

PART # II

Q2: Answer:

Introduction:

The conflict in South-China Sea in form of Taiwan is becoming a flash point between US and China. The geographical location of Taiwan makes it suitable to control the navigation of Southchina sea, therefore both are in conflict to control it. Moreover, its role in global economy, control of resources of the sea and the rise of China and its ambition to control South-China sea makes it a flash point for both the major powers. Both countries must avoid the conflict because of apprehension of nuclear war, a gateway to world and role of Taiwan in global economy. This conflict can be avoided by increasing dialogue, strengthening multilateralism and

and reaction stance by US over one china policy. The militarisation of the region must also be banned.

Reasons of the conflict between China and USA over Taiwan:

i) Competition To control Taiwan Strait:

One of the major geo-economic and geo-political reason behind the conflict control of the strait.

Both the countries want to take control of the Strait as major chunk of global trade, esp of China goes through the Strait. Hence, control of strait will mean control over the trade.

ii) Control over South-China Sea:

Taiwan is strategically located in the heart of South-China Sea. Anyone who have control over the island will have control over the sea. China has historically shown not only the Taiwan but also whole of the sea as its part through its 9-dash policy. Moreover, trade in the ~~area~~ Asia is dependent on the region of South-China.

iii) Taiwan role in Global Economy:

Taiwan plays a crucial role in global economy. It according to Radium Institute, produce 90% of global advance chips. These chips are integral for global economies esp in

the changing technology of AI. Hence, Both want to take control of Island. Former NSA of USA, has threatened "if china overtook the Island we will destroy the TSMC's factories." This shows the imp of the Taiwan in global economy.

iv) Fall of Taiwan means Rise of China and End of unipolar world:

If China successfully took control of Taiwan, it will mean the rise of military might of China. This will threaten the unipolar hegemony of US in the world. To stop this rise of China, US is arming the country/Island to counter the threat of China. In FY 24-25

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US has okayed sale of \$2 billion arms for Taiwan.

These arms include Air defence, drones and aircraft maintenance.

v) Resource rich region of South-China sea:

The South China sea is not only strategically important but also very rich in resources. It holds one of the richest source of fish in the world.

Along with this, it have huge amount of oil and gas.

China has currently connected one of the world largest deep sea oil rigs to its national pipeline, showing the imp of region.

2. Why Both countries must Avoid Conflict:

Due to the following reasons,

i) Risk For Global Economy

As we already discuss, that Taiwan produces 90% of advance chips. It shows the dependence on the Island manufacturing. If the Island is destroyed by an attack the global economy, which is already in shambles, will collapse as all the modern day equipment from a microwave to aeroplane are dependent on these chips.

ii) Higher risks of nuclear war:

Both the major powers are highly nuclear armed countries. If China attack the island and US responded there is apprehension that it will lead to a nuclear war. China is modernising its nuclear arsenal. According

to current SIPRI report, China have more than 500 nuclear armed weapons which increased from previous held 383 weapons.

iii) A Possible Roadmap to WWIII:

In current scenario, nothing can bring the world back on track to WWIII than a conflict over Taiwan.

The greater bloc politics is already boiling in form of NATO and increasing alliance b/w Russia, China, Iran and North Korea. If the war broke out, it will take whole globe under its fire. Therefore, Both major powers must avoid the conflict.

3) How a conflict can be overcome:

i) Increase dialogue, to foster trust:

Both of the major powers must engage in dialogues. This must include people to people engagement, regular head of the state meeting and military dialogues. Last year meeting between Xi and Biden has opened some gates to dialogues and recent visit by NSA of president Biden has also shown some dialogues are happening.

ii) Strengthening multi-lateralism:

Multi-lateralism must be strengthened. Bloc politics leads to conflict and confrontation as was a major cause of WWI & WWII. UN must be reformed along with TRPs to give role to global south.

This will help overcome conflict between the major powers.

iii) US must reaffirm its stance on Taiwan.

US has never accepted Taiwan as an independent country. But recent change in policy looks different than that. Nancy Pelosi visit to Taiwan in 2023 sparks strong response from China. Therefore, US must reaffirm its stance that it stands by its one China claim.

iv) Ban on militarisation of the region:

Both the country must de-militarized the region. This can be achieved by banning the export of weapon system specifically long range ballistic missile.

to overcome the military conflict.

4. Conclusion:

The geo-economic and geo-political interests of US and China lies in the region. Both nations must avoid conflict as it can lead to WWII and possible nuclear war. It will also have have detrimental impact for global economy. This can be achieved by fostering dialogue, strengthening multi-lateralism and stop/ban on militarisation of the region.

Q.4. Answer:

Introduction:

Turn around of any economy depends on the structure of the economy until past. embark on journey of structural reforms it cannot

overcome these economic crisis. with an efficient tax collection system it cannot tackle its current account deficit. In absence of robust agri sector, industrial sector and thriving IT ~~no~~ it cannot turn the table. Therefore it must reform its taxation policy and institutions. It must overcome the crisis in energy sector and reform the industrial sector, by moving toward export oriented industrialisation. It should also reform agriculture sector from ~~ag~~ irrigation to seed quality and market base product prices.

2. Why Pakistan cannot achieve economic turn around with structural reforms:

i) Inefficient & regressive taxation system:

without

lacking inefficient taxation system Pakistan cannot gain economic turn around. Because of this system, Pak incur annual deficits, which is than finance through debt, leading to debt crisis. Salary class is paying 200% more taxes than trading class, making it the most regressive taxation regime.

ii) Under-productive agriculture sector:

Even though Pakistan have one of the largest fertile land, its production is far behind its regional competitors. For instance, per acre wheat production of Pak is 5 mounds less than India. Similarly, Pak have net food import bill of \$10 billion in FY22-23.

iii) Inefficient Power Sector:

Power sector forms the

backbone of any economy. But power sector of Pak is facing severe issues. Higher lines losses and higher dependence on foreign fuel has resulted in circular debt of 2.5 trillion. Moreover, load shedding is still rampant even after having excessive installed capacity.

iv) Import substitution industrial policy has failed:

Over the years Pakistan has adopted import substitution industrial policy. However, this policy has failed. It has not result in import substitution more over has stop competition by having excessive regulation and trade barrier. Therefore, it must reform its industrial policy without these reform it cannot achieve economic turnaround.

3. Economic structural reforms to turn around economy:

i) Reforms in Agricultural sector:

a) New GMO seeds: Pakistan must introduce new climate resistant high productive GMO based seeds.

b) Market based pricing: Current, MSP mechanism must be brought to an end and turn toward market based pricing. It will make market attractive for investment and allow for its efficient working.

c) Reforming irrigation Tech: Pakistan is highly water stress country it needs new irrigation tech like drip tech and new canals to irrigate new lands.

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ii) Reforming taxation system:

The untaxed sectors and individuals must be brought under taxation net. Real estate, retailer and Agricultural sector must be brought under tax regime to increase the base and increase revenue. The tax evasion must be harshly punished. This can be achieved by digitalisation of economy and government services.

iii) Power sector reforms to turn the economic future of the country:

The agreements with the IPPs must be renegotiated and take and pay model be adopted. The transmission lines must be upgraded and Discos be privatised. If privatisation of certain Discos are

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not possible the management must be outsourced to bring efficiency. Moreover, the thermal must be replaced by green renewable energy.

iv) Transition to export led industrial policy:

An export oriented policy must be adopted to allow flow of investment in various sectors. Vietnam Doi Moi reforms can be a good case study in this regard, which allowed them achieve greater exports and economic turnaround by adopting export oriented policies.

4. Conclusion:

Indeed, turn around of Pakistan's economy is not possible without structural reforms

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As these reforms are blocking the path to prosperity, the govt must adopt a complete package of structural reforms in taxation, industry, agriculture, and power sector to embark on the journey of economic turn around.

Q6 Answer:

Introduction:

The energy sector of Pakistan is in shambles due serious structural flaws. The issues like heavy dependence on hydrocarbons, line losses, expensive IPPs deals and circular debt have made electricity reach its all time high. This increase in power prices has impacted every sector of state. The industries are shutting down, inflation is sky-rocketing and protests are rampant. The

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govt must find a route out of the crisis by introducing reforms in form of renegotiating deals, moving towards green energy, transitioning existing thermal to that coal and reforming Discos to overcome losses. These reforms will decrease the burden on the masses and tame the rising inflation.

2. Grave issues in the Energy Sector of Pakistan:

i) Capacity charges due to expensive IPPs deal:

Pakistan gave lucrative policies in form of energy policy 1999, 2002, 2005 and 2013. Under these policies various power plants were installed. However, the problem arise when the govt was unable to utilize the

plants has incorporated to the national grid. Moreover, the take or pay model and high return on investment has led to high capacity charges. According to latest report of power ministry, circular debt stands at 2.5 to 3 billion.

ii) High Line losses: a major avenue of loss of revenue:

The line losses in form of transmission and distribution losses are very high in Pakistan. According to NEPRA, L&D losses stand at 18% in FY24-25, while the regional avg is less than 9%, which means Pakistan have double the losses.

iii) Over dependence on hydro carbon:

Pakistan produces

majority of its energy from hydrocarbons. According to Pakistan Economic Survey (PES), 9.4% of power capacity installed is from thermal sources. These sources are mainly imported, which means they are not only expensive but also place huge pressure on foreign exchange reserve and stability of currency.

ii) Electricity theft another major hurdle in power sector.

The electricity theft is also a major issue faced by Pakistan's energy sector. According to Power minister, Owais Iqbal, Power theft costs Pakistan annually 600 billion Rs. This result in load shedding and price hikes to cover the losses incurred due to theft.

3. Far reaching implications of massive hikes in electricity prices:

i) Inflation skyrocketed due to increase in power prices:

The energy prices are directly linked with all the sectors of economy. The rise in electricity prices result in rise in inflation. Which hit the ceiling in may 2023, when CPI reached 38%. The people burnt the heavy price.

ii) Rampant protests amid rising electricity prices:

The people show their resentment through protests. Last couple of year when prices sky rocketed protests become rampant. The Gilgit and

Kashmir valley protests brought govt. machinery to standstill. The govt. has to decrease the prices to tame the protestors.

iii) Rising poverty due high inflation because by Price hike in electricity.

Poverty is a direct result of hyper inflation. According to WB, poverty rate in Pakistan has reached 49% in FY 23-24. The major factor behind this sharp rise in poverty is hyper-inflation.

iv) Shutting down of industries:

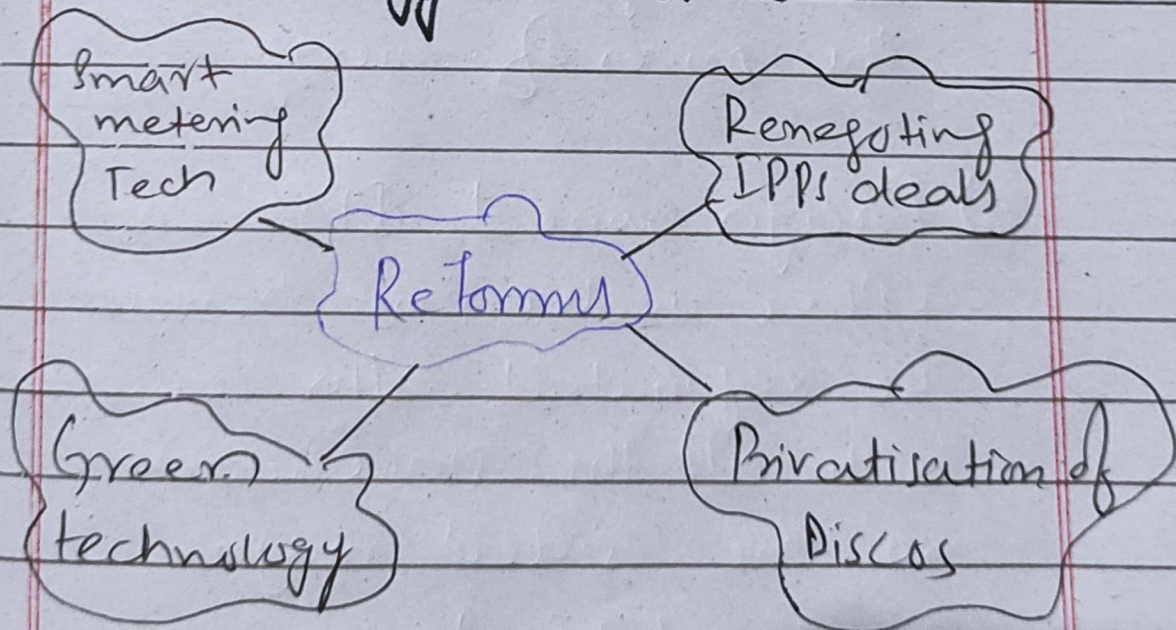
Due to rising prices, the cost of doing business increases leads to decline in large scale manufacturing decrease in last Fiscal year. Accordingly

to budget statistics, LSM decrease by more than 17% in last FY.

v) High unemployment:

The shutting down of LSM plants results in higher unemployment. According to PFDE, unemployment among graduate has reached 31%, one of highest in the world.

4. Possible ways to overcome the energy sector crisis:



i) Renegotiation of deals with IPPs:

The agreement with IPPs must be renegotiated this can be achieved by 3 ways.

i) All domestic IPPs under 1994 policy, their agreement must be terminated all at once as they have made 100% of time of their investment.

ii) State owned IPPs, their terms and conditions must be changed to decrease the prices of energy.

iii) Foreign owned IPPs, esp CPECs under projects, must be renegotiated after dialogues with all the stakeholders no one sided majors must not be taken.

ii) Privatization of Discos:

The highest loss making Discos like PESCO and HESCO must be privatized to overcome the losses and bring efficiency in the system.

iii) Smart-metering technology:

The new smart metering technology must be implemented across the board all over the country to overcome the losses due to electricity theft.

iv) Transition to Green technology:

The overdependence on hydrocarbon must be overcome by green tech. Pakistan has huge capacity of hydel and solar-wind energy generation. It must be

exploited at its best.

5. Conclusion:

The high electricity prices have worse implications on industry, poverty and unemployment. The state must renegotiate the TPPs deal, implement smart metering and transition to green tech to overcome these crisis. The privatisation of Discos may also help control the losses in the system.

Q3: Answer:

Introduction:

US has provided its unconditional support to Israel amid its war on Gaza. It has vetoed all the resolution amid a ceasefire in the enclave. Also, provide financial and military support to enable

Israel to carry out complete destruction of Gaza. It has completely destroyed the image of US in the region who now consider US as enabler of Genocide of Palestinians. The China and Russia are making greater inroad in the region in terms of military, economic and diplomatic engagement.

2. US unconditional support to Israel:

i) **Military support:** The US is the largest provider of weapons to Israel. The Senate approved \$50 billion aid for Ukraine, Israel and Taiwan. This aid buys the required arms necessary for onslaught on Gaza. It also provided THAAD to Israel for air protection.

ii) **Diplomatic engagement:**
The US.

has vetoed all the resolutions aimed at achieving cease fire or membership of Palestinian state.

iii) Financial Support:

The US has helped Israel to keep its economy afloat by aid and grants. The total amount of aid it gives to Israel in one year of war is more than \$17 billion.

3. Impact of US unconditional support of Israel on its image in the region:

The support of US to Israel amid genocide in Gaza has tarnished the image of US in the region in many ways.

i) US is now considered the enabler of war on Gaza.

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as it's the largest funder
of the occupation forces

ii) US is consider complicit
of the war crimes Israel
is committing in Gaza

iii) The U.S. image as the mother
of democracy has tarnished
bc of its crackdown on
the students in US campuses
last year.

iv) The public outrage has
forced the states to take
concrete steps even if they
have to go against U.S., the
security provider in the region
e.g. the clear message of
Jordan's PM to Sect. of
state during press conference
to bring an end to this
genocide.

v) The change in ~~front~~ sympathy
for regime in Tehran,

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The people now saw the Islamic state of Iran as the strong hold of muslims.

3. The China and Russia has made great inwards to Middle east:

i) Diplomatic maneuvering of China:

Last year China cracked a historic deal between arch rival Iran and KSA, which withstood the changing regional situation. Following, terror in Gaza. Moreover, China brings all the Palestinian stakeholders on same page by signing of Beijing Declaration where all 16 parties come under one umbrella.

ii) Greater economic engagement
between Arab states and
Russia, China:

Even though the western allies want to isolate Russia it has made great inroads to the region ~~via~~ increasingly its economic engagement with the Gulf states. Surprisingly, in FY 23-24 KSA becomes the 4th largest importer of Russian oil, as it is available in cheap rates and it is resale in higher rates. Moreover, China is bringing huge investment to the region under BRI and its special trade relations with the Gulf states. China has become largest trading partner of the region.

i) Greater military co-operation
between Russia and
Iran:

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The Russia-Ukraine war on one hand and Gaza - Israel war on other has brought Iran closer to Russia more than ever. Iran provided Shahed drones to Russia and allegedly ballistic missiles while Russia has provided crucial support to Tehran in its attack on Israel and its defense against Israel retaliation on 26 Oct through its S-300 defense system.

Conclusion:

The Gaza genocide by Israel and US unconditional support has obliterated the image of US in the region who now ~~now~~ see U.S as enabler of war and complacent of Genocide. The US dwindling image has given Russia and China opportunity to make

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invade the region through military, economic and diplomatic actions. The Russia-China is now seen as alternative to US presence in the region, particularly China which is the biggest trading partner of the Gulf States.
