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## RESEARCH PAPER

### Navigating the Path Towards Geoeconomics: An Analysis of Opportunities and Challenges for Pakistan

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# NAVIGATING THE PATH TOWARDS GEOECONOMICS: AN ANALYSIS OF OPPORTUNITIES AND CHALLENGES FOR PAKISTAN

*Amjad Mahmood Bhatti and Nataliya Shahrukh\**

## **Abstract**

*Preferring geoeconomics over geopolitics is trending globally, and Pakistan is also an aspirant to join the suit. In this regard, various factors influence Pakistan's shift towards geoeconomics, including economic interests, regional dynamics, domestic considerations, and external influences. Pakistan must make confident choices despite the challenges posed by its geography and world politics. Although its domestic economy is struggling and requires urgent attention, BRI and CPEC offer a promising opportunity for Pakistan to strengthen its economy. However, the impact of CPEC has been limited due to regional constraints and can only be realised once regional connectivity and trade and energy routes are completed and operationalised. The West has also launched its B3W initiative, recognising China's advantage in connectivity. They have warned against joining BRI, claiming it is a debt trap strategy. This paper argues that at this critical juncture of a geo-economic pivot, Pakistan must re-evaluate its choices and focus on developing its economy while prioritising economic development. It also examines the options available to Pakistan to facilitate this geoeconomic pivot effectively. The choices and their implications are likely to be persuaded by geopolitical constraints.*

**Keywords:** Geoeconomics, Geopolitics, Belt and Road Initiative, China-Pakistan Economic Corridor, Build Back Better World.

## **Introduction**

**T**he disintegration of the USSR in the early 1990s triggered a significant shift in global politics, resulting in the rise of multilateralism. The end of the Cold War marked a decline in bipolar power dynamics and a growing realisation that addressing global challenges required collective action and cooperation among nations. Multilateralism gained prominence as countries recognised the need to work together to tackle shared problems like climate change, terrorism and economic instability. This rise of multilateralism led to the establishment of various institutions and frameworks that played a crucial role in fostering economic interdependence. These institutions facilitated the development of interconnected global economic systems, promoting trade, investment and financial cooperation among states. As nations became increasingly interlinked and reliant on one another, economic

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interdependence deepened, shaping the modern global economy. In this scenario, multilateralism and economic interdependence dividends are viewed as more vital than pursuing traditional geopolitical rivalries.

Economic interdependence has incentivised countries to prioritise economic cooperation and seek mutually beneficial solutions. Geoeconomics, driven by economic factors and alliances, has become a significant driver of global dynamics, complementing traditional geopolitical considerations. As countries leverage their financial strengths for geopolitical influence, the trend towards geoeconomics is likely to continue shaping international relations. The meteoric emergence of China, driven by its splendid economic growth, also motivated global players to adopt a path of geoeconomics rather than becoming embroiled in the wrath of geopolitics. Whether this trend is old wine in a new bottle or another cause of rivalry is an exhaustive debate. Nevertheless, growing economic interdependence and the keen role of rising powers, such as China, in global politics are reshaping international competition and conflicts. Milan, Adam and Liu argue that “today’s battles for supremacy and hegemony will not have mainly geopolitical, but much more a geoeconomic character... today’s global landscape is being governed by more economics, network-centred and complex forms of confrontation, competition and cooperation.”<sup>1</sup>

Recent scholarship has actively been working to explain this new form of confrontation, with some referring to it as ‘economic statecraft,’<sup>2</sup> others as the ‘geopoliticisation of trade and investment’<sup>3</sup> and still others as ‘geoeconomic competition.’<sup>4</sup> Geoeconomics cannot be absolved of causing conflicts. Thomas Oatley states, “Complex transnational economic connections, such as ownership, trade, investment, or other types of ties, govern the functioning of and power relations within the global economy.”<sup>5</sup> Additionally, many global value chains find participating in power redistribution and manipulating influence beneficial. Despite such geoeconomics-driven conflicts, one cannot deny the massive economic cooperation that benefits regional players through various economic initiatives. One example is China’s strategic Belt and Road Initiative (BRI); another is the US-led Build Back Better World (B3W) initiative. Additionally, a collaboration between Dubai’s DP World, one of the largest port operators, and Rosatom, a Moscow-based nuclear energy and technology company, indicates the potential for cooperation.

Geopolitics focuses on political power linked to geographical space and considers the physical control of territories as the main source of power and national interest. The concept is often described as “the projection of a country’s influence beyond its borders.” Conversely, geoeconomics means pursuing national interests through economic relations and alliances among countries. Luttwak posits that “the business and economic systems will soon replace the military might.”<sup>6</sup> Governments utilise economic tools to safeguard and advance their national interests and achieve strategic goals in a particular geographic region.<sup>7</sup> It may seem that geoeconomics follows the same logic as geopolitics and pursues statecraft through economic instruments. Scholars such as Scholvin and Wigell view “geoeconomics as an

alternative form of power politics”<sup>8</sup> and consider it a convenient and acceptable instrument to pursue policy objects through economic sanction, cooperation and competition, trade, incentives, etc. Today states increasingly view geoeconomics as a more lucrative and beneficial means of achieving national security objectives. The impact of this shift, which became increasingly prominent after the conclusion of the Cold War, has been felt in virtually every part of the globe.

Regarding geoeconomics, the US is often viewed as the preeminent global actor, followed by China, Russia, the EU and India. The US has exerted significant economic pressure on other countries through its influence over global financial institutions like the IMF and World Bank and its control over the dollar, international markets and other financial levers. It has included unilateral sanctions, embargos, export bans, and aggressive trade policies against Russia, North Korea, Cuba, Iran, Iraq, Syria, Venezuela and China. Similarly, China has used economic means to achieve its policy objectives, such as banning the South Korean company Lotte from forcing South Korea to halt the acquisition and deployment of the THAAD air defence system from the US and cutting trade with Japan to weaken its economy in response to Japan's claim over disputed territory in the East China Sea. China also provides substantial financial aid and loans to various countries in Asia and Africa to gain their support and expand its sphere of influence. Similarly, Russia, the EU, India and other regional powers use economic tools to achieve their policy objectives.

Feeling the heat of global economic power, states are becoming motivated to shift towards geoeconomics to secure their economic and security interests. Though late, Pakistan has also recognised the need to move away from the dangerous game of geopolitics and focus on geoeconomics. This realisation was a crucial response to Pakistan's troubled economy, which can no longer withstand further deterioration amid great powers' rivalry in its neighbourhood. Pakistan's National Security Policy Document 2022 confirms this strategic choice by Pakistani policymakers, emphasising a shift towards geoeconomics. However, the question remains, how achievable is this goal in the complex geostrategic environment characterised by the deep roots of international politics?

Pakistan, under South Asian security dynamics, had little choice but to keep investing in hard power. As a result, a sizeable exchequer was consumed in defence acquisitions, leaving little room for the development of industries other than nuclear power, defence production and a handful of textile manufacturing. Furthermore, poor governance and political instability hindered the country's economic growth while neighbouring countries' economies flourished. Dr Moeed Yusuf, the former national security advisor, described Pakistan's shift towards geoeconomics as "a truly historic achievement" and "a citizen-centric, comprehensive National Security policy with economic security at its core."<sup>9</sup> This realisation came at a significant cost, but Pakistan's renewed emphasis on economic security can be considered a rational decision. In a world that has already embraced geoeconomics, it is a crucial choice for Pakistan to pursue a path of economic stability to ensure its sovereign existence.

Simply expressing a desire to shift focus from geopolitics to geoeconomics may not be enough. To make this transition successful, it is essential to make informed decisions and implement a feasible strategy considering internal and external factors. This paper argues that it is crucial to identify the factors that would influence Pakistan's decision to transition to geoeconomics and explore the available options in a world dominated by economic competition. While the importance of economic considerations in international relations has been widely recognised, there needs to be more specific research addressing the factors influencing Pakistan's choice to shift from geopolitics to geoeconomics. Pakistan can benefit from a deeper understanding of the drivers and implications of such a shift as a country with significant geopolitical importance. One can understand the factors that shape Pakistan's decision-making process by examining economic interests, regional dynamics, domestic considerations, and external influences. Analysing potential strategies, partnerships, and economic alliances can help Pakistan navigate the complex landscape of economic competition and leverage its strengths to maximise its national interests. This paper also highlights the implications and options for Pakistan as it pivots towards geoeconomics. It explains Pakistan's geopolitical and geoeconomic significance and discusses the implications of Pakistan's preference for CPEC over US-led economic initiatives such as B3W. It also explores the geoeconomic prospects for Pakistan in the current global scenario.

## **Geopolitical and Geoeconomic Landscape of Pakistan**

Stephen Philip Cohen writes, "While history has been unkind to Pakistan, its geography has been its greatest benefit. It has a resource-rich area in the northwest, people rich in the northeast."<sup>10</sup> Pakistan's geography has been both a blessing and a curse, and its fate has depended mainly on how it has utilised its geographical potential. Pakistan's geographical location is economically, politically and strategically remarkable and of great interest to global powers.<sup>11</sup> Pakistan is situated in Southern Asia, sharing borders with India to the east, China to the north, Afghanistan – a strategic hub of the Great Game – to the northwest, Iran – often referred to as the 'problem child' of the Middle East – to the west, and the Indian Ocean to the south. Pakistan's geography leverages it to connect South Asia, Southwest Asia and Central Asia and serves as a bridge between these regions. Andrew Korybko views Pakistan as a 'zipper state' that is "uniquely poised to zip together a variety of economic blocs, taking advantage of both its convenient geography and China's grand investment vision to make it happen."<sup>12</sup> Iran and Central Asian Republics (CARs) possess abundant energy resources, which are in high demand by energy-hungry nations like China and India. At a strategic crossroads, Pakistan offers a direct land route to Iran and CARs through Afghanistan.

Furthermore, Pakistan can facilitate China's transit trade with Western Asia, provide an energy corridor for importing oil from CARs and the Gulf, and offer naval facilities on the Arabian Sea coast to safeguard its energy supply line from the Middle East. Pakistan can also act as a bridge between Afghanistan and India for trade

through the Chaman-Wagha border. Pakistan's Karachi and Gwadar ports offer convenient access to the warm waters of the northwestern Indian Ocean, one of the busiest global trade routes. This access is valuable to China, as well as to landlocked Afghanistan, CARs and Russia. Pakistan's link to the Strait of Hormuz and the Persian Gulf offers access to the Middle East, which holds over half of the world's crude oil reserves, produces nearly one-third of the world's oil, and possesses a significant portion of the world's natural gas reserves.<sup>13</sup> Geostrategically, Pakistan should have become a trade, transport and investment hub; however, a shift in US policy towards India, mainly to contain China, coupled with the events of 9/11, political instability and inconsistent economic policies, deprived Pakistan of economic dividends despite its advantageous geographical location.

In the context of Pakistan, geoeconomics refers to utilising its geographical advantages to enhance its economic prosperity. However, geostrategy can never be irrelevant for Pakistan, as it can neither change its neighbourhood nor affect the great power rivalry. Despite the world's shift towards geoeconomics, geostrategic challenges remain a significant concern for Pakistan. These challenges include the US-India strategic partnership, increasing Indian aggression towards Kashmir and Pakistan, economic and political instability in Afghanistan, creeping instability in Iran, and internal security issues in Balochistan and Khyber Pakhtunkhwa. The ongoing Russia-Ukraine conflict also poses security and economic challenges for Pakistan. Consequently, the pursuit of geoeconomics may be intertwined with geopolitical considerations for Pakistan. A shift towards geoeconomics may be the best approach as a shift in focus within the broader policy-making context. However, even this shift in focus may not be without its challenges, as the intensifying US-China rivalry has added complexity to the geoeconomic choices of Pakistan, with various competing interests and pressures at play.

It can be argued that Pakistan's journey towards fully leveraging its geoeconomics potential may be challenging. A practical approach that avoids aligning with a single bloc and maintains flexibility may be necessary to achieve optimal benefits. It can be achieved by establishing stability, fostering strategic partnerships, and facilitating connectivity. Aizaz Chaudhry, a former foreign secretary of Pakistan, notes that Pakistan must improve its competitiveness, streamline bureaucracy and prioritise ease of doing business to benefit from its economic geography fully.<sup>14</sup> Arguably, Pakistan's economic dream may only be possible through a 'whole of the government' rather 'whole of nation' approach.

Unlike geopolitics, which focuses on security and relies heavily on hard power, the geoeconomic approach prioritises economic well-being. It seeks to exert influence through soft power, with hard power playing a secondary role. Perhaps Pakistan's shift towards geoeconomics requires a change in its worldview to focus on economic opportunities rather than overemphasising geopolitics. Aizaz argues that "rather than being over-protective of the tough neighbourhood, as considered by some people in Pakistan, a confluence of South, Central and West Asia, where billions of

people are generating GDP worth trillions of dollars, can serve Pakistan's interest. Pakistan can benefit from this economic geography and be a true hub connecting these three sub-regions."<sup>15</sup> According to Aizaz, Pakistan can make geoeconomics work for its benefit by pursuing peaceful coexistence with its neighbours, maintaining tranquillity on its borders, refraining from hostile rhetoric, developing an attractive international image to attract investment and trade, improving the skills of its human resources, and addressing the critical challenges of climate change, water, food and energy security.<sup>16</sup>

### **Geoeconomic Roadmap for Pakistan**

Pakistan needs to make strategic decisions about its economic alliances to achieve economic independence and follow a geoeconomic path. Despite the common belief that states can pursue their economic interests without being influenced by international politics, the reality is that a new form of geoeconomics is not immune to complex political considerations. To maintain its neutral stance and take advantage of economic opportunities from the eastern and western blocks, a state like Pakistan must have certain domestic prerequisites, such as a stable economy, political stability and national unity. Pakistan's case is quite complex. Unlike India, which followed a non-align policy since the beginning, Pakistan had to compromise on economic benefits that it could have accrued by not choosing sides. Band-wagoning with the US cost Pakistan countless lives, stifled human development, and transformed the country into a heavily indebted security state.<sup>17</sup> Today's scenario may not seem indifferent, potentially tempting Pakistan to align with a specific camp for short-term economic gains. Nevertheless, the options available to Pakistan are maintaining an economic alliance in the eastern bloc, especially with the BRI, slowing down or rolling-back CPEC projects, joining the US-led B3W initiative, or engaging with both blocs. Each of these options comes with its own set of implications.

BRI is a massive geoeconomic project spanning multiple countries, encompassing the land-based belt and maritime road, and affecting over two-thirds of the world's population. BRI aims to promote geoeconomic connectivity across Asia, Oceania, Africa and Europe through infrastructure enhancements, transportation improvements, technology advancements, cultural exchanges and increased trade. CPEC, part of BRI, involves the development of Gwadar Port in southern Pakistan, linking it to the Chinese city of Kashgar through a 2000-km transport network of roads, railways and pipelines.<sup>18</sup> Thus, CPEC will improve geographical connections through better rail, roads and air transportation systems. The energy and trade products will be produced and moved optimally, resulting in a thriving trade and business environment.

Moreover, CPEC can promote regular cultural exchanges and encourage direct interaction between individuals, thereby deepening mutual understanding by sharing academic, cultural and regional knowledge. It will result in a mutually beneficial outcome for China (through direct access to warm waters) and Pakistan

(through nationwide connectivity and economic gains).<sup>19</sup> In response to BRI and its strategic influence, G7 countries announced on June 12, 2021, the Build Back Better World Partnership (B3W) as an alternative plan. B3W initiative aims to invest up to \$40 trillion in addressing the infrastructure gap in low and middle-income countries, which the COVID-19 crisis has further exacerbated. The core objectives of B3W are to build strong strategic partnerships, mobilise private capital, and enhance the impact of multilateral public financing. This initiative provides Pakistan with a new framework to engage with the West beyond security and exploit economic opportunities. During a June 2021 interview with the New York Times, the Pakistani Prime Minister said, "Why should we choose sides between the US or China? We should have relationships with everyone."<sup>20</sup>

CPEC, launched in 2015 with an investment of \$46 billion, has grown in worth \$62 billion. In addition to boosting Pakistan's overall GDP growth rate by 1.5 to 2 per cent, CPEC projects have the potential to address several challenges the country faces. Improved regional connectivity and local infrastructure can help reduce poverty and unemployment. Power generation projects can alleviate the energy crisis, while a more robust economy can promote peace. With the full operationalisation of Gwadar Port, a substantial rise in foreign direct investment is also expected. Although international political pressures, the Covid-19 pandemic and delays in loan processing have hindered the progress of CPEC, the project has already reached a point of no return.<sup>21</sup> By participating in the project, Pakistan has become a stakeholder in the new great game of global competition and a facilitator for China's BRI. The ambitious aims of BRI to bind over 130 Afro-Eurasian countries through trade and business routes have put Pakistan in a unique position, connecting it to Central Asian states and solving China's Malacca Dilemma. This connectivity can significantly impact geopolitics, forcing other players like Russia, India and the US to pursue counter strategies. The presence of China on the shores of the Arabian Sea, near the Strait of Hormuz, has become a cause of concern for countries like the US and India, who are openly objecting to this and potentially engaging in direct and indirect aggression against Pakistan. The rising incidents of terrorism in Balochistan, home to the Gwadar Port and other CPEC communication networks, may also be connected to this phenomenon. A destabilised Pakistan and Afghanistan could restrict China's options and starve BRI of its objectives.

The pursuit of CPEC has created significant economic challenges for Pakistan. Financial institutions dominated by the West, such as IMF and FATF, are subjecting Pakistan to discriminatory treatment. IMF's stringent conditions have resulted in cost-push inflation, a major devaluation of the Pakistani Rupee, and the elimination of tax exemptions for priority sectors and products. The rise in electricity and oil prices has led to a sharp increase in food inflation and has negatively impacted the purchasing power of the large lower middle class. Pakistan heavily relies on Western countries in international trade, with a significant portion of its exports going to the US and EU.<sup>22</sup> A degradation of trade with the West would harm Pakistan's fragile economy. As a



result, Pakistan's continued focus on CPEC is likely to have a negative impact on its economic conditions; however, it may go otherwise.

India sees Pakistan as a hindrance to its rise as a regional power and a source of irritation in its internal affairs. Nuclear weapons have limited the possibility of a deadly war between the two nations. India believes a destabilised and economically weakened Pakistan would serve its ambitions and hegemonic aspirations. Former Indian security advisor Ajit Doval has openly stated that India plans to launch subversion activities in Pakistan and believes that domestically weakening Pakistan is India's best course of action.<sup>23</sup> The economic cooperation between Pakistan and China, particularly CPEC, is a major source of discomfort for India. According to Nauman Akhtar, "India's primary opposition to the CPEC centres on its sovereignty claim over Gilgit-Baltistan. However, a strong China-Pakistan economic integration also threatens India in the broader context of South Asian geopolitics. India fears that this mutual economic dependence could challenge its status in the region."<sup>24</sup> As a result, India has implemented a counter-CPEC strategy focusing on undermining Chinese investment in Pakistan. Summit Walia suggests, "If there is no industrial growth in Pakistan, the payment of loans and return of Chinese investment will cripple its economy. We must actively isolate Pakistan diplomatically and economically, making it more difficult for it to secure loans."<sup>25</sup> In the same context, India conceived the plan to reduce the feasibility of Gwadar Port for Pakistan by developing the Chabahar Port of Iran, hardly 75 Km from the Gwadar Port.

Stability in Afghanistan is another factor in the economic connectivity of the region. Although the US withdrawal from Afghanistan presents an opportunity for China and Pakistan to hasten the development of the economic corridor through the country, this remains a distant reality given the current situation in Afghanistan. Nevertheless, there is a new window of opportunity for the region to focus on regional economic alliances. Iran is also expected to reap economic benefits through increased regional connectivity, allowing for more systematic export of its oil and products to neighbouring countries. Economic growth in underdeveloped areas, such as Balochistan, Iran, Xinjiang and Afghanistan, is hoped to bring stability to the region.

The US-led West has responded to BRI with a B3W infrastructure development project. B3W aims to provide financial and developmental assistance to middle and low-income countries like BRI. However, its success is uncertain, as some of its initiators, including France, Germany and Japan, have yet to fully commit to supporting it. There may be better options for countries already involved in BRI than this uncertain alternative to the well-established BRI. Nevertheless, the West has already built a strong narrative against BRI, declaring China's mega initiative a 'debt-trapping strategy' for global power politics.<sup>26</sup> G7 claim to have launched B3W, intending to provide a more transparent and cooperative economic pathway. They allege China is engaging in 'non-market economic practices,' such as "forced labour, a lack of transparency regarding the origin of the Covid-19 outbreak, human rights violations against Uyghur Muslims and security threats in the South China Sea."<sup>27</sup>

However, Burton and Yellinek note that “while the BRI focuses on infrastructure development and economic connectivity, B3W prioritises investments in areas such as health, women's development, education, and economic power projection through foreign investment and aid projects.” He further argues that “a few of the G7 countries had already accepted BRI and if B3W comes into competition with BRI, it will create a complex situation and impossible hurdles for B3W.”<sup>28</sup> Another important aspect is that both BRI and B3W can work together to enhance global infrastructure quality and foster economic growth worldwide. The appearance of B3W on the world stage can perhaps be perceived as an attempt by the West to hinder BRI's progress. As a result, they are likely to engage in active geoeconomic competition and pressure struggling states to join B3W. It is already happening through economic coercion, incentives, narrative building and geopolitical manoeuvres. Pakistan, which is already facing economic challenges, will face significant pressure to join B3W at the cost of BRI. While opting for B3W and abandoning CPEC may provide short-term benefits such as US aid, concessions from the IMF and FATF, trade benefits and defence products, this may not be the end of the story. The West has incentivised Pakistan in the past, but these short-term benefits have led to long-term strategic disadvantages. For example, US aid during the Afghan war and the war against terrorism provided temporary relief but led to significant economic losses for Pakistan. These short-term benefits prevented Pakistan from developing its industry and infrastructure and were spent mainly on non-productive ventures. The US' labelling of BRI as a ‘debt trap’ is another source of pressure for Pakistan to re-evaluate CPEC.

States should strive to take advantage of all economic opportunities while considering their impact on national policy goals, regardless of geopolitical implications. Thus, B3W may be seen as a prospect rather than a hindrance as long as Pakistan can manage the political aspects of it with diplomacy. Mutual cooperation could lead to favourable economic outcomes if Pakistan joins the B3W alliance and receives economic benefits without abandoning CPEC or slowing down its projects. Nevertheless, with the current US-China economic rivalry being confrontational, it is unlikely that dominant powers will permit weaker states to take advantage of economic benefits from both sides without preconditions. However, disregarding B3W outright is not a wise geoeconomic or geopolitical choice for Pakistan. The option of geoeconomics should remain open, as is the case with diplomacy, and economic decisions should align with national policy objectives.

At this stage of its geoeconomic journey, Pakistan should adopt a balanced foreign policy that prioritises economic development and avoids aligning with China or the West. BRI and B3W should be viewed as development opportunities and pursued without accepting geopolitical preconditions.<sup>29</sup> Another option for Pakistan is to adopt a passive approach towards B3W. There needs to be more clarity regarding various aspects of the initiative, including conditions for participation, funding mechanisms and project specifics. It is worth noting that while B3W and BRI are often viewed as competing initiatives, they can complement each other. BRI focuses on critical infrastructure, such as ports, with most of its investments directed towards

transportation and power. Meanwhile, B3W prioritises climate, health, digital technology and gender equity. Thus, there is an opportunity for Pakistan to engage in both initiatives selectively.<sup>30</sup>

On the domestic front, pivoting to a geo-economic strategy may require a comprehensive overhaul of key drivers of economic development, including governance, political stability, economic policies and human resource development, along with reforms and growth strategies in all economic sectors. This overhaul is necessary due to various challenges facing the Pakistani economy. Although the list of challenges is extensive, the major ones are highlighted. The Pakistani government frequently borrows at high-interest rates to repay maturing debt and avoid default. This borrowing often comes from Western institutions like IMF, which imposes stringent conditions, such as rolling back or slowing down CPEC projects. Another significant challenge the country faces is the stagnation and even deterioration of industry and business due to political instability and successive governments' lack of action and capacity to address related issues. Pakistan has yet to fully tap into the abundant natural resources in Balochistan, Khyber Pakhtunkhwa, the Arabian Sea and other places, partly due to the lack of capacity to extract these resources and partly due to an indifferent attitude towards building such capacity. Many surveys have indicated that Balochistan, the largest province of Pakistan, has vast reserves of precious metals, minerals and hydrocarbons, yet due to poor policies and lack of infrastructure development, the potential of Balochistan still needs to be explored. The energy crisis hinders economic growth and severely impacts businesses and industries. Natural disasters like floods, extreme temperatures, epidemics such as Covid-19, mismanagement of river waters, and lack of water storage have also taken a heavy toll on Pakistan's economy.

Pakistan's Vision 2025 identifies vital prerequisites for economic development as "a shared vision, political stability, continuity of policies, peace and security, the rule of law and social justice."<sup>31</sup> Pakistan also needs a comprehensive policy framework to achieve sustainable economic progress and success in shifting towards geoeconomics. The Ministry of Planning, Development and Reform has identified seven pillars that can ensure sustainable economic growth, including human and social capital, sustained, indigenous and inclusive growth, democratic governance, institutional reform and modernisation of the public sector, energy, water and food security, private sector and entrepreneurship-led development, a competitive knowledge economy through value addition, and modernised transportation infrastructure and regional connectivity.<sup>32</sup> The most critical factor in economic progress is the successful implementation of strategies for this framework.

## **Conclusion**

Pakistan is embracing geoeconomics but must also consider geopolitics. The key challenges to its geoeconomic shift include domestic issues such as political instability, a fragile economy, inconsistent policies, poor governance and international

and regional security dynamics. However, policymakers have realised the importance of pursuing a geoeconomic path to achieve greater economic independence. To strengthen its economy, Pakistan must consider joining international economic initiatives such as the BRI, energy trade with Russia, or Western initiatives like B3W, while avoiding aligning with any single bloc. A careful strategy is crucial to maximising economic gains, and a policy overhaul at the domestic level is also needed. Key elements of this overhaul should include a shared vision, political stability, policy continuity, peace and security, the rule of law and social justice. A successful economic development strategy and wise external strategy selection, combined with avoiding challenging geopolitics, will help pave the way for Pakistan's journey to geoeconomics.

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