



PAKISTAN'S PIVOT TO GEO-ECONOMICS

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South Asia claims one-quarter of the world's population, abundant human and natural resources and is regarded the fastest growing sub region of Asia.¹ However despite its potential, the region has been plagued by unresolved conflicts, keeping it stuck in the quagmire of underdevelopment and poverty being the least integrated region of the world. Amidst 'Asianisation of world politics'² and China's Belt and Road Initiative (BRI)³ the region is experiencing connectivity and infrastructure development through economic



partnerships which is contributing to regional growth especially China-Pakistan Economic Corridor can become a central cord of regional connectivity.⁴ Against this backdrop, the focus in Pakistan on geo-economics as an integral component of national security is well-placed and timely.

The National Security Policy (NSP) 2022-2026⁵ visualizes Pakistan's geo-economic advantage with three pillars: Connectivity, economic partnerships and peace with in and around the country to create economic interdependence specifically with the western neighbours such as Iran, Turkiye, Afghanistan and Central Asia. It equally places economic prosperity at the centre of national security, focusing on economic wellbeing of the people by leveraging country's geo-strategic locational advantage; "Pakistan is poised to take advantage of its geo-economically pivotal location to operate as a production, trade and investment and connectivity hub...."⁶ Pakistan's recent decision to approve appointments of trade ministers in several Pakistan missions abroad including the High Commission of Pakistan in New Delhi and Iran is reflection of this pragmatic approach for promoting inter-regional trade.⁷

One of the potential connotations of the policy shift entails that Pakistan for too long has been a frontline state for strategic and security reasons. The choice that Pakistan had to make was whether to keep taking the lead in 'others' battles as a frontline state or serve as a hub for cooperation where synergies of powerful states meet. Pakistan's active cooperation to bring peace to Afghanistan demonstrated its moral and international commitments.⁸In realizing the geo-economic paradigm, Pakistan has helped to enhance Afghanistan's trade and connectivity by re-energising the Afghan-Pakistan Transit Trade⁹ besides enhancing the business environment along the Pak-Afghan border.¹⁰

Geo-economics, for Pakistan, also calls for a change of mindset vis-a-vis trade with neighbours including India and Iran.¹¹ Steady Pakistan-India relations are crucial to unlock the unexploited prospects of regional transit, trade and connectivity. This may help persuade India to come to the negotiating table for a meaningful, broad-based dialogue to resolve issues peacefully. For now, India's ideology-driven policies¹² are compromising the promise of regional connectivity and trade. Prospects of transit trade with India, Afghanistan & Iran if handled well can bring enormous benefits to all including Pakistan. Viewing US-China bilateral trade (\$615.2 billion)¹³ and China-India trade volumes (\$125billion)¹⁴ underscore that economic and trade ventures must not be held hostage to disputes and differences when such ventures ensure greater socio-economic prosperity.

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CPEC has contributed to Pakistan's infrastructure, energy, and regional connectivity.¹⁵ The project under the geo-economic pivot enables Pakistan to calibrate multi-alignment in its foreign policy¹⁶ and thus, welcomes Foreign Direct Investment (FDI) in Special Economic Zones (SEZs) under the project irrespective of the US opposition.¹⁷ In this milieu, the US and G-7-led Partnership for Global Infrastructure and Investment (PGII)¹⁸ also offers financing of projects on climate security, digital connectivity, gender equality and health security to developing countries which is regarded as a counter move to BRI. With an initial funding of \$ 600 billion, PGII will not be able to match BRI's \$ 1 trillion worth of investments. However, both financing models are viable and provide developing countries with an opportunity to bargain for better deals.¹⁹

Enabling Pakistan to be a melting pot of great powers' cooperation through facilitating multiple connectivity and infrastructure projects will help in people-centric comprehensive national security

Keeping with the spirit of multi-alignment, Pakistan can position itself to be a melting pot for these two great powers' cooperation not only by balancing its relations with the two but leveraging its locational advantage for better economic ventures also. Usually, with CPEC Pakistan is viewed as belonging to the rival camp by the US. However, Pakistan's strategic economic partnership with China is deemed essential for its balance of power with India. Nevertheless, the country has been maintaining its strategic relations with the US for more than seventy years and even now is in tactical cooperation on Afghanistan and terrorism.²⁰ By working with both the US and China Pakistan has avoided being caught in the crossfire of great power rivalry and must continue with its diplomatic multi-alignment for bilateral and multi-lateral economic partnerships.

Geo-economics also offers Pakistan unique opportunities to be a junction of multiple powers' cooperation for connectivity, trade & transit for South and Central Asia. Consequently, including Afghanistan into CPEC remains a strategic priority for Pakistan for its connectivity with Central, South and West Asia via energy and trade corridors.²¹ Optimising CPEC through multiple vectors named as CPEC Plus Initiatives extending its Northern Vector (Afghanistan) and the Western vector

(Iran) besides east-west routes (from Afghanistan to Central Asia). For example, N-CPEC Plus would help in facilitating multiple energy, power and infrastructure projects in Afghanistan such as Pakistan-Afghanistan-Uzbekistan (PAKAFUZ)²² railway line, and Quadrilateral Traffic and Transit Agreement (QTTA) among others. Alongside, the pivot also compliments Pakistan's support to China's 'Persian Corridor' connecting Kyrgyzstan-Tajikistan-Afghanistan to Iran.²³ In addition, Pakistan's support to the recently established US-Afghanistan-Uzbekistan-Pakistan Quad Regional Support for Afghanistan²⁴ is unequivocal for the forum's potential in materialising regional connectivity goals especially PAKAFUZ railway line for which a trilateral meeting was held last month in Islamabad.²⁵ Supporting the quadrilateral platform under the pivot also enables Pakistan to facilitate US economic participation in CARs and other regional connectivity initiatives.

Nevertheless, Pakistan is poised to synergise a win-win cooperation through its geo-economic pivot upholding the principle of economic cooperation through interdependence and diplomatic multitasking – continuing with the CPEC while encouraging it to be inclusive via CPEC Plus Initiatives and facilitating regional connectivity projects with Afghanistan, Iran, Turkiye, and Central Asia.

Similarly, to explore trade and connectivity dividends towards its western neighbourhood, the recently concluded Pakistan-Iran International Transport agreement²⁶ is a case in point. The agreement opens up new horizons of economic ventures especially transiting to and from Pakistan to Turkey through Iran and further onwards to CA and European economic hubs. With the transit agreement, Pakistan-Iran bilateral trade is being anticipated to touch \$ 5 billion - a huge jump from the current \$ 1 million besides granting access to Iranian passengers and goods to China through Pakistan.²⁷ Operating under the umbrella of Economic Cooperation Organisation (ECO), the first Islamabad-Tehran-Istanbul (ITI) freight train transported cargo, after a break of ten years, from Pakistan to Turkey via Iran last year arriving in Ankara in just 13 days.²⁸

Most importantly, a pivot to geo-economics starts with reforms at home including good governance, fiscal management, political stability, continuity of policies, rule of law, and ease of doing business. Pakistan should stop looking for outside help to put its own house in order. Economic development will be inevitable given the need to create approximately 50 million new jobs in the next ten years in Pakistan as this fifth most populous country in the world will hit 245 million by 2030.²⁹ National economic

development via regional trade and connectivity under a decisive and visionary leadership will help in boosting Pakistan's GDP to address its development deficits.

Finally, Pakistan's geo-economic pivot demands a shift away from its long-standing organizational and

bureaucratic interests and mindset. Leading the nation from a position of strength, Pakistan has articulated its new vision while emphasizing that the international community should also contribute to understanding and supporting the country as it prepares to effect its transition towards geo-economics.

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