

CURRENT AFFAIRS

PART - II

Q 4

I INTRODUCTION

IMEC (India-Middle East-Europe Economic Corridor) is a project initiated by 47 countries. Its memorandum of understanding (MoU) has been inked in India, who is the main beneficiary of the project. BRI (Belt & Road Initiative) is a project in progress, initiated by China in 2013. As IMEC is providing alternate routes in some of the countries of BRI, and also an initiative of wealthy nations who are ready to invest in the project, therefore IMEC can be perceived as a challenge to BRI. But former is at MoU stage while BRI has already completed its some of the projects while going

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forward at a suitable price in the current geopolitical landscape, so it is not easy to put BRI at back. Both projects have a great potential for expansion, but the future of any project depends on multiple aspects, therefore its prediction is not certain.

IIIMEC

ON GOING STAGE

It is at Memorandum of Understanding level, having no clear plan, funding mechanism and institutionalization.

PROJECT'S WORTH

The estimated amount of the project is \$40 billion. Yet there is a chance of project expansion, so the countries backing the project (USA) will pour more money into it.

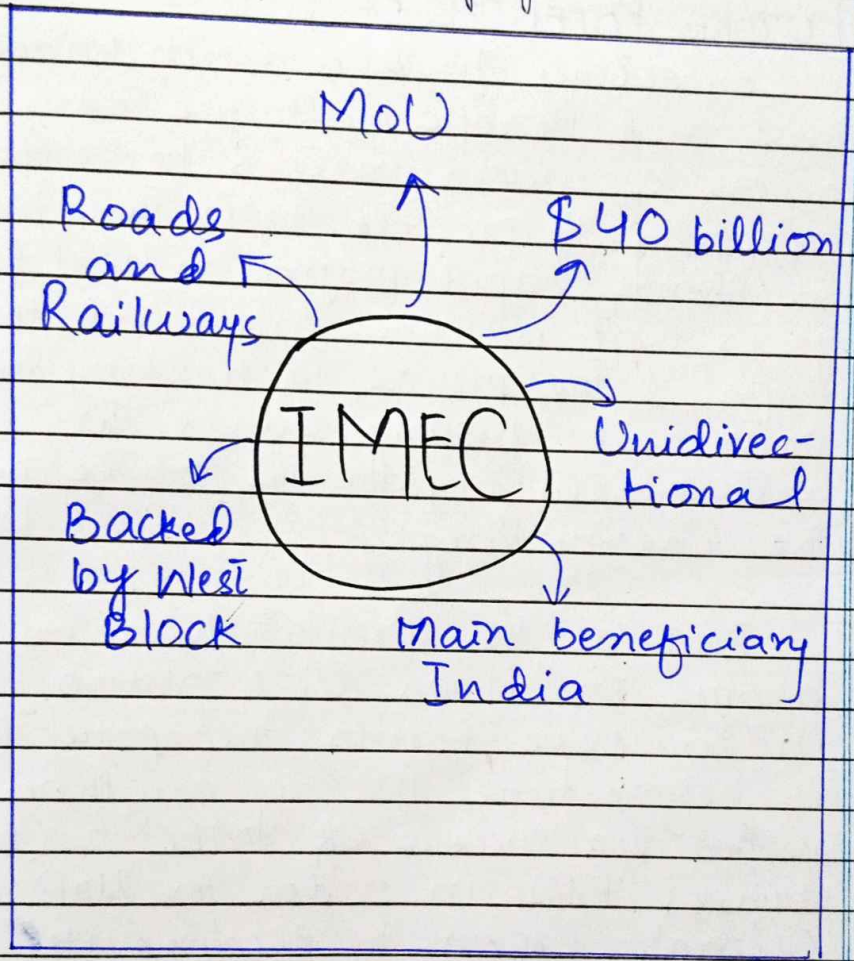
PROJECT'S NATURE

The project aims to build roads & railways to connect India to Middle Eastern countries to European Nations.

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PROJECT'S COVERAGE

IMEC is a unidirectional project covering almost 20 countries, as the project is not disclosed completely and clearly yet.



PURPOSE OF IMEC

Main objective of IMEC is to balance and counter China's growing economy. USA is using Wilsonian view through IMEC for balancing China's hegemonic

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attitude in economy in the region. India is the main beneficiary of this investment, which is a point of concern for Islamabad also.

FUTURE POTENTIAL OF IMEC

Connecting India with Middle East and Europe will give easy access of warm waters to Europe especially. If project starts this year or shows rapid progress in next few years, there is huge potential to expand the project in building sea ports and shipping lanes. This will greatly impact the trade in the Energy Ring.

But as the project has no proper structures and plans in concrete forms, therefore it is before time to say anything about the success of IMEC as to counter BRI in order to stop China's efforts to flexing its muscles as an economic hegemon.

BRI

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ON GOING STAGE

In Summers of 2023, Pakistan and China has celebrated a decade anniversary of CPEC, the flagship project of BRI.

PROJECT'S WORTH

China has disclosed the complete road map of BRI which is a group of 6 Mega Projects, having a declared worth of \$1.3 trillion a very huge amount as compared to IMEC's budget.

PROJECT'S NATURE

BRI is a coalition of 6 Mega-projects and some 6000 small projects, which aims to build roads, railways, sea ports, dry ports and installing energy units alongwith improving its transmission capacity and quality.

ACHIEVEMENTS OF BRI

CPEC under BRI has established energy sectors of almost 12000MW, some 17 industrial units and a web of road networks 1/3 of which is completed and another 1/3 is under construction now.

BRI's AIMS

China has initiated the project to shorten the economic gap between global north and south. According to World Economic Outlook's report



BRI will move some 17 million people out of extreme poverty line and some 35 million people out of moderate poverty line by 2030.

BRI'S COVERAGE

The complete road map seems to link Asia, Europe and Africa. It will cover more than half of global population. On completion BRI will connect South Asian, Central Asian, Middle Eastern, African, European, Eurasian nations providing opportunities for all of them to grow their economy through industrialization & trade.

FUTURE POTENTIALS OF BRI

BRI aims to produce environmental friendly energy with minimum transmission losses and to boost trade among Global South to improve their economic conditions; by installing industrial units and reducing time to cover distance. It also revolves around the whole Energy Ring and warm waters, trying to make an impression of its hegemony on global economy.

CHALLENGES TO BRI

The security environment of globe is not suitable for any type of investment and

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project progress. Baluchistan has been under attacks by BLA and Iranian terrorist organizations. TTP and ISKP have been showing their reurgence. Houthis are attacking in Red Sea. Its almost four months since Israel Hamas war. These tense situations would drastically impact the progress of these projects.

CONCLUSION

Both projects aim for a prosperous future for India & China in particular but for Middle East, Europe and Asian, African, European Nations in general. BRI is in active progress while IMEC is at MOU level, therefore cannot be perceived as a major or atleast an immediate threat to BRI. Still the supporters of IMEC are a point of concern for China alongwith the recent security situation of the region which has halted all kinds of progress at this time. Moreover the year of elections (2024) will bring new leaderships, further designing future of these projects.

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Q6

INTRODUCTION

The riches of rich countries are polluting environment while the poor of poor nations are facing climate vulnerabilities. If we are contributing in global emissions then we must behave responsibly and accept its wrong. We should have to do something to compensate the countries which are real victims (United Nations on Climate Change Executive Secretary). at COP 27. This paves the way for loss and damage fund idea. While in COP28 in Dubai, the fund is operationalized. This is a good and positive indication for the nations like Pakistan, who are victims of climate vulnerabilities. A responsible leadership with effective policies and frameworks is necessary to properly utilize the loss and damage fund.

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INCEPTION OF LOSS AND DAMAGE FUND

The story began at the event of COP27 held at Sharm el Sheikh in Egypt where nations decided to pay for a compensation to the nations under direct hit of climate changes. USA is the leading country among the contributors of global emissions while Pakistan only contributes 1%. Despite the negligible participation Pakistan has observed a loss of \$30 billion, only in 2022 as per the damage caused by flooding. Therefore, Pakistan advocated very clearly and strongly for the compensation.

OUTCOMES AT COP28

In the inaugural session of COP28 on 30 November to 13 December 2023, at Dubai, nations have pledged some USD \$800 million as a compensation for the total loss of USD \$400 billion caused

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by climate vulnerabilities. The pledged amount is just a drop in the ocean of need, still appreciated by the victim nations. World Bank was declared as an interim executive for collecting and distributing the fund.

POSSIBLE OPTIONS FOR PAKISTAN

KASHMIR ORPHAN HOUSE

The non-profit organization has wonned \$100 million as a reward money for putting efforts to control climate changes through education and awareness. Madam Najma the Principal of the institute aims to cope climate damages with a great enthusiasm.

INDUS BASIN RECOVERY

A flagship project initiated by the interim Prime Minister aims to recover the Indus Basin through enhancing nature's capacity to cope climate changes.

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RENEWABLE ENERGY

118 countries have inked the charter saying to triple their capacities of renewable energy to further protect Earth from harms of emissions. Islamabad has a sufficient potential for solar, wind, hydel and tidal energies, therefore can attract further investment besides CPEC.

DECARBONISATION CHARTER

50 multinational companies contributing 40% of global emissions have signed the charter for reducing net emissions to 0 by 2050, approximately zero methane leakage by 2030 and a zero flaring contribution by 2030. This will greatly impact the GHG percentage, thus lessening air pollution of which Pakistan is a major victim. Pakistan is the most polluted country as per AQI levels further damaging health of its people where Karachi alone has recorded >1200 deaths in last years only due to heat waves as per NDMA.

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Fossil Fuel Cut

COP28 has strongly condemned the use of fossil fuel by targeting to put a cap of 42% of fossil fuel use in order to keep 1.5°C within reach. This step is surely benefit Pakistan whose energy production is based on imported fossil fuels. Switching towards renewable energy and not using fossil fuels will surely help Islamabad to recover its economy to lessen its current deficit.

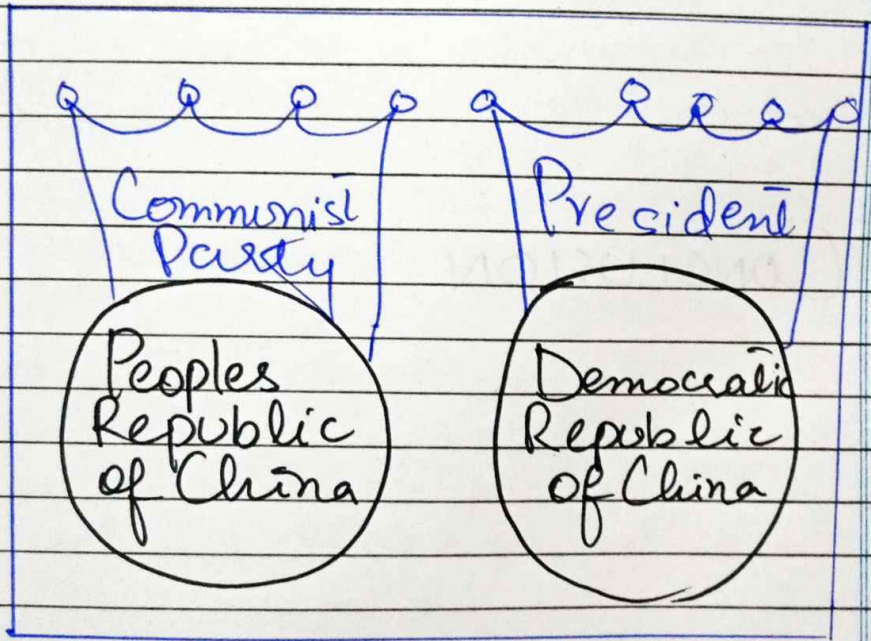
CONCLUSION

Pakistan had advocated for loss and damage fund at COP27 and also appreciated its materialization at COP28. How the nation will use the money depends on the upcoming government. A sound and long lasting framework is necessary for mitigating the damages and further protecting Islamabad from any of such hazards as it has faced in 2022 in form of floods and in 2023 in form of heat waves.

Q7

ONE CHINA TWO SYSTEMS POLICY

China is governing its thousands year old united areas i.e. Taiwan through a two state policy. It



has two governments, in Peoples Republic of China executive is Communist Party while in the Democratic Republic of China is governed by a President. Taiwan is an ultra-autonomous region of China having its own parliament, paramilitary, foreign

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reserves, while can't interact with world without interacting with China. Similarly of Proaching Taiwan without China is considered as a direct intervention into state affairs of China. Its policy towards Taiwan based on its thousand years old history and the resolution no. 2578 of UNGA.

US POLICY TOWARDS CHINA'S TAIWAN

There is always an uncertainty in Washington's policy towards Taiwan which is mainly based on SLOC (Sea lanes of Communication). According to this, Taiwan is an independent and sovereign territory, having no influence of any other state including China. Therefore claimed

Taiwan's security is responsibility of USA.
Simon Stiell.

But there remains always

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ups and downs in the policy. If USA wants China to be in its side against Russia, it must compensate for Taiwan. But Trump's administration had done military exercises with Taiwan while Biden's cabinet has diplomatic relations with it without taking permission from China. The behavior was strongly condemned by Beijing.

US is playing with fire, any kind of intervention in Taiwan is considered as a direct violation of China's sovereignty and must be retaliated militarily. This will have far reaching consequences not only in the region but across the globe.
(spokesperson FO).

US is not only advocating Taiwan's sovereignty as a moral implication. It has an eye on its semiconductors primarily. Both China and USA are major investors of semiconductors industry of Taiwan. China has 45% while USA has 40%.

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Investments in Taiwan's total silicon industry, as it is the largest exporter of semiconductors.

POSSIBLE II IMPLICATIONS

WAR ???

Beijing and Washington have also conflicts on North Korea, Iran, South G, East China Sea, therefore there seems a chance of a direct military conflict if situation escalates especially in Taiwan. But USA never wants to burn its bank nor China wants to leave its policy of soft economic and diplomatic expansion. World is already fadep of US military activities and also have experienced the wrath of Russian bear. In presence of these angry birds China seems to be a safe corner to Global South having prosperous plans for them. In these scenarios both powers never seem to be in a battle field, atleast in the near future.

WAY FORWARDS TO RELEASE TENSIONS

TABLE TALK

Both nations should encourage each other to come on table to clarify their stance, so that world remained protected from any kind of horrible effects.

SEPARATE SLOC FOR SOUTH AND EAST CHINA SEA

Conflict rises as per emergence of SLOC. The strategic location of islands in South and China Seas are in a continuous conflicts over their boundaries and excess in waters. Therefore a commission should be appointed for formulating a new formula for sea to resolve the issue.

REFERENDUM IN TAIWAN

Whether people of Taiwan wants to be a part of One China Policy or not is their sovereign right, so should be decided by them not by USA nor by China.

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CONCLUSION

As per UNGA Resolution, Taiwan is a part of One China Two Systems Policy, having an ultra-autonomous characteristics. While USA if wants Beijing to be on its side, must have to compromise on it. Otherwise, China will retaliate. Although critics predict a war if tensions escalate, but economic dependency of USA & China's policies for economic prosperity protect world from another world war.

Q8

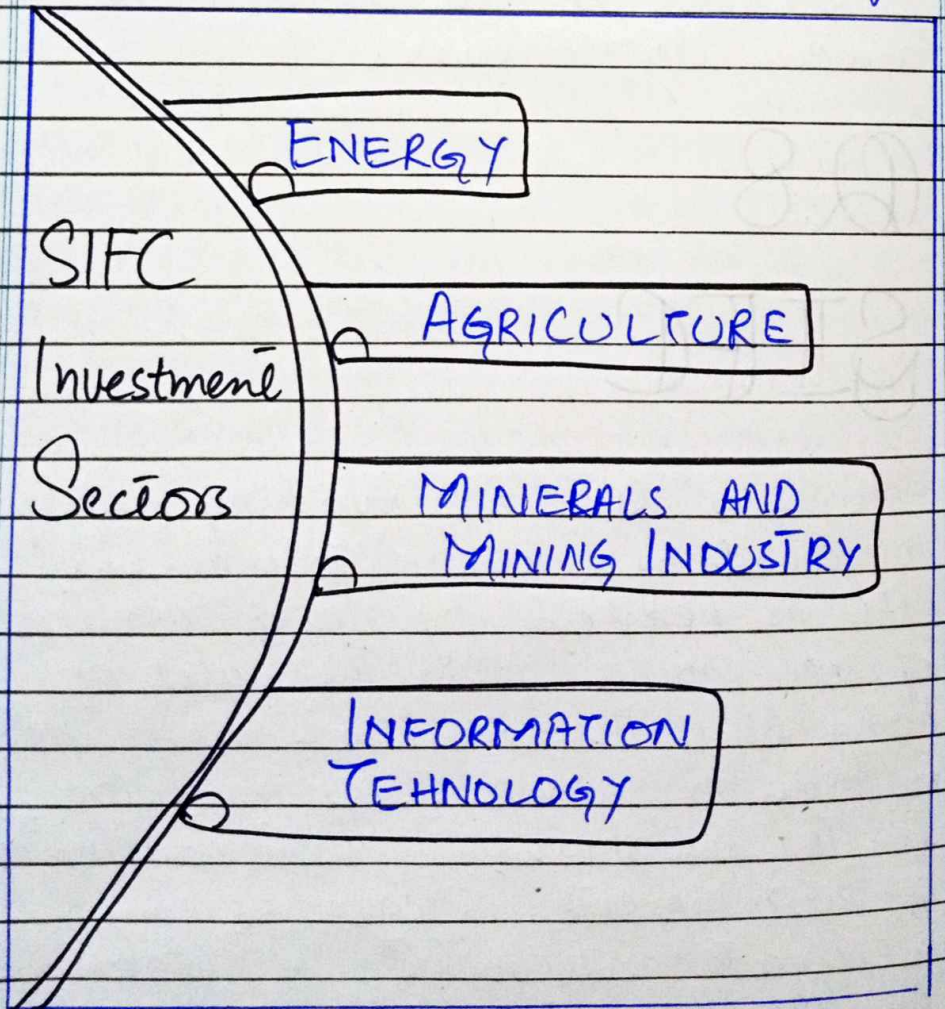
SIIFC

It is a special funding facility initiated by interim government. SIIFC is headed by Chief Ministers of all provinces plus the Chief of Army Staff. The executives are decided in order to gain trust of investors for the sustainability and continuity of their projects in case of any political instability in Islamabad. The platform basically reduces

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The red tapism culture which is a main and major hurdle in foreign direct investment (FDI). SIFC has already sent handful of proposals to Middle East and China, which are almost ready to invest in country.

Pakistan is expecting some \$60 billion investments in the next coming years.
(Interim PM, Anwar ul Haq)



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ENERGY SECTOR

SIFC aims to fully utilize the potential of Pakistan²³ for renewable energy. CPEC is already in progress and aims of COP28 are also beneficial, attracting especially China for further investing in energy sector. UAE has also shown interest in installations. The sector has a potential of more than \$20 billion investment.

AGRICULTURE SECTOR

10,000 acres of Cholistan farming Project has already been approved by UAE which will be expanded to 25,000 acres upon success. It is also a project of \$6 billion.

MINERALS AND MINING SECTOR

Pakistan²⁴ has world's 7th largest Copper reserve in Balochistan. Saudi Aramco Company and the Canadian Multinational Company has inked the Rekodiq mining project, which has been in dormancy since years.

IT SECTOR

Islamabad aims to develop its cloud industry, 5G technology and a network of optical fibres. The sector has also potentials for revolutionizing Pakistan's Space Research Centre. UK's resident Pakistani's Business Tycoon has donated \$9 billion to NUST for advancing IT department.

CHALLENGES AHEAD

SECURITY CONDITIONS

Resurgence of TTP and ISKP and situation at Tehran's side is a matter of great concern for Islamabad. BIA is also involved in recent drone attacks in Balochistan. For progress of SIFC projects a safe and sound environment is also necessary.

POLITICAL STABILITY

Although the executives are the chiefs, still an unpredictable post elections environment is food for thought in context of economic revival through SIFC.

ILLITERACY AND UNSKILLED LABOR

The country has almost 26 million children out of school (UNICEF) and quality of education is also not satisfactory. Pakistan has not yet fully occupied its 50% of skilled labor quota in CPEC, how could these unskilled will bring the business to the heights of Himalaya. Along with investing in the already mentioned sectors, it should also propose to improve quality of education in country along with solving the issue of out of school children.

CONCLUSION

SIFC is clearing the way of prosperity and economic revival for Pakistan by reducing red-tapism and increasing FDI. The project has earned the trust of investors for continuity & sustainability of their investments and profits. Yet it has to solve its security issues and have to train its people for fully becoming beneficiary of the platform.

