC)** passed several resolutions calling for a plebiscite to determine the future of the state. The **United Nations Military Observer Group in India and Pakistan (UNMOGIP)** was established to monitor the ceasefire line between India and Pakistan. While the resolutions remain unimplemented, the UN provides a framework for discussing the issue and maintaining a degree of international attention.
- **Bilateral Engagement:** Many countries have encouraged India and Pakistan to resolve the issue bilaterally through dialogue and negotiations. Various diplomatic efforts have been made by individual countries and groups of nations to facilitate these discussions, though with limited sustained success.
- **Statements and Resolutions:** International organizations and individual countries have issued statements and resolutions expressing concern over the human rights situation in Kashmir, particularly in the aftermath of significant political changes and security crackdowns. These statements often call for respect for human rights, dialogue, and peaceful resolution.
- **Focus on Human Rights:** International human rights organizations and some governments have raised concerns about alleged human rights violations in Kashmir, including restrictions on freedom of movement, assembly, and expression. They have called for independent investigations and accountability.
- **Economic and Political Pressure:** At times, some countries and international bodies have exerted economic or political pressure on India and Pakistan to encourage dialogue and a peaceful resolution. However, the scale and effectiveness of such pressure have varied.
- **Quiet Diplomacy:** Behind the scenes, various diplomatic channels have been used to try and de-escalate tensions and encourage confidence-building measures between India and Pakistan.
- **Limited Intervention:** The international community has generally been hesitant to intervene more directly in the Kashmir issue, respecting the sovereignty of

India and Pakistan and the complex historical context.

**Measures taken to address the conflict have included:**

- **UN-mediated efforts:** Although a plebiscite has not occurred, the UN has provided a platform for discussion and monitoring through UNMOGIP.
- **Bilateral talks:** India and Pakistan have held numerous rounds of talks at various levels, though these have often been stalled by political tensions and disagreements.
- **Confidence-building measures (CBMs):** In periods of relative calm, some CBMs have been implemented, such as cross-border bus services and trade initiatives, aimed at fostering people-to-people contact and reducing mistrust.
- **International advocacy:** Human rights organizations and some international actors continue to advocate for a peaceful and just resolution that respects the rights and aspirations of the Kashmiri people.

It's important to note that the Kashmir issue remains a complex and highly sensitive one, with no easy solutions. The international community's role has primarily been one of facilitation, observation, and advocacy, rather than direct intervention.

Please let me know if you can provide a clearer image for any specific questions you would like me to elaborate on!