

Shahryar Yousaf

## QUESTION # 01

### Introduction

The socio-economic future of Pakistan is directly linked with reforms in power sector. It is due to the fact that current socioeconomic downfall is primarily due to energy crisis. One of the biggest challenges of Pakistan's economy is balance of payment crisis which is due to energy crisis. 60% of the country's electricity is produced from imported hydrocarbons. This not only results in increased imports, but also results in decreased exports due to expensive electricity. Similarly, owing to the expensive electricity, industries have closed which has led to increased unemployment rates, accompanied by exacerbated poverty and inequality. The recommended reforms in power sector for a good socioeconomic future are to diversify energy sources and reduce dependence of fossil fuels, address climate change which affect hydroelectricity potential, and addressing transmission and distribution losses.

## Socioeconomic future linked with reforms in power sector

Without an iota of doubt, the country's socioeconomic future depends on addressing energy crisis through practical reforms. It is due to the fact that country's society and economy entirely depends on energy sector.

## Economy dependence over energy

The country's economy is dependent on the energy sector which can be understood from analysis of current economic conditions. One of the biggest challenges to current economy is balance of payment crisis.

### (a). Energy crisis mainly responsible for balance of payment deficit

Balance of payment deficit has been a consistent problem to the country's economy. Energy sector is responsible for increased imports and decreased exports.

(i) Increased imports due to energy sector

Pakistan imports 60% of hydrocarbons for electricity generation. Despite of having renewable resources, dependence of energy over fossil fuels is responsible for energy crisis.

(ii) Decreased exports due to expensive electricity

Since the generated electricity is mainly from imported hydrocarbons, it has led to closure of industries which decreased exports.

### Societal dependence over energy sector

The country's social landscape is dependent over energy crisis. And one of the reasons of current social downfall is energy crisis.

(a) Exacerbated poverty and inequality

Due to dysfunctional energy sector, and imported electricity dependence, the electricity prices decreased which led to closure of industries. Closure of industries led to increased unemployment rates which exacerbated poverty and inequality.

Also, unprecedented price hike in electricity bills has led to increased poverty.

### (5). Expensive electricity and social unrest

Expensive electricity has led to an unprecedented price hike in electricity bills. The economy is already marked by hyper-inflation. This has led to social unrest, with people protesting in the streets.

Recommended reforms to power sector for a good socio economic future

### (1). Diversifying energy sources

As <sup>discussed</sup> mentioned, the country is mainly dependent on imported hydrocarbons for electricity production. The country possesses significant renewable potential which needs to be better utilized.

### (2). Solar Energy

The country has significant solar potential due to

its geographical location, receiving ample amount of sunlight throughout the year. Quaid-e-Azam Solar Park in Bahawalpur possesses good solar potential.

### (b) Wind Energy

In the southern region along the coast line, the country possesses great wind potential. Thimpir Wind Power Plant possesses great potential.

### (c) Hydropotential

Due to mountainous region and Indus River system, hydropotential is significant. Tasbeja and Mangla Dam have good potential.

### (a) Transmission and distribution reforms

Pakistan has one of the largest line losses in Asia, with 17%. In this regard, it is important to have infrastructural reforms to counter the problems of energy crisis.

### (3). Addressing climate change for hydropotential

Pakistan possesses significant hydropotential of 41722 MW. This potential is not utilized due to climate change, resulting in floods. Therefore, addressing climate change has to be a priority.

### (4). Strengthening writ of State

Electricity deficit is a major problem in Pakistan, especially in the rural areas. It is therefore necessary to strengthen writ of the state.

### Conclusion

Pakistan's economy and security heavily depends on energy sector. Energy crisis are responsible for balance of payment crisis, as well as exacerbated levels of poverty and inequality. The reforms lie in diversifying energy sources, reducing transmission and distribution losses, and strengthening writ of the state to address electricity deficit.

## QUESTION #3

### Introduction

"One China Two Systems policy" refers to the Chinese claim of '1992 consensus', where China and Taiwan agreed on this policy. China considers Taiwan as an integral part of China, and call it Taiwan province of People's Republic of China. US policy towards Taiwan made a shift under Trump's administration, where US started extending relation towards Taiwan. Biden continued with Trump's policy which has geo economic, geopolitical, and geostrategic dimensions. It is substantially hurting China as has own geo economic, geopolitical, and geostrategic interests in Taiwan. The Sino Chinese Soc is a place of direct confrontation, but analysts suggest that both countries can only do 'cold war', since both are deep interdependent on each other. There are no recommendations as this conflict is part of 'Great Game', where China is challenging the status quo of the United States!

## One China Two System Policy

China considers Taiwan as her integral part. China and Taiwan had a dialogue in 1992, called "1992 Consensus". Both countries engaged in a series of dialogue. China claims that both countries mutually agreed on 'One China Two System' policy. However, Taiwan says as there was no formal agreement.

## US Policies towards Taiwan

### ~ Historical Overview

Since the beginning, US held the view of supporting Taiwan. However, during the Cold War with Russia, US policies changed and China penetrated.

### ~ Trump administration and revival of cold policies

Trump's administration revived the cold policies towards Taiwan. Trump signed a 'defense deal' with Taiwan, and assured of US protection of Taiwan.

(i). 2018 de facto Ceremony

In 2018, US meet about \$250 million invited President of Taiwan which infuriated China

(ii). High officials visit to Taiwan in 2020

US Secretary of State and defense of state visited Taiwan in 2020. US Secretary of State assured Taiwan that US will protect Taiwan, in case of China's aggression

Biden Continues where Trump left - Policies of Deep State

Biden continued where Trump left, and this is considered as policies of deep state. The visit of 'speaker of Jews house' further strained the relations

Reasons of change of US Policies

(a) Geo economic reason

US imports 40% of silicon from Taiwan. Overall trade between two countries is of billions of dollars.

(b) Geo political reasons

To counter China, US wants presence in Western Pacific. Containment of China is the main interest.

(c) Geo strategic reasons

US has consistent policies of sea lanes. Strait of Taiwan is a maritime route. US has militarized South China Sea.

How these policies hurting China(a) Geoeconomic reasons

Despite of conflict, China is the biggest investor in Silicon Taiwan. China imports 45% of silicon from Taiwan.

(b) Geopolitical reasons

The Strait of Taiwan connects South China and East China Sea. It is a maritime route for Chinese trade to the world.

## - Sovereignty Breach

Since China ~~connects~~ considers Taiwan as her integral part, US changing policies are perceived as a sovereignty breach.

## Implications

Although Taiwan is a point of direct confrontation between China and US, direct war cannot happen, as both are atomic powers and interdependent on each other.

## Conclusion

## Recommendations

There are no recommendations as this conflict is part of 'Great Game' rivalry between US and China. China is challenging status quo of the United States, and US is fighting back.