

## Current Affairs Part II

Q. 4:- Taiwan Crisis in general and Semiconductors Industry in particular has become the new clash point between US & China....

### Introduction:-

China and USA have entered in a new cold war after the end of the previous one at the end of 20<sup>th</sup> century between USSR and US. It started when China's <sup>economy</sup> surpassed US in 2013 and "Purchasing power parity" in 2015. Since then US think Tanks from Pentagon to Capitol Hill are heavily busy in devising a strategy to contain the growth of China. Taiwan, on which China has official One China Policy has become one of the <sup>started</sup> clash points since US unofficially <sup>started</sup> supporting it's demand of sovereignty. However with the rise of importance of semiconductors, it has specifically become a bone of contention as both China and US depend heavily on Taiwan's produced microchips which will also decide the future leadership due to the growing importance of AI. However, this bone of contention must be resolved to evade <sup>any</sup> risk of confrontation between these two potentially weaponized

super powers.

## Taiwan and One China Policy

Taiwan, who calls itself the Democratic Republic of China is an island in Pacific Ocean which was has been ruled by KMT group who ran here after defeat by the hands of Communist Party. China has since claim over it, while it demands complete sovereignty for making independent foreign policy. However, China does not quite accept such demands and

## Rise of Semi Conductor's Importance

Semi-conductors have evolved to become extremely significant since 1995. It is used in IT such as cell phones and laptops. It is also used in automobile industry such as ships, aeroplanes and other vehicles. Moreover, it is also used in weapons industry. This is the reason that it has evolved to become 13% part of global GDP as \$3tr of it. Moreover, as future leadership would be captured by the one who leads AI, thus it has

decisive role in <sup>future</sup> world politics

## Importance of Taiwan in Semiconductor Industry

Taiwan produces 95% of world's total semiconductors. Only 8% of the semis are produced by South Korea. In this way Taiwan has acquired more importance on inter tre landscape of international politics.

## Dependency of China and USA on it.

Taiwan exports 40% of its semiconductors to US and 45% to China.

## Efforts for alternative

Japan etc have tried to acquire this technology, however it will take atleast 10 year. Even China has been giving incentives to western companies and talented people of this technology, however it is so far not able to acquire independency in this regard. However, it company Huawei is using its own semiconductors which are in competition with Apple.

Joe Biden's executive orders to ban its companies from installing business of semiconductors in China. To which China retaliated diplomatically but US replied that it is for its national interests.

US changed behavior from 'Strategic Ambiguity' to clarity on Taiwan

Even since the separation of Taiwan, US had been antagonized Taiwan China by conforming to One China Policy. However for the last few years, it has first made arms sale agreements and then Joe Biden invited Taiwan's president to Virtual Democratic meetings. Later the visit of Nancy Pelosi, the speaker of the lower house made a final blow to China's sentiments to which its foreign minister later warned US from playing with fire and that any intervention on Taiwan would be responded strongly through military.

## China's deployment of heavy weapons around Taiwan in South China Sea:-

China in practical response deployed not only military but also conducted military exercises and missile tests over Taiwan.

### US Counter moves:-

US as well deployed heavy arms around the region as provocative moves which is considered a moment for risk of war any time.

## Risk of escalation of war

Cold war into hot war:-

In this situation where both are seem to be ready for confrontation and no chance of any party to step back, the risk of confrontation has increased.

## Why Confrontation must not happen?

- 1) US is indebted to China of \$1.5 tr. war would worsen the situation
- 2) War would interrupt the trade transit route for the supply of semiconductor.
- 3) US is heavily engaged in Ukraine and cannot afford to divert its focus to South China sea. Moreover

It has not enough money as that of China to afford war.

### How the risk of war could be defused

① Presidents of both countries should come up and sit together to address their misunderstandings and differences over Taiwan.

② They should involve international actors such as UN and ASEAN to solve this dispute.  
(Army Messinger)

### Conclusion:-

In a nutshell, Taiwan in general, semiconductors in particular has become the new 'clash point' between China and US due to their increased dependence over Taiwan's semiconductors. Over which efforts are made to turn to alternatives but will take time. Both have adopted aggressive behavior over Taiwan which could escalate the risk of direct military confrontation that must be countered through bilateral and multilateral peace talks.

Q.6 China and Pakistan are celebrating the de Decade of CPEC. Critically evaluate success and failure of the Project.

### Introduction:-

China Pakistan Economic Corridor is the flagship project of BRI - Belt and Road Initiative which will connect the port of Gwadar to the Western province of China, Xinjiang. It was announced in 2013 and this year in 2023 China and Pakistan is celebrating the completion of the decade along with its achievement. However, it is needed to evaluate the achievements in comparison to its failures to assess the feasibility for both China and Pakistan.

### Background:-

It was announced in 2013 as the first corridor of BRI and its first activity started on 15 Nov. 2015. It aimed to provide connectivity through a chain of infrastructure such as highways, motorways, Railways and Ports. Moreover it aimed at catering the energy issue of the country along with making special industrial zones and

improving agriculture to make it an ideal place for investment and trade. Through this mega project China aims to cut its distance to Indian Ocean by 12 thousand km. Moreover, she would be able to escape conflicts of South China Sea and strait of Malacca which is under the influence of pro US, Indonesia. In the same way it's an analyst's estimate to be earn \$500m per year.

### The celebration :-

He Lifeng <sup>Vice</sup> China's Premier came to Pakistan to celebrate the Decade of CPEC, where other countries' representatives were also invited. Pakistan issued special stamp and coin on this memorable day and speeches were delivered. The significant part was the reemphasis on the continuation of this mega project despite rival actors' intention.

### Achievements and failures :-

#### Energy Sector :-

The biggest investment is made into energy sector which



has so far added 18 thousand mega watt of energy to the grid, relieving to a greater extent the issue of load shedding of the country.

#### Achievements

Coal:- Three <sup>rental</sup> projects of rental coal with each 1320 MW have been completed. Thare coal project of 1320 MW has been completed with four more of 320 M each.

Nuclear:- Chashma-5 and Kannup II with each 320 MW have been completed.

Hydro:- Sukkur Linnar 780<sup>MW</sup> and Karot 830 MW have been completed and more Kohala and Peer Mahal are to be started.

Wind:- Three projects at the coastal belt of Sindh \* and one at in Balochistan near the border of Afghanistan have completed.

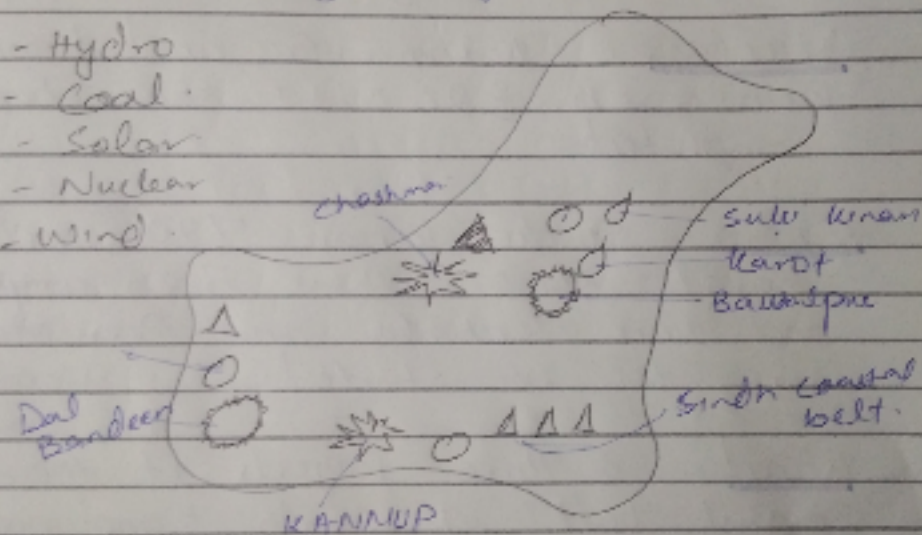
#### Solar

One so big solar project at Bahawalpur, the Qaid-e-Azam solar project and one at Gajuwada has been completed.

## Failures

Despite the achievement, most of the projects energy is produced from hydrocarbons and coal imported coal - thus adding to the global warming. Moreover there should have been indigenization of the energy sources to reduce balance of payment crisis.

- △ - Hydro
- - Coal
- ☉ - Solar
- ☛ - Nuclear
- △ - Wind



## Transport sector

Mega investment of \$26.6 is made in transport sector in Highways and Motorway, Railway, and ports. which will not only connect Gwadar to Xinjiang but also nearly 600 countries, comprising Iran, Afghanistan, CARs, Russia and Middle Eastern countries, and also will boast

trade in activities in Pakistan.

Western Rout from Bhitkan to D.I. Khan to Quetta has been made.

Karachi Circular Railway has also been completed.

failure

M1-1 Railway line with cargo capacity which is hoped to revolutionize trade has not yet even started. Moreover the Eastern and Central rout has not yet <sup>even</sup> started.

## Gawadar

The game changer port with highest capacity of ships handling and greatest berths capacity in the region is being constructed at snails pace.

## Special Economic Zones and Industries:-

9 special economic zones were to be made out of which three are completed.

### Alama Iqbal Economic Zone Faisalabad

It has the production of textiles, sports, electronics and toys.

Rashtkai Economic zone with capacity to produce textiles, electronics and tobacco.

Bastan economic zone at Guetta  
has also completed  
failure

It aimed at bringing  
2400 products to be manufactured  
here out of which only  
24 products are made.

Moreover the other Economic  
zones are not yet completed.

### Security:-

The security issue has  
persistently caused hurdle. China  
has shown reservations time to  
time, due to which Pakistan  
allotted a special wing for the  
security of Chinese officials  
which cost Pakistan millions of  
money.

### Delay due to political instability

The political uncertainty has caused  
delay in the completion of <sup>the</sup> first  
targets of even the first phase.

**Conclusion:-** Pakistan and China have  
celebrated the Decade of P&C. However  
the failures of the project must not  
be ignored for the full and  
timely completion of the project  
for the betterment and trust maintenance  
of both the countries.