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Current Affairs

(Mock)

## PART-II

Q.NO-2

Critically Evaluate the reasons  
and why and how China and  
US must avoid the Taiwan  
Conflict:

### Introduction:

Taiwan stands as a potential conflict zone between China and US. due to a combination of historical, strategic, ideological, and technological factors. Resolving Taiwan conflict, therefore requires a multifaceted approach that addresses historical grievances, national security concerns, and the aspirations of Taiwanese people.

## Reasons for Taiwan being a potential conflict between China and USA:

→ Following are the reasons for Taiwan being a source of potential conflict between China and USA;

### (1) Geopolitical Strategy: Containment of China and First Island Chain

#### ① Containment of China:

US views Taiwan as its critical ally in strategy to contain China's influence in Asia Pacific region.

Geopolitical Strategy

#### ② First Island Chain:

Taiwan is located in first Island Chain, a strategic barrier that limits China's naval access to Pacific. US sees it as a threat if China gains control over Taiwan.



## (2) Military Dynamics:

### • Arms sale and Military Presence:

→ Under Taiwan Relations Act, US provides military support and arms sales to Taiwan. China perceives it as an interference in its domestic affairs. This support reinforces Taiwan's ability to defend itself, escalating tensions and prompting China to enhance its military posture in the region. This makes Taiwan a potential flashpoint for

### Figure:

Conflict between two superpowers.



Fig: Taiwan located in -first Island Chain.

### (3) Historical Context:

#### US support for Independent Taiwan

→ The historical context of Taiwan's separation from mainland China following the Chinese Civil war in 1949 shapes contemporary perspectives. China's insistence on reunification is rooted in a narrative of national integrity, while the US sees its support for Taiwan as a defense of self determination.

### (4) Ideological Differences:

#### Democracy vs Authoritarianism

US supports democratic Taiwan.

Ideological  
factor

China's one party rule unacceptable to Taiwan.



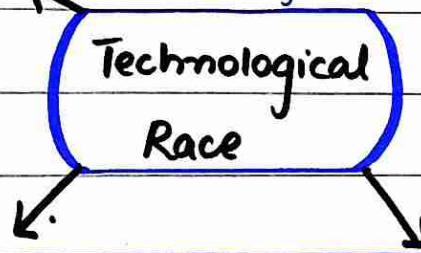
## (5) Technological Competition:

1.

### Semiconductor

Industry: → Taiwan is home to Taiwan

Semiconductor Manufacturing Company (TSMC), semiconductors are crucial for modern technology, including AI, 5G, and military.



### 2. Tech cold war:

→ Control over Taiwan's semiconductor supply chain is vital for both US and China, hence, engaged in technological cold war. Both are competing for dominance in key sectors AI, quantum computing, and telecommunications. So, Taiwan is a strategic asset for both countries.

### 3. Cyber security and espionage:

→ The tech landscape also includes concerns over cybersecurity and espionage. Both sides are wary of the potential for cybersecurity and theft of intellectual property.

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## Why China and US must avoid Taiwan Conflicts.

→ China and US must avoid Taiwan conflict for the following reasons:

### (1) Regional and Global Stability:

→ The potential for military confrontation poses a significant risk not only to Taiwan but also to global and regional security. A conflict would lead to broader geopolitical tensions.

### (2) Economic Implications:

→ Taiwan as a critical player in global supply chain, particularly in the semiconductor industry. Disruptions could have severe implications for the global economy, affecting everything from technology to manufacturing.



## How to Resolve the Conflict:

→ Conflict could be resolved through;

### (1) Dialogue and Diplomacy:

→ Negotiations and establishing communication channels can help reduce misunderstandings.

### (2) Gradual Confidence Building Measures:

→ Measures such as military de-escalation, joint economic projects, cultural exchanges can foster good will.

### (3) International Engagement:

→ A balanced approach should be opted by international community, especially US, that respects Taiwan's democratic aspiration and acknowledge China's concerns.

## Conclusion:

→ Therefore, conflict between China and US over Taiwan is a complex interplay of various factors. These should be resolved

diplomatically in order to avoid any regional or global geopolitical and economic tensions.

## Q.NO.6

Analysis of far reaching implications of IPPs on different sectors and possible recommendations:

### Introduction

→ There are 90 plus IPPs (Independent power projects) in Pakistan, mostly intalled in 1994, 2005, 2011, and 2015. These projects have caused massive hike in electricity prices, having far reaching implications on industrial domestic, and other crucial sectors. It is because of expensive agreements, overwhelming dependency of IPPs on hydrocarbons, line and other losses, etc. Following is an analysis of problems with IPPs and possible recommendations;



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## Analysis of the Statement:

### (i) Expensive Agreements with IPPs:

#### • Supply - Demand Crisis:

→ According to the Economic Survey of Pakistan;

- Total installed capacity of IPPs and non-IPPs is 42,000 MW,

- Nearly 27,000 MW capacity is of IPPs,

→ Therefore, the installed capacity is more than the demand as: in peak month (July) demand is 26,000 MW, in moderate months (March-April) it is 17,000 MW, and in January it is ~13,000 MW.

→ Whereas, the government has signed to purchase more than the demand and it is unable to pay for minimum agreed units.

The annual electricity generation capacity of IPPs is 2.3 Billion units.

Our demand is less than 1.4 Billion units.

→ Adding to this, the agreements signed are in dollars not Pakistani rupees. Which resulted in expensive electricity generation.

## (2) Overwhelming dependency on hydrocarbons:

→ The sources of electricity generation are expensive too. As, more than 60% of electricity is generated from hydrocarbons, such as diesel, LNG and Coal.

Moreover, they are not locally produced rather imported. The prices of hydrocarbons have tremendously in international market post COVID-19 market resumption, Ukraine war, and sanctions on Russia.

## (3) Problems with transmission and distribution sector:

→ The NTDC is a transmitter from



electricity generator till the local grid.

And DISCOs, distribute electricity from the local grid till the end consumer.

### Losses in NTOE:

→ Due to old lines, above 17% of electricity is lost in transmission lines.

### DISCOs Line Losses:

→ 16% of lines are lost in distribution, while 9% are stolen.

→ So out of 100 units produced, 33 are lost. And bills of these 33 lost are payed by people.

## Impacts on Sectors:

### (i) Domestic Sector:

→ At domestic level, it has resulted in tripling of bills. If someone was paying 10,000 PKR before, now he has to pay 30,000 PKR. Consequently, it has affected other domains and spheres of lives and people are unable to purchase good food, education of children is compromised, health, and recreational

activities are affected too.

## (2) Industrial sector:

- Industrial sector is facing decline in exports as due to expensive electricity, commodity price has also hiked.
- Pakistan's electricity is 30% expensive than Bangladesh.

## (3) Increase in trade deficit:

- This has resulted in more dependency on IMF, foreign aids, closure of industries, unemployment, and, ultimately, increase in trade deficit.

## Possible Recommendations:

- Following are the possible recommendations to resolve the issue;

(i) Renegotiate agreements with IPPs (dollar to PKR),

(ii) Indeginization of electricity generation system; hydal, solar, wind, local coal (Thar),

(iii) Privatization of DISCOs,



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(iv) Overhauling of transmission  
lines, etc.

## Conclusion:

→ Therefore, expensive agreements, over-reliance on hydrocarbons, and line losses have affected different sectors badly. But the damage can be reversed by opting for feasible solutions like: re-negotiating agreements, consume renewable local energy sources, and overhaul transmission lines.

Q. NO. 5

Evaluation of major takeaways for Pakistan and measures for Islamabad to follow:

## Introduction:

→ The recent Shanghai Cooperation Organization (SCO) Conference

hosted in Islamabad marked a significant diplomatic event for Pakistan, highlighting its strategic role in the region. As a key member of SCO, Pakistan's successful organization of the conference brought various takeaways and presented opportunities to advance its geopolitical objectives.

## Major Takeaways for Pakistan:

### (1) Strengthening Regional Diplomacy:

→ Hosting SCO Conference bolstered Pakistan's diplomatic ties with other member states, including China & Russia. This reaffirms Pakistan's commitment to fostering regional stability and development.

### (2) Economic Collaboration:

→ At the heart of the Summit



was the focus on economic collaboration, grounded in unity, trust, and development. Investment in infrastructure projects like China-Central Asia pipeline, CPEC, and the Eurasian Transport Network.

### (3) Call for Alternative Development funding Mechanisms:

→ SCO members took a stand against protectionist policies and unilateral economic measures. Pakistan, for its part, pushed for creation of an SCO development fund to kick start projects stalled and drive equitable growth across the board.

### (4) Advancements in technology:

→ Technology, unsurprisingly, was a big part of conversation too. As the world is evolving, it is pertinent to

keep up with the advancement in AI, technology, mass communication, and commerce. All this will benefit Pakistan's CPEC project.

### (5) SCO Green Belt Program:

→ SCO members took a firm stance on the need for action, endorsing the SCO Green Belt program. As Pakistan is one of the most affected states due to climate change, despite its least contribution, it will aid Pakistan to cope with global warming and natural disasters due to climate change.

### Recommendations:

→ Following are the recommendations for Islamabad to follow;

1. Focus on confidence building measures for the success of projects discussed.

2. Avoid politicizing SCO forum,



3. Eradicate terrorism to ensure peaceful and successful implementation of projects discussed,
4. Counter any anti-SCO narrative through positive image building of SCO; do not promote it as an anti-West forum,
5. Attain political and economic stability, etc.
6. Foster people-to-people contact through cultural exchange programs.

### Conclusion:

→ The SCO Conference in Islamabad has presented Pakistan with an array of diplomatic, economic, and technological advancement opportunities. Therefore, the measures recommended above aim to consolidate the positive outcomes of the conference and position Pakistan as a reliable regional partner to sustainable development, security and peace.