

# QUESTION: 02

## Taiwan at the crossroads: Navigating the tightrope between China and USA

### Introduction:

The Taiwan issues represent one of most intricate and potentially explosive points of contention between the US and China. Fuelled by a combination of historical, geopolitical and ideological factors. Taiwan's unique position as a democratic, economically robust island situated in a critical strategic location had led to a complex dynamics where both US and China see Taiwan as central to their national interest. For United States, Taiwan is not only a symbol of democratic governance but also a key player of global economy especially as a major supplier of semiconductors. Meanwhile China views Taiwan as an integral part of its territory. However, both powers avoid the open conflict. It becomes clear that diplomatic engagement

clear communication, and mutual restraint are essential in safeguarding regional stability and global economic security

## REASONS HOW TAIWAN HAVE POTENTIAL TO CREATE CONFLICTS BETWEEN CHINA AND USA

### 1) Strategic Importance of Taiwan

Taiwan hold significant strategic value on East Asia for both USA and China. Its location in the "first island chain" is crucial for China, as it serves as a buffer against US military presence in the region and potential base for projection Chinese influence across the Indo-Pacific. For the US, Taiwan is essential in maintaining a network of allies and security partnerships in East Asia, which are vital for containing Chinese expansion and preserving regional stability, economic and technological influence. Taiwan is a global leader of semiconductor manufacturing producing around 60% of

the world's semiconductor and 90% of advanced chips through companies like Taiwan Semiconductor Manufacturing Company (TSMC). This gives Taiwan a crucial role in the global technology supply chain, essential for military, economy and technology. A conflict over Taiwan lead to severe disruption in the global economy affecting everything from consumer electronics to military hardware.

## 2) Military and Sovereignty Concerns

For China, Taiwan represent a core issues of national sovereignty and crucial to its "one China" policy, which states that there is only one Chinese government. Chinese president Xi Jinping has publicly vowed that Taiwan will be reunified with the mainland using military means if necessary. The United States, while officially recognizing the one China policy, maintain informal relations with Taiwan and supplies it with defensive arms, supporting its democratic government and autonomy.

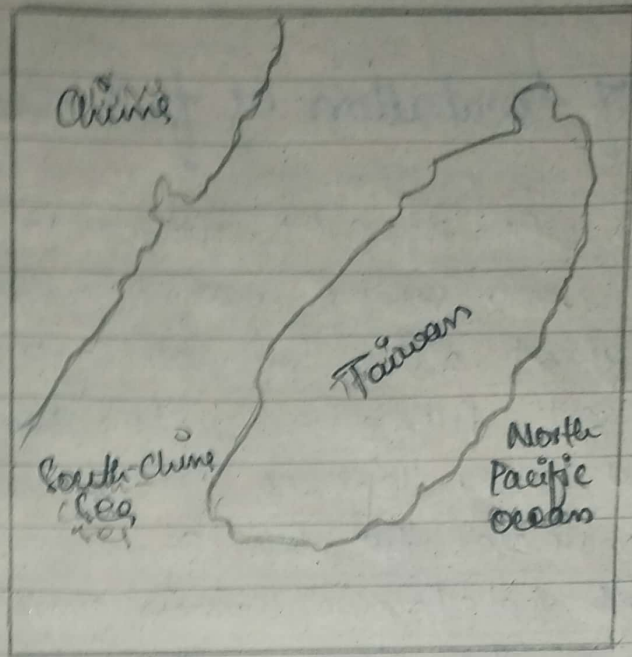
### 3) U.S - Taiwan Security relations

The United States has complex relations with Taiwan due to the Taiwan Relations Act 1979, which obligates it to provide Taiwan with arms for self-defense and maintain a stance against any forceful unification attempt by China. Recently the US has increased arms sales and diplomatic visits to Taiwan, signaling support and further straining US-China relations. This support, however, is often seen by China as an interference in its domestic affairs, intensifying the potential for conflict.

### 4) China's Rise and Strategic Shift to Asia

China's rapid military modernization and expanding influence in the Asia-Pacific are seen by the US as a challenge to its own influence and dominance in the region. The US "Pivot to Asia" strategy, the Indo-Pacific Strategy, aims to counterbalance China's growing power. This strategic shift heightens tensions and

increases the likelihood of direct confrontation.



## WHY AND HOW CHINA AVOID THE CONFLICT

- 1) **Global Economic Impact:** A military conflict over Taiwan would have devastating economic consequences. Given Taiwan's role in global supply chains, particularly in semiconductors, any disruption could cause significant losses across industries, triggering a global recession. The United States and China, as the world's largest economies, would both suffer from economic instability and

reduced market conflict, causing repercussions across international markets.

## 2) Risk of Escalation of full-scale wars

A conflict over Taiwan could quickly escalate into wider wars, potentially involving regional allies such as Japan, South Korea, and Australia under Quad alliances and other defense pacts. Such escalation increases the risk of a full-scale war with catastrophic human and economic consequences. The presence of nuclear powers on both sides heightens the risk, making de-escalation paramount to avoid a potential humanitarian disaster.

## 3) Destabilization of the Asia-Pacific Region:

The Asia-Pacific is one of the most economically dynamic regions, home to key trading routes and rising economies. Conflicts in Taiwan would lead to regional instability, disrupting global trade, and would likely result in military arms race among neighboring nations. This could destabilize not only East

Asia has also broader geopolitical relations making regional peace keeping efforts more complex and costly

## RECOMMENDATION FOR AVOIDING CONFLICT

### 1) Diplomatic Engagement:

The US-China should prioritize diplomatic dialogue to avoid miscommunication or miscalculation, particularly over military operations near Taiwan. The establishment of emergency hotlines between the US and China could prevent misunderstandings that lead to conflict.

### 2) Regional Cooperation and Arms Controls:

The US and China, with the support of regional organizations like ASEAN, should pursue arms control agreements and confidence-building measures to reduce the risk of accidental confrontations. Furthermore, multilateral forums that include China and the US should be used to mediate and create mutual trust.

### 3) Engagement through Economic Interdependence:

Maintaining and strengthening trade relations can serve as a deterrent to conflict. By further integrating China into global market, the economic cost of war over Taiwan become prohibitive. Economic cooperation, especially in technological and environmental sectors, could reduce tension by shifting focus to shared goals.

### Conclusion:

The Taiwan issue remains one of most sensitive and potentially destabilizing element in US-China relations. The complexities of sovereignty, national identity and great power rivalry create significant risks but war could yield unacceptable losses for both countries and the world. Through diplomatic engagement, maintaining the status and leveraging economic interdependence, the US and China can manage their differences over Taiwan peacefully.



# QUESTION NO: 04

## Revitalizing Pakistan Economy: The Imperative for Comprehensive Structural Reforms

### Introduction

The turnaround of Pakistan's economy is a pressing necessity in the face of numerous challenges, including high inflation, mounting debt and persistent trade deficits. With a population exceeding 200 million, Pakistan has immense potential, yet it struggles to harness this potential due to structural inefficiencies across various sectors. Comprehensive structural reforms are critical for revitalizing the economy particularly in industry, agriculture, information technology (IT), the power sector and the tax system. Each of these sectors plays a vital role in driving economic growth and enhancing productivity, but they face unique obstacles that hinder that. Addressing these challenges through well-planned reforms can unlock new opportunities.

1)

## INDUSTRIA SECTOR

### Current Challenges

Pakistan's industrial sector faces significant challenges, including outdated technology, low productivity and lack of diversification. Industries are often unable to compete globally due to high production costs and insufficient infrastructure.

### Reforms Needed

#### 1) Investment in Technology

To enhance productivity, industries must adopt modern technologies. Investment in research and development can facilitate innovation and improve competitiveness. According to World Bank reports, upgrading industrial capabilities could significantly boost Pakistan's GDP and create jobs.  
(World Bank 23)

#### Infrastructure Developments

Improving transport and logistic infrastructure is essential for reducing costs and

Increasing efficiency. The China - Pakistan Economic Corridor (CPEC) present an opportunity to enhance industrial infrastructure if managed effectively.

## 3) AGRICULTURE SECTOR:

**Current challenges:** Agriculture is a cornerstone of Pakistan's economy employing nearly 40% of the workforce. However, the sector suffers from issues like low yields, lack of access to modern farming techniques and inadequate irrigation systems.

### Reforms needed

#### Modernization and Mechanization

Introducing modern farming techniques and machinery can increase productivity. Training programs for farmers on sustainable practices can also enhance crop yields.

**Water Management:** Efficient water management practices are crucial for

cularly in the context of climate change. Investment in irrigation infrastructure and rainwater harvesting can help mitigate water scarcity. According to the Food and Agriculture Organization (FAO) emphasizes the need for agriculture reforms to ensure food security and enhance rural livelihood. (FAO - 2022)

### 3) IT SECTOR

**Current Challenges** Pakistan's IT sector has substantial growth potential but faces challenges such as limited access to broadband, insufficient investment in education and lack of supportive policies.

#### Reforms needed

##### 1) Education and Training:

IT education and vocational training can equip the workforce with necessary skills. Partnership with tech companies can facilitate internship and practical <sup>Strengthening</sup>

experiences

## Investment in infrastructures

Internet access to rural areas can demonstrate opportunity in IT sector, allowing for remote work and digital participation and entrepreneurship.

A report by McKinsey and Company highlights that enhancing the IT sector could contribute significantly to GDP growth and job creation in Pakistan.  
(McKinsey - 2021)

## POWER SECTOR

### Current Challenges:

The power sector in Pakistan is plagued by inefficiencies, frequent load shedding, and reliance on fossil fuels, leading to high energy costs and environmental concerns.

### Reform needed

Diversification of energy sources: Investing in renewable energy resources such

as solar wind and hydropower can reduce dependency on fossil fuels and improve energy security.

## Privatization and Deregulation

Restructuring state-owned enterprises and introducing competitive market can enhance efficiency and lower costs for consumers.

The International Energy Agency (IEA) has pointed out that significant reforms in the energy sector are necessary for sustainable economic development  
(IEA, 2022)

## TAX SYSTEM

### Current Challenges

Pakistan has one of the lowest tax-to-GDP ratios in the world resulting in inadequate public investment in infrastructure, health and education. The tax system is often criticized for being regressive and inefficient.

Reforms needed  
Diversification of energy sources

# Reforms needed

## Broadening the Tax Bases

Implementing measures to include informal sectors and high-net-worth individuals in the tax net can enhance revenue generation.

## Simplifying Tax Policies

Streamlining tax regulations and reducing loopholes can improve compliance and reduce corruption.

According to the IMF, the IMF has consistently emphasized the need for tax reform to improve fiscal sustainability and support economic growth in Pakistan. (IMF, 2023)

## Conclusions

In conclusion, the turnaround of Pakistan's economy is needed contingent upon comprehensive structural reforms across industry, agriculture, IT, the power sector, and tax system. Each sector presents unique challenges but

also opportunities for growth and development. Implementing these reforms not only requires political will and effective governance but also active participation from all stakeholders, including the private sector and civil society. Such holistic reforms are essential to create a resilient and sustainable economy capable of thriving in global landscape.

## QUESTION NO: 05

### Shanghai Cooperation Organization Pakistan

#### Introduction

In October 2001, Pakistan took significant step on diplomatic front by hosting SCO Conference in Islamabad. This high-profile event brought together leaders and representatives from member states and observer nations, serving as a vital platform for discussions on regional security, economic cooperation



and cultural exchange. Given the evolving geopolitical landscape, the successful conduct of the conference not only underscores Pakistan's role as a key player in regional dynamics but also highlighted its potential to strengthening ties with influential nations including China, Russia and Central Asia countries. It is crucial to critically evaluate the major takeaways for Pakistan from this conference and to recommend strategic measures that Islamabad can adopt to maximize the benefit arising from its participation in the SCO.

## MAJOR TAKEAWAYS FOR PAKISTAN

### Enhance the diplomatic engagements

Hosting SCO conference allowed Pakistan to strengthen its diplomatic ties with member states including China, Russia and Central Asian countries. The engagement is vital for Pakistan as it seeks to reposition itself as a pivotal player in

regional politics. The Conference facilitated high level dialogues, enabling Pakistan to advocate for its interest on issues such as counter terrorism trade and domestic-economic opportunities and Trade relations. The SCO emphasizes Economic Cooperation among member states, Pakistan's participation opened avenues for trade Agreement and economic participation, particularly through initiatives like the China-Pakistan Economic Corridor (CPEC). By leveraging the SCO platforms Pakistan can enhance trade links with Central Asia countries, which are rich in resources and markets.

## 2) Collaboration:

The Conference underscored the importance of collective security among SCO members, especially in combating terrorism and extremism. Pakistan's geopolitical position makes it crucial player in addressing regional security challenges. By actively participating in SCO-led security frameworks, Pakistan

Can enhance its counter-terrorism strategies and cooperate on intelligence sharing.

## Culture and Soft powers

The SCO Conference provided a platform for cultural exchange and soft power diplomacy. Pakistan showcased its cultural heritage and hospitality, fostering goodwill among member nations. Promoting cultural ties can help in building long-term relationship that transcend political and economic dimensions.

## RECOMMENDATION FOR ISLAMABAD

### 1) Strengthening Bilateral Relations

Pakistan should actively pursue bilateral agreement with key SCO members particularly trade, energy, and technology. Establishing framework for cooperation in these sectors can yield significant economic benefits. Regular diplomatic exchanges and trade delegations can help solidify the relationships.

## Investing in Security Mechanisms

Pakistan should invest in developing robust security mechanisms that align the SCO with objectives. This includes enhancing broader security, intelligence collaborating and joint training exercises with member states. Strengthening these frameworks will bolster regional stability and security.

## Promoting Regional Connectivity:

Pakistan should prioritize regional connectivity projects that facilitate trade and transport links among SCO member states. Initiatives like Trans-Afghan pipeline and rail links can enhance Pakistan's position as a trade corridor and increase its economic significance in the region.

## Enhancing Public Diplomacy

To effectively a soft power aspect of the SCO Pakistan should diplomacy initiatives that promotes cultural exchange education and tourism, creating programs that

Highlight Pakistan's Cultural richness and history can foster mutual understanding and goodwill among member nations.

## Conclusion:

The successful of the SCO conference presents Pakistan with a unique opportunity to bolster its international standing, enhance economic ties, and address regional security challenges. By critically evaluating the takeaways from the conference, it becomes evident that protective measures in diplomatic engagement, security collaborations, and cultural diplomacy are essential for maximizing the benefits of Pakistan's participation in the SCO. By implementing these recommendations, Islamabad can position itself as a key player in regional stability and economic development, thereby contributing to a more prosperous and secure South Asia.