

My last assignment was not checked properly, no proper mistakes were highlighted. Requesting you to point mistakes and give suggestions

Q No. 01

- Trade ~~area~~ between US and China.
- Geo-Economic Rivalry between US and China.
- Recommended Policy for Islamabad.

Answer

Introduction

There are two economic giants in the world right now, that is United States; which contributed 26% of Global GDP in 2022 and other is China; which contributed 19% of the Global GDP in 2022. US had been the ~~sole~~ sole political and economic super-power for a long time, but now China is making room for itself in the economic arena. The ongoing trade dependency and war as well between the two are exciting phenomenon. Both countries are trying hard to assert their hegemony over the economic arena of the world.

Ideological Differences

⇒ United States: Proponent of Free Market
United States is the champion of the

capitalism and made a huge success through the capitalism. In the previous century the only hurdle for US was socialist USSR, but after the breakdown of USSR, US acted as a sole super power.

United States along with its traditional allies have presented many ideologies and set several organizations

- Free Trade Agreement
- Most Favourite Nations
- GATT; which later transformed into WTO
- Free Markets
- Bretton-Wood System

⇒ China: Advocate of Protectionism

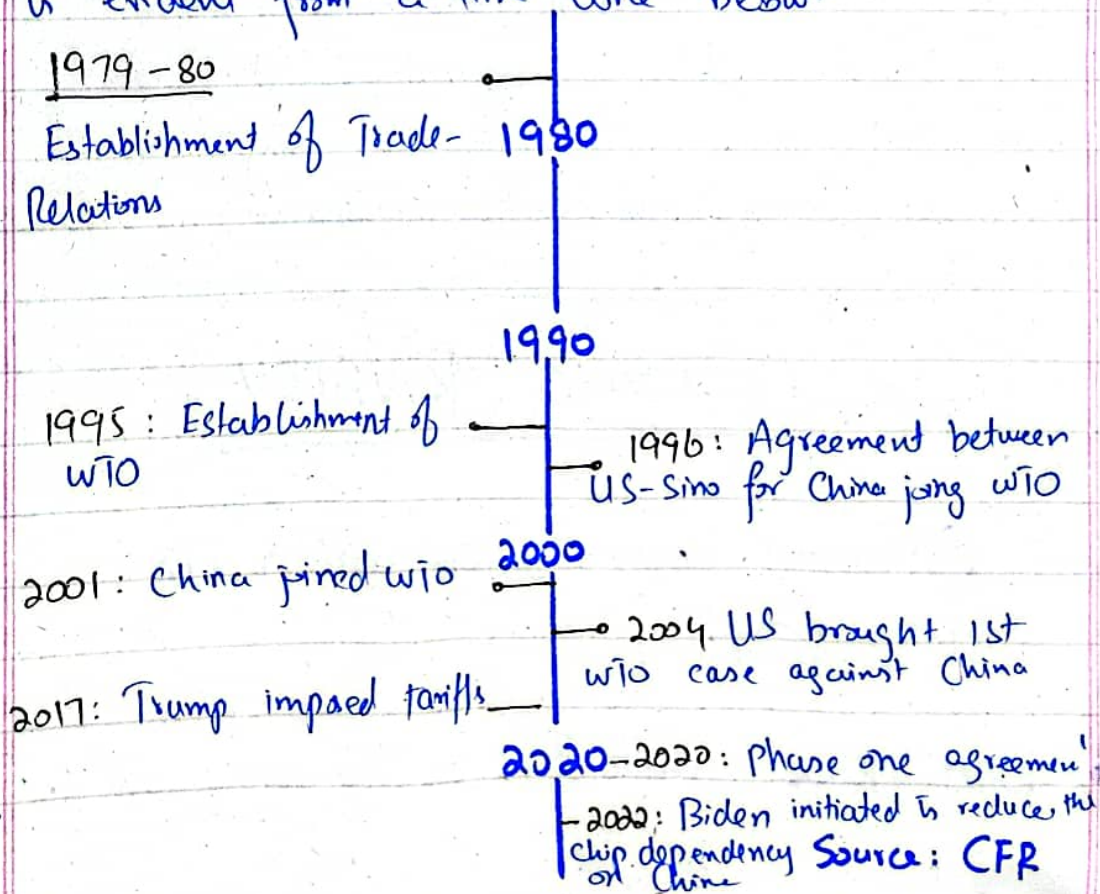
On the other hand, socialist People's Republic of China (PRC) is the strong advocate of communism and socialism. Chinese policy of protectionism is totally opposite of US. China believes in the involvement of state in the markets and the businesses.

Therefore, the ideological differences between two often play a role in the conflicts between the two nations

TRADE BETWEEN US-SINO

⇒ History of Trade between US and PRC

Despite all the differences, both countries shared a massive trade between the two nations. The trade oriented relation started in 1979 and in the single year of 2021, Chinese exports were of more than US \$ 500 Billion, whereas the American exports were of more than US \$ 150 Billion in among one-another. The trade relation is evident from a time line below.



⇒ Trade Issues Between the Both Countries

- **National Security:** US supports the free markets whereas China seeks the sharing of technology for trade, which annoys the US.
- **Currency Manipulation:** China artificially devalued the Renminbi, the Chinese currency, so their products would be seen cheaper and world get attracted to it.
- **Free Market versus State Owned Enterprises:** Chinese companies are state-owned and therefore US is cynical of it and said that there would be no competition between state-owned and free-market.

Geo-Economic Rivalry

⇒ Chinese Steps to establish its hegemony:

- **Belt Road Initiative:** Chinese President

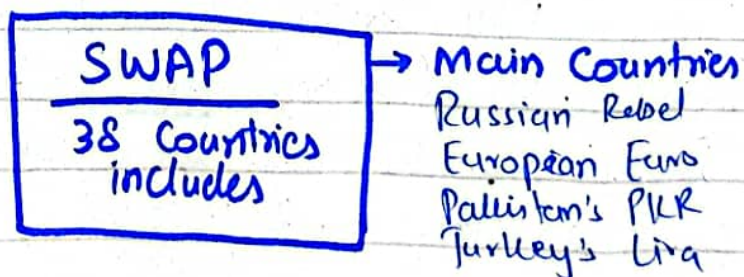
Xi Jinping launched his mastermind project of BRI, which connected all over the world through it. The initial cost was set at US \$ 1 Trillion, but many economists are expecting its rise to US \$ 8 Trillion till the end of project.

- **Largest Importer of Hydro-Carbons.**

China is not-energy-sufficient and therefore requires hydro-carbons from abroad. US was the largest exporter, but China is now exporting huge share and satisfying 29% of its hydrocarbon need from US Rival Iran.

- **De-Dollarization:**

US, after the Brettonwood system maintained its hegemony through the dollar\$. But China is breaking it via SWAP system, in which China trades with countries in their currencies.



⇒ The policy of US to contain China is not lagging behind.

- **B3W:**

US, under the patronage of G-7 countries launched a project **Build Back Better World** in the competition of Chinese **BRI**. The aim of B3W is to connect the lower and middle-income countries.

- **Using IMF and Organization to maintain its Geo-economic hegemony**

US has 16% voting share in IMF and IMF is the only source of survival for many countries like Pakistan.

Recommended Policy for PAKISTAN

- **Do not join any bloc, as Pakistan is dependent on both**

Pakistan is a country, which takes continuous loans from IMF and therefore Pakistan needs the support of US. On the other hand, Chinese lending also

proves beneficial for the country. Therefore Pakistan requires the support of both.

- **Trading with US**

US is the biggest importer of Pakistani products. The annual trade between Pakistan and US is of more than \$600 million.

- **CPEC:**

CPEC is the attached program of BRI which is making progress in the country and therefore, Pakistan needs the China on board.

- **Pakistan should maintain a balance between both countries and should follow NSP 2022-26:**

Pakistan's first ever National Security Policy 2022-26 bounds Pakistan to shift from geo-political to geo-economic without joining any bloc.

Conclusion

US and China are highly economical interdependent on each other, but the ideological mind-set and hegemonical desires are keeping them in a position of antagonism. The rivalry has started the cold war 2.0, which would be disastrous for all.

Q No. 02

- Geo-political Rivalry between US and China.
- Chances of Direct-war between US and China.
- Recommend Policy for Pakistan.

Answer

Introduction

The United States and China are in perpetual state of conflict with each other and therefore try their best to maintain their hegemony through the geo-political means. Both countries make different alliances and create hurdles for each other. Countries, especially Pakistan should be careful in choosing the side between these two giants.

Geo-Political Rivalry

⇒ Indo-Pacific Region:

Both countries are exerting their influence on globe via several initiatives. The most happening region is Indo-Pacific region. The term was coined by west in 2006, whereas Russia and China call this region: Asia Pacific. The economic importance of region is evident from

the following UN, report:

According to UN, Report 2020, this region counted the exports of \$1.3 Trillion of US to the world. Moreover, UN estimated that in the coming years, 42% of global exports would pass through this region.

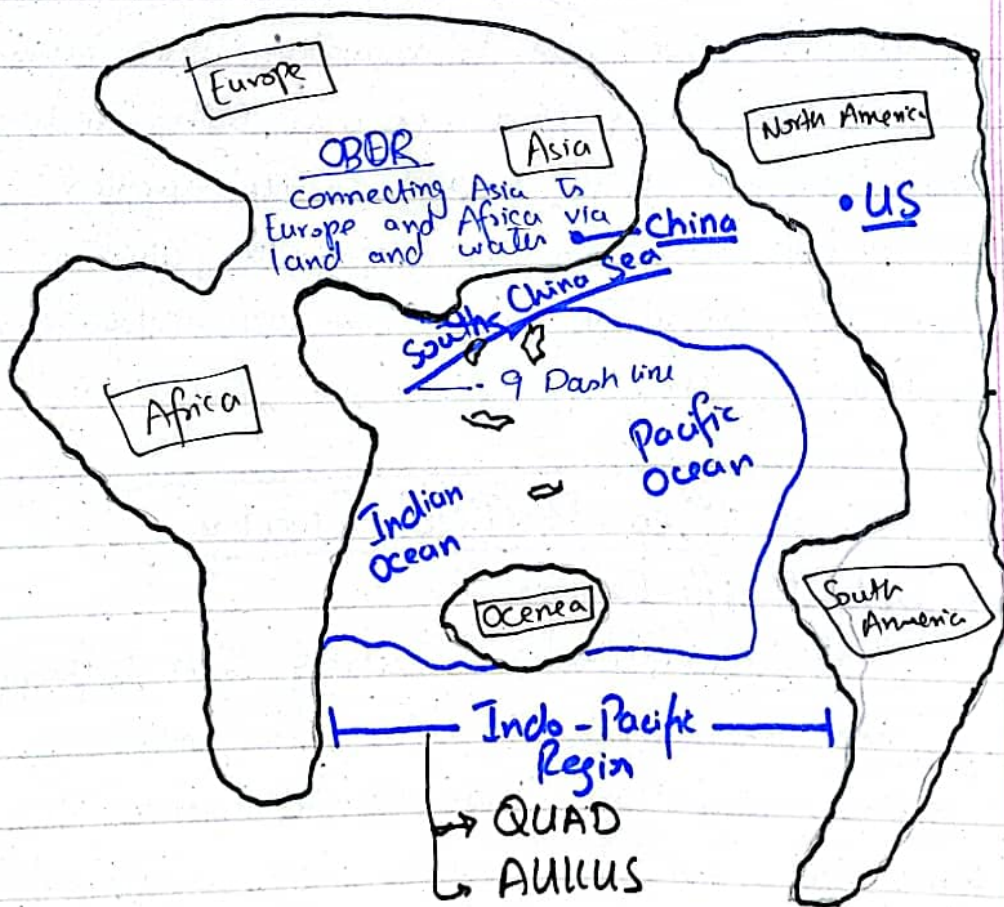


Fig: Map demonstrating Indo-Pacific Region:

⇒ Steps of China To maintain its hegemony in Region and establish its hegemony in Geo-politics all over the globe.

- OBOR / BRI :

Chinese-mega project is connecting the rest of world with China and reducing the Chinese dependency on Straits of Malacca. 147 countries have joined this Chinese project and therefore taking the globe close to China.

- European Tilt towards China :

Europe, which was considered as the US's traditional partner is seeking alliance from the China. The recent visit of French President along with EU's President brought tensions. French President issued a statement

Europe should not follow US regarding China.

Macron, Apr, 2023

• Increasing Influence in the Middle East:

China has just brokered a peace deal between the two arch Rivals that are KSA and Iran. This peace-building has established the value of China at another level. The influence of US in the region is decreasing due to dictating principles of US toward Gulf countries.

• Chinese Expansionism

China believed in spreading of its influence over the region. Therefore, China captured the Islands of South-China Sea, from the neighboring small countries, Chinese old-map of Nine Dash-line, which was later extended to 'Ten to accommodate Taiwan' is bringing disturbance in the globe.

China has established several artificial islands near the neighboring countries as a mode of deterrence.

⇒ US has initiated several plans to contain China:

• QUAD:

QUAD is a maritime alliance in the Indo-Pacific Region. It contains four states

Japan

Australia

India

US

It was established in 2017 and recent summit of May, 2022 had vowed to contain any attempt to Challenge the Status Quo unilaterally.

• AUKUS:

It was an agreement between United States, United Kingdom and Australia to handover Nuclear Submarines to Australia.

Australia is facing the dominance of China including sanctions from China. Therefore, this nuclear alliance is a threat to the China given by US.

• B3W:

Build Back Better World under G7 countries is a step of US to join the low-income and middle-income countries close to the US.

• IPEF, 2022:

Indo-Pacific Economic Framework, 2022 was formulated by US along with its nine allies.

including India

Chances of War are Present between the Two

- Subciding Environment for China

China has been encircled by the US through its alliance like QUAD and AUKUS and moreover US has military bases around the China. This presence is making China alert.

- Chinese Containment Policy, shared by Antony Blinken in May 2022.

US has publicly announced to contain China and Antony Blinken has said that US would not allow China to prevail.

- National Authorization Act, 2022:

US has passed this act, in which more than \$700 Billion was allocated to invest in the Pacific region to break the Chinese influence.

- **Decreasing Influence of US in OPEC+**

As US is now the biggest exporter of oil and it no longer needs it from middle East. Therefore the Chinese influence, being largest importer is increasing.

2023: US wanted OPEC+ to pass the resolution for increasing production of hydrocarbons, so, Europe can fulfill its energy crisis. But OPEC+ reduced the production.

Chance of war are present, but they can be mitigated

- **Economic Interdependency:**

US and China are highly interdependent on each other as both countries import products from each other.

- **Mutual Assured Destruction:**

US and China, both are nuclear states and all countries residing these two and allies would face the consequences of direct war between the two.

Therefore countries would intervene and would not let them indulge in the direct war.

Recommendation for Pakistan

- Clear the Position of Neutrality

Both countries are rival and they offend, when Pakistan goes closer to one. But Pakistan has to give them the swiftness of its neutrality.

- Stand with the Stance taken by State Minister

The State Minister of Foreign Affairs has said:

Pakistan has no desire to be a part of any 'bloc' in this cold war between US and China.

Hina Rabani Uhar, June, 2023

- Maintaining the Balance is important

Pakistan needs both countries right now.

The unchallenged influence of US over IMF is what Pakistan needs and China's help in infrastructure via CPEC is important. So, Islamabad should opt a balance between two.

Conclusion

US and China are trying their best to assert their geo-political influence over the globe. Both have made alliances and initiated projects. Chances of wars between these two are always present, but luckily the factors like global world and nuclear deterrence are stopping them.