

(Q: NO 7)

"One China Two systems  
policy"

Introduction :-

The concept of one china two systems policy was proposed by Deng Xiaoping, the leader of china, in 1970s. It was organized for peaceful reunification of Taiwan with mainland China, on a idea that Taiwan could maintain its own system under chinese sovereignty. The policy was first implemented when United Kingdom and China negotiated the return of HongKong to China in 1997. Similarly, it was applied to Macau when Portugal handed over control in 1999. Both territories were promised a high degree of autonomy, including their legal economic and political

systems, under the Basic Law.

## Key principles :-

1. Both Hong Kong and Macau are part of China and subject to its sovereignty.
2. Both countries can maintain their capitalist economic system, legal system (common law in Hong Kong and civil law in Macau) and freedom.
3. Both were promised for self-governance except in matters of defence and foreign affairs.

## US policy towards Taiwan.

US policy towards Taiwan has been issue for both Taiwan and geopolitical landscape in East Asia. While US has been a staunch supporter of Taiwan in terms of security and democratic development.

Its policies create challenges for Taiwan and hurting China.

## 1. Deployment of Arm forces:

The US has policies of providing defensive arms to Taiwan under Taiwan Relations Act (TRA). These are intended to help Taiwan from aggressive China. This also creates tension between China and USA. Beijing sees these actions as interfering and challenging sovereignty of China over Taiwan.

## 2. Strategic Encirclement:

US support for Taiwan is part of broader strategy to contain China's rise. US maintains alliances with Asia-Pacific region, including Japan, South Korea, Philippines and Australia. Encircling China and limiting its regional cooperation and movement.

## 3. Impacts US-China relations:

US policy towards Taiwan is hurting US-China relations. It hampers economic trade, climate change, and global wealth initiatives. China remained big market since 2000s. Taiwan issue adds mistrust in bilateral relations.

- 4 - Threat of war between East and west  
US support to Taiwan will increase the chances of Conventional war or nuclear war. Likewise NATO a military organization of 33 countries will definitely fight for allies of USA and China. On other hand Russia big geographically strong with his ally China may involve in fight - This resultantly involve two sides west and East in war

### Possible implications.

- 1- Tension between US and China over Taiwan could escalate into military conflict, destabilizing the entire Asia-Pacific region and brings regional instability.
- 2- It may strain relation between US and China.
- 3- Deployment of arm force in Taiwan will provoke strong reaction from China, increase risk of conflict.

## Recommendations -

- 1- Both countries should prioritize dialogue and diplomacy to manage their differences over Taiwan.
- 2- Both seek to avoid confrontation and find common ground on issues such as trade, climate change and global health.
- 3- US could involve its support to Taiwan on non-political issues such as public health, climate change and humanitarian assistance.

## Conclusion -

The current issues surrounding US policy towards Taiwan reflect broader geopolitical dynamics and competition in Asia-Pacific region. A balanced approach towards Taiwan would manage the complexities of US-China relations and regional stability. Dialogue, diplomacy and strong foreign policy promote peace and prosperity in region -

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## Introduction to SIFC

SIFC, Special investment facilitation council is a council initiated by Government of Pakistan. It was approved by State leaders on 20 June 2023. It attracts the partnership aligns with development vision of nation. It is fueling growth through import substitution and export enhancement, this brings sectoral impetus to Pakistan Economy.

It enhance coordination amongst concerned stakeholders and brings Foreign direct investment with <sup>facilitation</sup> partnership of foreign ~~to~~ Pakistan Army -

Many countries are ready to invest in Pakistan in multiple sectors including Energy sector, IT sector, Industrial sector, Agriculture sector, Livestock and Mines and Minerals Sector

As of 2023, there have been important developments regarding foreign direct investment in Pakistan, particularly from China and Middle East.

It reflects ongoing trends and strategies in Pakistan's efforts to attract foreign investment.

## Investment from China

- 1- **CPEC** China-Pakistan Economic Corridor is a significant development project of China's Belt and Road Initiative (BRI). It stimulates economic growth across Asia and beyond.

### Key components of CPEC

- (i) **Infrastructure**:- The development of road networks and modernization of railway lines are among top priorities. This includes expansion of Karakoram Highway, the main road between China and Pakistan, and construction of Lahore - Karachi motorway.

## (ii) Energy:

Significant investments are made in energy projects to alleviate Pakistan's energy shortage. These projects include coal, solar and wind and hydroelectric power plants. This goal is not only to meet current energy needs but help Pakistan a net energy exporter in the future.

## (iii) Gwadar Port:

Developing port of Gwadar on Arabian sea is cornerstone of CPEC. This plan is to turn Gwadar into major shipping hub that facilitates trade routes in region.

## (iv) Industrial zone:

The creation of Special Economic Zones (SEZs) is aimed to fostering industrial growth by attracting both domestic and foreign investment. This zone offers various incentives for businesses to set up manufacturing and service industries.



## 2- Technology and Telecommunication -

Chinese companies like Huawei and ZTE have invested significantly in Pakistan telecommunication infrastructure enhancing digital connectivity and capabilities.

## 3- Agriculture

With an interest in pursuing food security, China is also looking into agricultural investments to utilize Pakistan's substantial arable land.

## Investment from Middle East -

### 1- Energy Sector:

Countries like Saudi Arabia and UAE have expressed interest in investing in Pakistan's renewable energy sector, including solar and wind energy projects.

Saudi Arab has expressed interest in building a \$10 billion oil refinery in Gwadar. This project is to enhance Pakistan's oil processing capacity and reduce reliance on imported fuels.

UAE has committed to investing \$1 b in various sectors, like minerals which was confirmed during visits between UAE and Pakistani officials.

In September 2023, Care-taker Prime minister claimed that Saudi government would invest up to \$25 billion in Pakistan over next two to five years across various sectors.

## 2- Real Estate Developments

An significant boost to Pakistan's real estate industry, UAE companies including, ALMIR, Habib Group has pledged a substantial investment of \$20 to 25 billion.

These projects feature partnership between Pakistani companies and Gulf-based investors.

# Economic and Strategic Implications.

## 1. Economic Growth.

These investments are crucial for Pakistan's economic growth, providing much needed infrastructure and boosting key sectors like energy and tele-communication.

Job Creation is direct benefit from such large-scale projects, which can help in reducing unemployment rates.

## 2. Balance of Payments..

Investments particularly in energy and infrastructure, can help reduce Pakistan's large trade deficit by decreasing dependency on imported energy.

### 3- Strategic Depth:

For China, Pakistan serves as Strategically in South Asia, countering India's influence and providing direct route to Arabian Sea.

For Middle Eastern countries, particularly those in Gulf, Pakistan serves as a strategic investment destination that offers a gateway to central Asian markets.

## Conclusion

For Pakistan to fully capitalize on these FDI opportunities, it needs to ensure political stability, maintain friendly investment climate.

Strategic initiative and Partnership with China and Middle Eastern countries show promising trajectory for Foreign direct investment. It improves economic management, enhancing regulatory framework to attract further FDI.