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# Reorienting Pakistan's Trajectory Towards a Balanced Foreign Policy in the Emerging Great Power Competition

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## Key Points:

- Today's great power competition has brought a surge of new challenges for Pakistan vis-à-vis navigating its relations with great powers and maintaining a proactive and balanced foreign policy.
- In economic balancing, a dyadic understanding of the economic environment of China-Pakistan and US-Pakistan is incomplete, and there is a need to put these states into a triangular dynamic with each other by proposing co-investment in Pakistan. Moreover, Pakistan must find a balance between China and the US by identifying areas of mutual interest.
- In terms of internal balancing, besides economic stability and military advancement, Pakistan should also strengthen technological innovation and address political instability to follow a bold, independent, neutral foreign policy.

## Introduction

The great power competition has once again brought a surge of new challenges for Pakistan to navigate its relations with great powers and maintain a proactive foreign policy. History shows that Pakistan is no stranger to being caught in global wars, but it has also demonstrated a weak, non-aligned, imbalanced foreign policy approach and has always paid the cost for its inconsistent and obscure foreign policy. In the contemporary epoch, Pakistan claims to step ahead with a neutral and non-aligned foreign policy and not be involved in inter-bloc politics. Aligning with one state is not in the interest of Pakistan. The great powers can also not lose Pakistan, given its geostrategic location and other converging interests. Between the hard choices, it is preferred for Pakistan to maintain economic and strategic balance with the

United States (US) and China, along with reinforcing its internal balancing through technological innovation, political stability, military strength and economic development to achieve the element of independence in its foreign policy.

## Pakistan's Foreign Policy Dilemma

Pakistan's political and economic limitations have prevented it from following an impartial foreign policy. Initially, it was Pakistan's survival-oriented foreign policy based on ensuring armed strength and strengthening its meagre social and economic resources.<sup>1</sup> It pushed Pakistan to align towards the West during Cold War. The external political environment has also disrupted what could have been a relatively balanced foreign policy approach.<sup>2</sup> For example, amid the US-Indian rapprochement during the Sino-Indian war of

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<sup>1</sup> S. Irtiza Husain, "Strategic Dimensions of Pakistan's Foreign Policy," *Strategic Studies* 1, no. 1 (1977): 19–35, <https://www.jstor.org/stable/45181205>.

<sup>2</sup> Vladimir Moskalenko, "Pakistan's Foreign Policy," *Asian Survey* 14, no. 3 (1974): 267–278, <https://doi.org/10.2307/2643015>.

1962,<sup>3</sup> a more substantial Sino-Pak relation emerged, also dubbed as a “friendship forged by war.”<sup>4</sup> This also shows that Pakistan’s foreign policy has been influenced by various complex interlinked factors ranging from administrative needs to economic stability to military strength, which is why the state lacks posturing clarity in its foreign policy.

At the regional level, Pakistan faces the same struggle in formulating a non-partisan foreign policy. One example is maintaining neutrality in the Iran–Saudi rift. Pakistan always maintained strong economic and military relations with Saudi Arabia, i.e., military cooperation during Saudi missions in South Yemen in 1969 and later during the Soviet-Afghan war,<sup>5</sup> further solidified with the formation of the Islamic Military Counter Terrorism Coalition.<sup>6</sup> In 2022 alone, the trade volume between states reached 2 billion dollars, and Saudi Arabia renewed loans worth 3 billion dollars to Pakistan.<sup>7</sup>

Pakistan has maintained cordial relations with Iran as well, i.e., cooperation under Central Treaty Organisation (CENTO), Iran’s assistance during Pakistan’s 1965 and 1971 wars with India and Pakistan’s recognition of the 1979 revolution.<sup>8</sup> However, the relationship is deteriorating, and an imbalance is emerging. Both states signed a twenty-five years contract to establish an Iran-Pakistan gas pipeline. While Iran has completed its side of the project, Pakistan is facing a potential 18 billion dollars penalty for not meeting its end of the deal.<sup>9</sup> Pakistan is in no position to afford this unpleasantness amid strengthening Indo-Iranian partnership with India’s 500 million dollars investment into the development of Chabahar port.<sup>10</sup> If this issue is not resolved, Pakistan will fail to maintain its balanced foreign policy towards the Saudi-Iran rivalry. When choosing a side, it will be forced to side with Saudi Arabia. This is one of the examples of dilemmas Pakistan faces in its non-partisan foreign policy.

<sup>3</sup> Ibid

<sup>4</sup> Muhammad Abubaker, “China-Pakistan Axis: Asia’s New Geopolitics,” *Paradigm Shift*, February 21, 2022, <https://www.paradigmshift.com.pk/china-pakistan-axis/>.

<sup>5</sup> Zahid Shahab Ahmed and Shahram Akbarzadeh, “Pakistan Caught Between Iran and Saudi Arabia,” *Contemporary South Asia* 28, no. 3 (2020): 1- 15, 10.1080/09584935.2020.1779181.

<sup>6</sup> Amir Zia, “Allied Against Terrorism,” *Hilal English*, accessed March 8, 2023, <https://hilal.gov.pk/eng-article/detail/Mzk2.html>.

<sup>7</sup> Samer Al-Atrush and Farhan Bokhari, “Saudi Arabia Renews \$3bn Deposit to Pakistan,” *The Financial Times*, August 14, 2022, <https://www.ft.com/content/7cce70fe-9ddd-4acb-ac4b-5dc827fd4802>.

<sup>8</sup> Ahmed and Akbarzadeh, “Pakistan Caught Between Iran and Saudi Arabia.”

<sup>9</sup> “Iran Warns Pakistan To Complete Pipeline Or Face \$18B Penalty,” *Iran International*, January 31, 2023, <https://www.iranintl.com/en/202301312203>.

<sup>10</sup> Soroush Aliasgary and Marin Ekstrom, “Chabahar Port and Iran’s Strategic Balancing With China and India,” *The Diplomat*, October 21, 2021, <https://thediplomat.com/2021/10/chabahar-port-and-irans-strategic-balancing-with-china-and-india/>.

## Foreign Policy Challenges in the Contemporary Bloc Rivalry

Today’s great power competition has brought a surge of new challenges for Pakistan’s foreign policy. Pakistan has officially declared objective, balanced, broad-based, mutually beneficial relationships with all major powers.<sup>11</sup> However, its weak non-aligned stance in the past has not been satisfying enough to assume consistency with the presently-claimed non-partisan posture. It has given rise to the assumption that Pakistan has fallen short of its potential to forge relations with the wider world.<sup>12</sup>

The division in the world is further deepened as an aftermath of the Russia-Ukraine conflict, reinforcing the western and eastern blocs. In the ongoing conflicts, Pakistan firmly disseminated that it would maintain a neutral stance. In a conversation between the former foreign minister of Pakistan, Shah Mehmood Qureshi and the Foreign Minister of Russia, Mr Sergey Lavrov, Pakistan talked about the de-escalation and diplomatic solutions between Russia and Ukraine.<sup>13</sup> Where Islamabad raised concerns over the humanitarian situation in Ukraine, it also outrightly avoided condemning the Russian approach towards the war. Even after the ouster of former Prime Minister Imran Khan, when observers were keenly looking for Islamabad to change its stance, it maintained its neutrality. It abstained twice from voting on the resolution at the UN General Assembly against the state of Russia.<sup>14</sup> This act was perceived as a pro-Russian stance by the West. Despite such acts and officially claimed neutral stance, if Pakistan faces backlash from states worldwide for taking sides, the state’s foreign policy has markedly failed.

Pakistan’s Prime Minister Shahbaz Sharif’s statement in support of the “One China” policy and on issues of the South China Sea, Taiwan, Tibet, Xinjiang and Hong Kong during his visit to China<sup>15</sup> is a manifestation of Pakistan’s inconsistent non-aligned stance. There are three important prerequisites for Pakistan to achieve a balanced and proactive foreign policy posture in the potential escalation of conflicts. The first and foremost

<sup>11</sup> Kamran Yousuf, “Pakistan Stance on Ukraine Unchanged: FO,” *The Express Tribune*, October 15, 2022.

<sup>12</sup> Rustam Shah Mohmand, “Pakistan’s Foreign Policy Is in Desperate Need of Consistency,” February 28, 2023, <https://www.arabnews.pk/node/2259326>.

<sup>13</sup> “Foreign Minister Qureshi Speaks to Russian Foreign Minister,” *Ministry of Foreign Affairs Pakistan*, March 5, 2022, <https://mofa.gov.pk/foreign-minister-qureshi-speaks-to-russian-foreign-minister/>.

<sup>14</sup> Kamran Yousaf, “Pakistan Defies West’s Pressure on Anti-Russia Resolution,” *The Express Tribune*, October 13, 2022.

<sup>15</sup> “Transcript of the Press Briefing by the Spokesperson on Friday,” *Ministry of Foreign Affairs Pakistan*, November 4, 2022, <https://mofa.gov.pk/transcript-of-the-press-briefing-by-the-spokesperson-on-friday-4-november-2022/>.

is to continue working towards internal balancing; the other two are economic and strategic balancing with China and the US.

## Economic Balancing

In a world of evolving values and eternally repositioning alliances, most countries have made their choices based on economic interests, and Pakistan is one of them. The National Security Policy 2022-2026 of Pakistan denotes a shift in the state's focus from geopolitics to geoeconomics.<sup>16</sup> With its budding emphasis on economic growth, the country needs to balance out its economic relations with great powers as well as broaden its trade relations with other regions, like European Union (EU), to curtail its dependence on the US and China solely.

The economic paradigm mainly entails connectivity, development and trade partnerships. When it comes to China, Belt and Road Initiative (BRI) and its flagship project China-Pakistan Economic Corridor (CPEC), is the epitome of a strengthened bilateral alliance between China and Pakistan. The vision is to bolster connectivity, ensure sustainable development, and accelerate economic progress by connecting Pakistan's ports of Karachi and Gwadar with China's Xinjiang province and beyond via the network of pipelines, highways and railways.<sup>17</sup> CPEC is taking a new turn towards technological development via China-Pakistan Digital Corridor. The win-win situation reinforces the all-weather alliance of the two states.

A dyadic understanding of the economic environment of China-Pakistan and US-Pakistan is incomplete. It creates a need to put these states into a triangular dynamic with each other. The two states, US and China, can propose co-investment in Pakistan. Therefore, to balance out relations among trio states, the US has its own connectivity plans. The Reconstructing Opportunity Zones (ROZs) for Pakistan and Afghanistan will allow textile and apparel goods to enter the US duty-free and reap economic benefits for the region.<sup>18</sup> Investment Promotion Activity (IPA), implemented by the United States Agency for International Development (USAID), is a five-year project which predominantly focuses on strengthening education, agriculture and other sectors, attracting foreign direct investment, and improving

<sup>16</sup> Usama Nizamani, "Pakistan's New Strategy: Technology-Based Cooperation," *South Asian Voices*, October 11, 2022, <https://southasianvoices.org/pakistans-new-strategy-technology-based-cooperation/>.

<sup>17</sup> "About CPEC," *Parliamentary Committee on China-Pakistan Economic Corridor (CPEC)*, March 2, 2023, <https://na.gov.pk/cpec/?q=about>.

<sup>18</sup> "Van Hollen, Young, Cantwell Introduce Bipartisan Pakistan-Afghanistan Economic Package to Promote Stability in the Region as U.S. Military Plans Afghanistan Exit," *Chris Van Hollen*, April 30, 2021, <https://www.vanhollen.senate.gov/news/press-releases/van-hollen-young-cantwell-introduce-bipartisan-pakistan-afghanistan-economic-package-to-promote-stability-in-the-region-as-us-military-plans-afghanistan-exit>.

US-Pakistan bilateral trade. As per US Census Bureau, US investments in Pakistan increased by 50 per cent reaching 5.3 billion dollars in 2021.<sup>19</sup>

In this economically mingled world, it is no longer easier for major powers to influence other states.<sup>20</sup> As stated by Pakistan's former National Security Advisor, neither US nor China has asked Pakistan to take one side, as Pakistan is one of the very few states where the interests of both powers converge.<sup>21</sup> Pakistan has gained a lot from its partnership with China and extracted distinct advantages from its fairly close ties with the US. However, tilting towards one bloc is not beneficial for the economic development of the state. Statistics show that the trade between China and Pakistan resulted in a positive trade balance of 1.82 billion dollars in October 2022, when China imported 281 million dollars from Pakistan.<sup>22</sup> The top imports were rice, refined and raw copper, non-fillet frozen fish, and non-retail pure cotton yarn. In contrast, Pak-US trade resulted in a negative trade balance of 248 million dollars in the same month, and US imports from Pakistan decreased from 554 million dollars to 456 million dollars between November 2021-2022.<sup>23</sup> The state can also reap economic benefits by fostering trade relations with the EU. Between FY 2013-2022, Pakistan's exports to the EU have raised by 46.4 per cent as compared to other major export destinations: China and US.<sup>24</sup> By copiously exploring other options, the state can limit its sole dependence on great powers and avoid bloc politics.

## Strategic Balancing

Pakistan had a foreign policy tilt towards the US for a long time, being its front-line ally, first during the Soviet invasion of Afghanistan and later during the "global war on terror".<sup>25</sup> With its mounting partnership with China, Pakistan must find a balance between China and the US

<sup>19</sup> "The United States Launches Initiative to Enhance U.S.-Pakistan Bilateral Trade," *US Embassy*, accessed January 10, 2023, <https://pk.usembassy.gov/the-united-states-launches-initiative-to-enhance-u-s-pakistan-bilateral-trade/>.

<sup>20</sup> Talat Masood, "Pakistan Balancing Relations between China and the US," *Arab News*, accessed March 3, 2023, <https://www.arabnews.pk/node/1881386>.

<sup>21</sup> Michael Kugelman, "U.S.-Pakistan Relations in the Biden Era: A Conversation with Moeed Yusuf," *Wilson Center*, January 21, 2021, <https://www.wilsoncenter.org/event/us-pakistan-relations-biden-era-conversation-moeed-yusuf>.

<sup>22</sup> "China-Pakistan," *Observatory of Economic Complexity (OEC)*, December 2022, <https://oec.world/en/profile/bilateral-country/chn/partner/pak>.

<sup>23</sup> "United States-Pakistan," *Observatory of Economic Complexity (OEC)*, November 2022, <https://oec.world/en/profile/bilateral-country/usa/partner/pak>.

<sup>24</sup> Sarah Javaid, "Pakistan and European Union Under GSP+" *Prime Institute*, June 2022, <https://primeinstitute.org/wp-content/uploads/2022/06/Pakistan-and-the-European-Union-under-GSP.pdf>.

<sup>25</sup> Lubna Sunawar and Tatiana Coutto, "U.S. Pakistan Relations during the Cold War," *The Journal of International Relations, Peace Studies, and Development* 1, no. 1, Article 6 (2015), <https://scholarworks.arcadia.edu/agsjournal/vol1/iss1/6>.

by identifying the areas of mutual strategic interest.

China has begun active and deep engagement with Pakistan in recent years,<sup>26</sup> particularly after the materialisation of CPEC. In the emerging regional competition in Asia Pacific, China is solidifying its allies, Pakistan being one of them. At the regional level, Pakistan could find no better balancer against India.<sup>27</sup> Moreover, while Pakistan will gain economic and security benefits, the BRI will provide China access to the Indian Ocean, which will be facilitated via Gwadar port.<sup>28</sup>

After the US withdrawal from Afghanistan, China can potentially fulfil that vacuum and strengthen its relations and presence in Afghanistan. The recent talks about incorporating Afghanistan in the CPEC are a signal towards the possible Sino-Afghan partnership.<sup>29</sup> Having a close partner's foothold in Afghanistan is also beneficial for Pakistan. Reciprocal support and proactiveness at the international level for the Kashmir and Taiwan issues are also a point of convergence in Sino-Pak security relations. It makes the diplomatic relations between the two somewhat co-dependent, which is precisely the point of striving towards an independent and proactive foreign policy for Pakistan.

After the US withdrawal from Afghanistan, Pak-US relations lacked the mutual interests of convergence because it was one of the cornerstones of Pak-US security relations. The challenge for Pakistan to balance its relations with the competing great powers is to identify new avenues for mutual interest with the US. It is also important to acknowledge that neither terrorist threat is completely eliminated for the US nor has Pakistan's role in Afghanistan. Pakistan still holds significance for the US to ensure stability in Afghanistan to prevent the future ripening of the threat.

The US cannot completely isolate Pakistan. As much as the US needs an Indo-US partnership to counter the Chinese rise in the region, it also needs to balance India's growing might. India is an emerging power and has not been reluctant in its bold non-aligned policy. It prospered its relations with Russia despite the Russia-

Ukraine war,<sup>30</sup> which creates uncertainty in the extent of US reliance on India's partnership solely. Hence, Pakistan can also be of great importance as a balancer to prevent the extreme polarisation of the region.

## Internal Balancing

The concept of internal balancing is mainly associated with economic and military strength.<sup>31</sup> While the significance of these two elements is undeniable, the methods of internal balancing should not be limited to these factors. Besides economic stability and military advancement, Pakistan should strengthen technological innovation and address political instability to follow a bold, independent, and neutral foreign policy.

Pakistan faced an average 25 per cent inflation rate in the second half of 2022,<sup>32</sup> which continues to rise. According to World Bank report, Pakistan's economic growth is likely to further reduce by 2 per cent in 2023.<sup>33</sup> Thus Pakistan's economy requires reforms in each sector. Starting from increasing the tax-to-GDP ratio by broadening the tax base, Pakistan further needs to reform its agricultural and energy sector. The agricultural productivity in Pakistan is below par, i.e., between 29 to 52 per cent.<sup>34</sup> Encouraging investments in the agricultural sector and shifting towards technology-based solutions can boost productivity. Similarly, investing in renewable energy sources, at least at the publically administrative level, could help reduce the energy crisis.

In November 2022, Pakistan hit an alarming current account deficit of 276 million dollars.<sup>35</sup> To address this gap, Pakistan should diversify its export basket and work on negotiating free trade agreements with other states and utilise its comparative advantage in trade efficiently.

As far as military strength is concerned, despite being a nuclear power, there is room for improvement in strengthening Pakistan's conventional military strength, which has still not achieved parity with its archrival, India. It requires urgent modernisation and updates to establish a full spectrum deterrence. It will also allow Pakistan to export indigenous weaponry to boost its foreign exchange surplus and national development for

<sup>26</sup> Ghulam Ali, "Mutual Interests Underlie a Strong China-Pakistan Relationship," *East Asia Forum*, June 4, 2015, <https://www.eastasiaforum.org/2015/06/04/mutual-interests-underlie-a-strong-china-pakistan-relationship/>.

<sup>27</sup> Asia Maqsood, "China-Pakistan Strategic Partnership and India's Regional Ambitions in South Asia," *Strategic Studies* 41, no. 3 (2021), [chrome-extension://efaidnbnmnnibpcjpcglcfindmkaj/https://issi.org.pk/wp-content/uploads/2021/10/4\\_SS\\_Asia\\_Maqsood\\_No-3\\_2021.pdf](chrome-extension://efaidnbnmnnibpcjpcglcfindmkaj/https://issi.org.pk/wp-content/uploads/2021/10/4_SS_Asia_Maqsood_No-3_2021.pdf).

<sup>28</sup> Anwar Iqbal, "China Has Deep Strategic Interests in Pakistan: US Report," *Dawn*, September 6, 2020.

<sup>29</sup> Charolette Greenfield, "Pakistan Discussing Expansion of CPEC to Afghanistan," *Reuters*, September 28, 2021, <https://www.reuters.com/world/asia-pacific/pakistan-discussing-expansion-cpec-afghanistan-ambassador-2021-09-27/>.

<sup>30</sup> Anjana Pasricha, "India Remains Steadfast in Partnership with Russia," *VoA News*, December 20, 2022, <https://www.voanews.com/a/india-remains-steadfast-in-partnership-with-russia/6883794.html>.

<sup>31</sup> Ceren Altincekic, "Summary of 'Theory of International Politics,'" *Beyond Intractability*, accessed January 12, 2023, <https://www.beyondintractability.org/bksum/waltz-theory>.

<sup>32</sup> "Inflation Misery," *Dawn*, January 4, 2023, .

<sup>33</sup> Khaleeq Kiani, "World Bank Cuts Pakistan's GDP Growth Forecast in Half," *Dawn*, January 11, 2023.

<sup>34</sup> Usman Hanif, "Pakistan's Agriculture Productivity Among the Lowest in the World," *The Express Tribune*, January 24, 2028.

<sup>35</sup> Salman Siddiqui, "Deficit Hits 19-Month Low," *The Express Tribune*, December 17, 2022.

long-term stability.

Technological innovation is a relatively new but important element of the state's internal development. Fostering a competitive high-tech industry that can yield cost-efficient outputs could be one of the keys to economic prosperity. Innovation in the productivity sector can immediately reduce production costs. However, the prerequisite for this advancement is an investment in the Research and Development (R&D) sector of Pakistan. According to 2019 data reports, Pakistan's investment in R&D is as low as 0.2 per cent compared to the global average of 1.13 per cent.<sup>36</sup>

Dubbed the root cause of all problems in Pakistan, political instability is causing adverse spillover effects in all sectors of state development. Since the former prime minister Imran Khan's ouster through a no-confidence vote in April 2022,<sup>37</sup> the political polarisation in Pakistan has worsened. The situation of domestic politics has an adverse effect on Pakistan's diplomatic relations with the international establishment. Irrespective of the internal political differences, Pakistan needs to establish a united foreign policy outlook which it has been unable to do, making the state look weak in its foreign policy posture.

## Recommendations

- Pakistan's foreign policy should aim to identify and exert mutual economic and strategic interests with the US and China. Along with balancing its relations with both powers, it shall also exhibit and strengthen co-dependency or interdependence in its relations with each great power.
- Pakistan should focus on strengthening itself internally by stabilising its economic growth rate, advancing its conventional military capabilities, investing in creating a competitive high-tech industry and overcoming political differences when it comes to foreign policy agendas.
- With the state's budding emphasis on flourishing its economy and curtailing its sole dependence on the US and China, it should broaden its trade relations with other regions, i.e., the EU.

## Conclusion

In a confrontational global scenario, Pakistan aims to avoid inter-camp politics. The state officially claims to

maintain a balanced stance amid conflagration between the great powers. If the answer to the question of what Washington or Beijing gain by losing Pakistan to another camp is "nothing", then it is incumbent upon Pakistan to continue pursuing its neutral stance. The state is looking forward to strengthening its ties with US and China in economic and strategic domains and focusing on internal balancing as the two states help rejuvenate Pakistan's growth and development.

<sup>36</sup> "Pakistan: Research and Development Expenditure" *The Global Economy*, 2019, [https://www.theglobaleconomy.com/Pakistan/Research\\_and\\_development/#:~:text=The%20average%20value%20for%20Pakistan,88%20countries%20is%201.13%20percent](https://www.theglobaleconomy.com/Pakistan/Research_and_development/#:~:text=The%20average%20value%20for%20Pakistan,88%20countries%20is%201.13%20percent).

<sup>37</sup> Q Zaman and Alia Chughtai, "Pakistan PM Imran Khan Gone After Losing No-Confidence Vote," *Al Jazeera*, April 9, 2022, <https://www.aljazeera.com/news/2022/4/9/pakistan-prime-minister-imran-khan-no-confidence-vote>.