

Pakistan's Foreign Policy in a Multipolar World: Strategic Diversification, Managed Interdependence, and the Limits of Strategic Autonomy

Sajid Iqbal

National University of Modern Languages, Islamabad-Pakistan.

Ghulam Ghous

University of Okara, Pakistan

Muhammad Shoaib Malik

National University of Modern Languages , Islamabad-Pakistan

The current international system is shifting from unipolarity to multipolarity, as multiple centers of economic, political and strategic power emerge. This systemic transition has reshaped developing countries' foreign policy options, opening new avenues for multi-vector cooperation and highlighting severe structural issues of economic dependence and strategic autonomy. In this context, Pakistan is crucial, as the country is located at the intersection of three core regions of the world, namely South Asia, Central Asia and the Middle East, and maintains warm bilateral relationships with four major poles of the world: China, the USA, Russia and Saudi Arabia. This paper examines Pakistan's operational approach to strategic diversification, which is based on diplomatic interaction, trade relations, and investment cooperation. We use an integrated International Relations (IR) approach of hedging, balancing, and complex interdependence to examine how Pakistan uses economic diplomacy to cope with great-power competition. The analysis shows that strategic diversification has led to greater flexibility in Pakistan's contemporary diplomacy and created important avenues for cooperation. However, it has structurally failed to bring any substantive change in the country's efforts to attain strategic autonomy, due to continued economic deficits, external debt obligations, and the vulnerabilities of managed interdependence.

Keywords: Pakistan Foreign Policy; Multipolarity; Strategic Diversification; Economic Diplomacy; Strategic Autonomy; Strategic Hedging; Complex Interdependence

The international system today is undergoing a fundamental shift from a unipolar to a multipolar world. In today's era, the foreign policy formulation of secondary and developing states is shaped by an environment of multiple pockets of economic, political, and strategic power, which has reshaped the foreign policy-making process (Mehdi et al., 2025). The growth of China's global influence, the economic and military significance of the United States, the return of the Russian Federation to Asian affairs, and the increase in the geoeconomic role of the Kingdom of Saudi Arabia all present significant opportunities and profound challenges for developing countries. This systemic change opens up more opportunities for some developing countries to pursue multi-vector partnerships, but also heightens problems of economic dependency and constraints on policy independence (Parveen et al., 2023).

Multipolarity is witnessing an increasing trend among States to develop flexible and functional partnerships rather than zero-sum alliances. These partnerships are driven not by ideology but by national

interests, and bilateral relationships today are more closely tied to the volume of trade and investment and to regional security cooperation (Khan et al., 2025). Many developing countries have responded to these systemic developments by implementing diversification policies and actively engaging with a number of larger players to mitigate risks from geopolitical developments. In addition, structural factors such as fiscal requirements, external debt, asymmetric trade and domestic economic constraints are crucial in shaping policy choices (George, 2025). The situation in Pakistan is a significant case study in strategic and economic developments. Structurally, Pakistan's strategic importance has increased due to its location at the crossroads of South Asia, Central Asia, and the Middle East. Security, regional rivalries, and security alliances with major powers have dominated Pakistan's foreign policy in the past. However, in the modern age, the Ministry of Foreign Affairs has been trying to shift the paradigm of Pakistan's Foreign Policy to 'Goeconomics' and align its traditional security paradigm with its national development goals through positive economic diplomacy (Ministry of Foreign Affairs of Pakistan, n.d.).

Pakistan's contemporary policy is a conscious effort to build ties with other countries such as China, the United States, Russia, and Saudi Arabia in a parallel and supportive manner. China, as explored by Lu and Iqbal (2025), is Pakistan's most comprehensive partnership, based on massive infrastructure, long-term capital investment, and regional connectivity, exemplified by the China-Pakistan Economic Corridor (CPEC). At the same time, the United States remains an important and irreplaceable market, business partner, and source of international leverage. Dialogue with Russia provides Pakistan with flexibility in its diplomatic options and newfound cooperation in energy and regional security issues. Meanwhile, Saudi Arabia continues to maintain a strong presence in strategic investment, energy cooperation, and important support for the balance of payments during economic crises (Bashir et al., 2021).

This article will delve into Pakistan's ties with these four important partners, drawing on qualitative diplomatic documents and quantitative data on trade and foreign direct investment (FDI). It posits that strategic diversification has helped Pakistan achieve greater flexibility in its external relations. However, it has not been able to translate this flexibility into strategic autonomy due to structural economic weaknesses, an asymmetric trade balance, and the absence of domestic industrial capacity. To answer these questions, this study addresses three main research questions:

Research Question 1: How has Pakistan operationalised Strategic Diversification to navigate shifting power dynamics, and how does this manifest beyond traditional security alliances?

Research Question 2: To what extent does Economic Diplomacy function as a successful hedging mechanism across Pakistan's four primary strategic partners?

Research Question 3: What are the primary Challenges of Strategic Autonomy arising from Pakistan's managed interdependence, and how is this measured using indicators beyond trade statistics (such as UN voting alignment, regional crisis neutrality, and policy latitude)?

Literature Review

To put this study in the context of the existing literature in International Relations (IR), four prominent areas of work have been reviewed: The first is on the behavior of secondary states in multipolarity, the second is on the goeconomics and China-Pakistan Economic Corridor (CPEC), the third is on the US-Pakistan transactional security versus commercial integration, and the fourth is on strategic hedging and autonomy of regional powers. It ends with a statement of what the gap is that this paper will fill and why the case of Pakistan is important.

Theoretical Foundations of Secondary State Behavior in Multipolarity

Research on secondary and developing states in changing power landscapes also highlights that multipolarity creates space for small and middle powers that they have never before enjoyed in terms of relationships between states and blocs (Mehdi et al., 2025; George, 2025). The classical alliance theory assumed that there were only two options: balancing and bandwagoning (Waltz, 1979). But, the post-Cold War literature of IR reveals that secondary states are overwhelmingly engaged in adopting multi-vector strategies to secure themselves from great-power threat (Goh, 2005; Kuik, 2008; Yousaf, 2023). Secondary states use complex

interdependence (Keohane & Nye, 1977) to take advantage of the competing poles in getting trade, investment and security benefits.

Goeconomic Realities: CPEC and China-Pakistan Relations

The literature on the Pakistan-China relations indicates that the dynamics of bilateral relations have changed from traditional military-diplomatic buffer to a comprehensive goeconomic partnership (Ali, 2021; Garlick, 2020; Small, 2020). The China-Pakistan Economic Corridor (CPEC) is acknowledged as the flagship project of China's Belt and Road Initiative (BRI) and is a key pathway that is delivering much-needed transport, energy and Special Economic Zone (SEZ) infrastructure in Pakistan (Iqbal, 2021; Lu & Iqbal, 2025). But as scholars point out, high levels of capital imports and industrial machinery debt of the country leave structural economic vulnerabilities, which can make long-term fiscal sovereignty difficult in the event that domestic export capacities fail to materialize (Garlick, 2020).

Transactional Security Ties vs. Commercial Integration: US-Pakistan Dynamics

Research has found that the history of US-Pakistan ties is very unstable, cyclical and security-based (Markey, 2013; Hilali, 2005; Cheema, 2019). In the Cold War and post-9/11 eras, a focus on security alliances prevailed, but recent research highlights Washington's continued importance as Pakistan's biggest single country export market and an important bargaining chip in multilateral financial institutions such as the IMF and World Bank (Ali, 2023; Markey, 2013). The diplomatic conundrum that Pakistan has to go through in order to maintain access to high-value commercial markets in the West and strengthen goeconomic relations with Beijing has been noted by scholars.

Sovereign Financial Anchors & Regional Security Hedges: Saudi Arabia and Russia

Studies on Pakistan-Saudi Arabia relations shed light on the need for moving traditional ideological and defense relations towards investment diplomacy, direct central bank depositions and deferred payments of oil to stabilize the balance of payments (Hussain, 2022; Khan et al., 2024). In contrast, literature about Pakistan-Russia relationship suggests that the relationship between Islamabad and Moscow has been thawing over the years, moving from the Cold War rivalry to the practical regional security cooperation under the Shanghai Cooperation Organisation (SCO) and the growing energy supply talks (Hussain & Jahanzaib, 2025; Rehman, 2024).

Identified Research Gap & Theoretical Significance of the Pakistani Case

Although there is a vast scholarship on bilateral dyads, it has two main drawbacks: First, it reflects a lack of empirical testing of the constraining forces of macroeconomic debt and trade asymmetries and second, it does not examine how bilateral dependencies between rival partners play out dynamically. This paper addresses this gap by proposing the framework of 'Managed Interdependence'. Pakistan represents a quintessential case study of a developing state attempting multi-vector economic diplomacy under severe structural fiscal constraints.

Theoretical and Conceptual Framework

In a multipolar world, middle and developing powers tend to avoid pure balancing (exclusive military coalitions against a dominant power) and pure bandwagoning (full alignment with a dominant power). Rather, they practice hedging strategies, which consist of a series of offsetting moves aimed at minimising risk while refraining from choosing sides in confrontations between two great powers. Hedging is a state's way of generating both economic and diplomatic gains from a range of poles, without making security commitments which might invite retaliation from a rival pole. In theory this is reinforced by the notion of complex interdependence (Keohane & Nye, 1977) suggesting that cross-border economic, trade and investment give alternative opportunities to limit state actions and render the use of traditional military force more indirect to achieve political leverage.

This study proposes managed interdependence as its way to operationalise these overlapping dynamics. Managed interdependence is a policy position that a state decides to have less structural vulnerability and more economic and diplomatic benefits from a variety of global partners, that at times may seem to be competing. It is a multi-vector, active diplomacy and not a simple interdependence which can be passive, and lead to passive

subordination, as this is managed interdependence. Its aim is to lower the asymmetrical relations by diversifying the external actors' base to be able to hold an absolute veto power of the state's sovereign decision (such as depending on one great power for infrastructure, another for market access and another for security dialogue).

Conceptual Differentiation of Managed Interdependence (Revised for Point 2)

To rigorously differentiate 'Managed Interdependence' from established IR concepts, Table A summarizes its distinct theoretical boundaries:

Concept	Core Definition & Focus	Key Distinction from Managed Interdependence
Strategic Hedging	Risk-mitigation through offsetting security and diplomatic moves (Kuik, 2008).	Hedging is a general policy posture; Managed Interdependence is the active operational mechanism balancing economic and fiscal leverage across rival poles.
Multi-Alignment / Diversification	Maintaining functional diplomatic ties with multiple major powers (George, 2025).	Multi-alignment describes having multiple partners; Managed Interdependence analyzes how secondary states manage asymmetric dependencies to prevent single-partner veto power.
Economic Statecraft	Major power usage of economic tools to coerce or influence secondary states.	Economic statecraft takes the perspective of the major power exerting leverage; Managed Interdependence takes the perspective of the recipient state counter-balancing leverage channels.
Managed Interdependence (This Study)	Active policy structuring asymmetric trade, debt, and energy dependencies across conflicting poles to preserve policy room.	Integrates trade exposure, debt servicing, and diplomatic alignment into a single analytical framework evaluating limits of autonomy.

Source: Author's conceptual synthesis developed for this study.

Operationalizing Strategic Autonomy as an Analytical Variable (Revised for Point 2)

This study takes away the descriptive ambiguity of 'Strategic Autonomy' and assumes it refers to a measurable attribute by breaking it down into three operational levels: (1) Diplomatic Voting Alignment & Neutrality (capacity to vote at the UN and/or in other international fora without being punished for it by major partners); (2) Fiscal & Debt Vulnerability (level of exposure to a single creditor on the balance of payments); and (3) Policy Latitude (freedom to conduct sovereign domestic & foreign policy decisions that contradict the preferences of major partners). Strategic Diversification (the Independent Variable), Managed Interdependence (the Mediating Mechanism) and Strategic Autonomy (the Dependent Variable) constitute the theoretical model.

One of the most important elements of our approach is the trade-policy link: the relationship between economic exposure and foreign policy constraints and policy leverage. Asymmetry in trade occurs when a small state has a large share of its exports to one large market, or when it relies heavily on one partner for capital imports essential to its industry (e.g., industrial machinery, energy). Such an economic threat can also lead to a form of coercion: the major power can threaten to restrict the market, withdraw its investment, or suspend its credit to force the smaller state to align its policy with its own voting, diplomatic neutrality, or military stance. This study examines whether Pakistan's economic diplomacy strategy, through economic exposure to a multitude of countries, is effective in counterbalancing the effects of these different leverage channels and whether it allows Pakistan to achieve a certain level of policy autonomy.

Method

In this study, a qualitative comparative case study approach and quantitative descriptive economic analysis were used. In order to analyse the strategic diversification of Pakistan, its bilateral ties with four major poles of the world China, the USA, Russia and Saudi Arabia are discussed. The qualitative dimension is based on official Diplomatic documents, Joint statements, records of bilateral agreements, and the Ministry of Foreign Affairs of Pakistan 2019, 2022, 2023a, 2024a, 2024b, 2024c and 2024d. The quantitative dimension is based on standardised trade data from the World Bank's World Integrated Trade Solution (WITS) database for 2022-23 (n.d.) and Foreign Direct Investment (FDI) data from SBP (n.d.).

Selection

One methodological criterion is that the cases- China, the United States, Russia and Saudi Arabia- should be explained as to why they were chosen and why, for instance, regional neighbours like India, Iran or Turkey were not. The partners have been selected based on a functional design that focuses on distinct yet critical aspects of dependence and strategic diversification directly tied to Pakistan's economic diplomacy. Regional neighbours

such as India are excluded because of deep-seated historical conflicts, and Pakistan cannot have standard diplomatic and economic relations with them. The regionally important Iran and Turkey don't have the global economic scale, institutional leverage, and systemic power to be primary poles of Pakistan's diversification strategy.

The choice between Saudi Arabia and UAE was made as Saudi Arabia provides the major soVBP balances to Pakistan, serves as the direct central bank deposit provider and has been selected over UAE due to its macro-economic stabilization scale where Riyadh is the PETROFAC facility provider to Pakistan. In choosing to opt for Russia, they did so because, Moscow has global systemic leverage and permanent veto power in the UN Security Council/SCO that can offer strategic military-technical diversification and energy hedges; Ankara does not have the same leverage. In addition, the four partnerships are four working aspects of one underdeveloped and integrated case study on foreign policy of Pakistan.

Table 1
Functional Case Selection and Strategic Dimensions

Selected Partner Case	Functional Dimension of Dependence and Strategic Diversification
China	Primary provider of infrastructure, long-term capital investment, and regional connectivity through the China-Pakistan Economic Corridor (CPEC).
United States	Critical source of high-value export market access, commercial integration, technological cooperation, and global institutional (IMF/World Bank) leverage.
Saudi Arabia	Key partner for investment diplomacy, energy security (petroleum imports), and strategic financial support (direct central bank deposits during crises).
Russia	Emerging partner for expanding diplomatic flexibility, regional security cooperation (Shanghai Cooperation Organisation), and potential energy supply hedges.

Source: Author's independent synthesis compiled from Ministry of Foreign Affairs diplomatic records, SBP datasets, and World Bank WITS trade profiles.

Addressing Temporal Baseline

To rigorously address the methodological flaws of modern foreign policy analysis, this study tackles the temporal fallacy. It is very common to hear claims that Pakistan's diplomacy has 'improved' due to strategic diversification, but there is no objective yardstick by which to compare it. To address this, the paper uses the period before 2015 (before the formal start of CPEC and the subsequent competition between the US and China) as a historical baseline. This baseline can be used to systematically compare Pakistan's foreign policy choices before and after its multi-vector diversification policy took effect. Secondly, we recognise that there is a serious data constraint in that while China, the United States and Saudi Arabia have comprehensive FDI data available through the State Bank of Pakistan, this is not the case for Russia, where limited bilateral commercial infrastructure makes it difficult to obtain comprehensive FDI data, especially quantitative FDI flows. As a boundary constraint of this study, the analysis of the Russia partnership is based largely on diplomatic, security and institutional factors.

Regarding primary document selection, the gap in Ministry of Foreign Affairs (MOFA) documents during 2020–2021 is attributable to institutional publication schedules and COVID-19 administrative disruptions. Document dates differ depending on the partner because it is official releases that are tied directly to big milestones in bilateral summits, joint statements and ministerial dialogues on a yearly basis.

Pakistan-China Strategic Partnership:

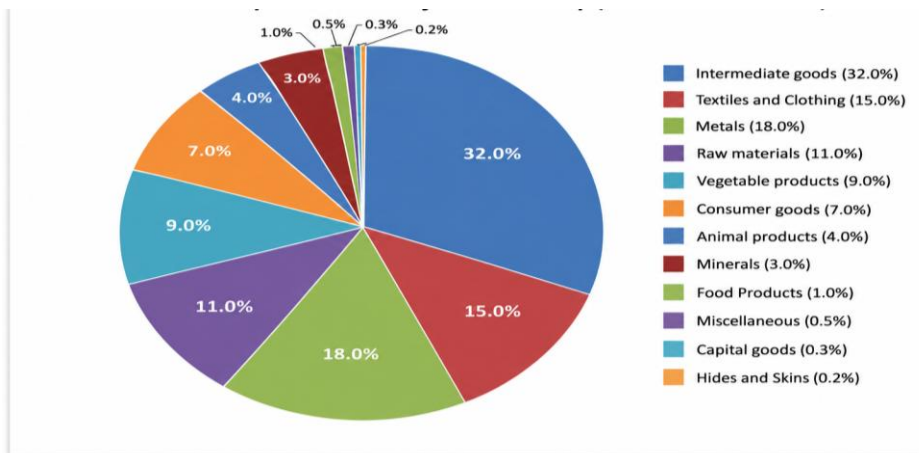
The interactions between the two countries make China-Pakistan relations very significant to Pakistan's foreign policy (Lu & Iqbal, 2025) and one of the pillars of its external engagements. Unlike other bilateral relationships that have been marked with considerable changes following the changes in geopolitics, the relations between the two countries have been very stable and institutionalised. In the past decade, this relationship has moved away from a diplomatic and security-oriented partnership to a relationship that is quite comprehensive in nature with a strong focus on major infrastructure investment, connectivity, trade and industrial integration.

China is termed the closest strategic partner, as Official Diplomatic documents of the Pakistan Ministry of Foreign Affairs (2024a) describe China as an All-Weather Strategic Cooperative Partnership. This terminology shows that the relationship has been institutionalised, is long-term, and that, as a strategic buffer, Pakistan is facing escalating major-power competition. The geoeconomic aspect of this partnership is the China-Pakistan Economic Corridor (CPEC). Official reports state that CPEC is an extremely important regional connectivity project aimed at improving Pakistan's national transportation system, expanding its energy generation capacity, creating Special Economic Zones (SEZs), and fostering industrial cooperation (Ministry of Foreign Affairs of Pakistan, 2024b). CPEC is a conscious effort by Pakistan to utilise its geopolitical position to modernise its economy.

Analysing this partnership from our theoretical point of view, however, helps us understand the deep-seated geoeconomic issue: extreme trade asymmetry. The trade relationship of Pakistan with China is extremely imbalanced, as shown in Figure 1 below: Pakistan also has a very high dependence on China for its vital imports of industrial machinery, intermediate inputs and manufactured goods, which are essential for the country's economic activities, and Pakistan's export sector is heavily reliant on low-value primary commodities and raw materials. World Bank WITS database data show that this structural trade imbalance has created a large trade deficit, suggesting that Chinese investments have alleviated critical infrastructure bottlenecks but have not yet helped boost Pakistan's export competitiveness.

Figure 1

Pakistan's Export Structure with China by Product Group (Combined 2022–2023) Sourced from World Bank WITS.



It is a very serious question of strategic autonomy of Pakistan's economy. Non-financial vulnerabilities stemming from a concentration of external financial sector (capital and infrastructure) debts. As the size of these investments grows, so would be the economic risk Pakistan faces in absence of corresponding domestic economic and policy changes for offsetting such investments; and similarly, the policy options that would be available for future policy interventions would also be limited. Table 2 dissects this strategic reality in a number of ways.

Table 2

Strategic Dimensions of Pakistan-China Partnership

Dimension	Strategic Reality & Impact
Strategic Status	All-Weather Strategic Cooperative Partnership functioning as a foundational geopolitical anchor.
Geoeconomic Pillar	CPEC infrastructure, energy grid expansion, deep-sea port development (Gwadar), and SEZs.
Trade Imbalance	Severe asymmetry; heavy capital machinery imports vs. low-value primary commodity exports.

Policy Constraint	High capital debt servicing creates structural vulnerability and potential policy friction with Western donors.
-------------------	---

Source: Author's independent synthesis compiled from Ministry of Foreign Affairs (2024a, 2024b) and WITS trade data.

However, foreign policy machinery has to play an active role in the switch from bilateral infrastructure projects to domestic production-based joint ventures, to realize a sustainable way for China. Diversification of the export basket and building up the domestic industrial base are among the measures. China, an invaluable partner, is offering unprecedented developmental opportunities to Pakistan but Pakistan should be cautious of this imbalance and may not want to expose its economy to the level of aligning the same with China on a multipolar face.

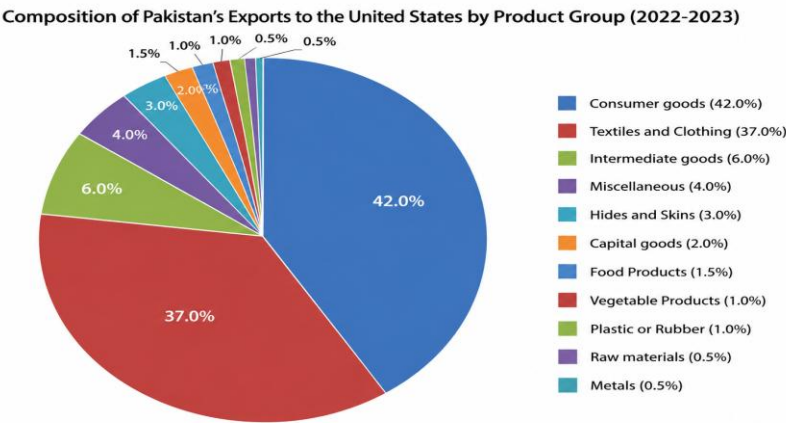
Pakistan-United States Relations:

One of the most complex areas of the Pakistan's foreign policy is the relationship between Pakistan and USA. Relations between the two sides have been extremely turbulent with cordial security cooperation and diplomatic tension varying from time to time, depending on the regional security situation as well as the geopolitical priorities of both states. Despite these historical changes, the linkages with the present times remain the essential elements in the foreign policy of Pakistan, particularly in economic, institutional and commercial aspect.

The Ministry of Foreign Affairs of Pakistan (2024c) states that the present relationship with the United States is multifaceted and is organised around a series of institutionalised dialogues. These mechanisms involve, among others, those in important fields like trade, commercial investment, defence cooperation, counter-terrorism, energy transition, climate change and public health. It is a conscious step by both sides to remove the security focus and upgrade the alliance to a broader and more enduring one, namely economic.

Pakistan and the USA are economically in fact are interconnected, unlike China, their trade is an example of this. China is the chief source of capital inflows, transfers and infrastructure investments while the U.S. is the biggest market for Pakistani exports. Figure 2 of World Bank WITS data (2022-2023) also reveals that consumer goods, textiles and apparel are highly concentrated in the exports to the United States. This market access is valued creating huge foreign exchange and also for the purposes of fostering Pakistan's manufacturing industry. But, commercial integration is not diversified and that is a structure of vulnerability.

Figure 2
Composition of Pakistan’s Exports to the United States by Product Group (2022–2023) Sourced from World Bank



Integrated Trade Solution (WITS), World Bank.

From a strategic perspective, Pakistan's economic diplomacy needs to remain good with the United States to ensure it continues to have access to key markets and support from global financial institutions such as

the IMF. Often however it is also a policy dilemma as Pakistan has to deal with Washington along with enhancing geo-economic ties with Beijing. These relations are described in a multidimensional way, in Table 3.

Table 3*Strategic Dimensions of Pakistan-United States Relations*

Dimension	Strategic Importance for Pakistan
Trade	Indispensable access to Pakistan's largest single-country market for high-value consumer and textile exports.
Investment	Access to high-quality foreign direct investment, corporate technology transfer, and commercial joint ventures.
Technology	Potential for digital innovation, educational exchange, and cooperation on climate-smart agriculture.
Diplomacy	Engagement on regional security, counter-terrorism, and vital support within international financial institutions (IMF/World Bank).
Security	Maintained dialogue on counter-terrorism cooperation, bilateral military-to-military ties, and regional stability.

Source: Author's independent synthesis compiled from Ministry of Foreign Affairs (2022, 2024c) and WITS trade data.

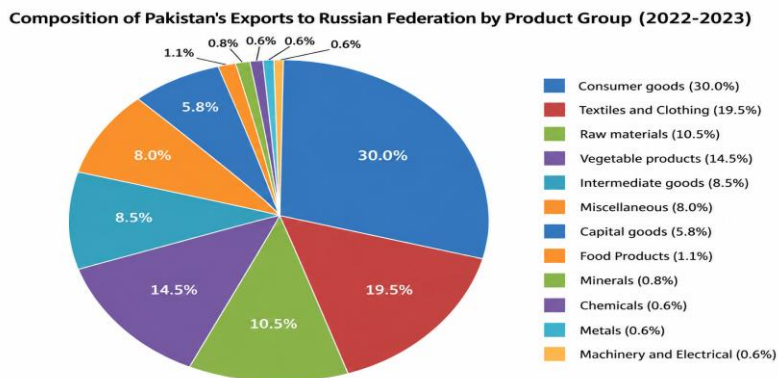
The relationship between Pakistan and USA also exemplifies how it finds itself in a messy situation of living off this other country while it is in the midst of a multipolar and competition-driven world. To secure strategic autonomy, Pakistan must make sure that any turmoil and uncertainty in the country's trade and economic relations cannot impact crucial economic ties with Washington. This means fluid diplomacy in avoiding the polarization of its Chinese and American weaponry.

Pakistan-Russia Relations: Strategic Expansion Beyond Traditional Partnerships

Soviet-Pakistani relations have always been embarrassed by the Cold War confrontation between both the countries and also by Pakistan's special relations with US and China. Yet, they are a relatively small but a significant component of the Pakistan's Foreign Policy today and make a part of a multipolar general approach of foreign affairs. Promoting strategic diversification, both countries have been intensively trying to overcome historical barriers. Manifestations of such realignment have been in the form of more contacts, more regular exchange of views and information, a joint anti-terrorism exercise, regional coordination via Shanghai Cooperation Organisation (SCO) and steps towards mutual energy cooperation (Ministry of Foreign Affairs of Pakistan, 2021, 2023a).

Strategically, Pakistan needs to involve Moscow, as this will give it some flexibility in the diplomatic realm and establish that it can develop a relationship with Moscow that is not necessarily limited to its traditional allies. Bilateral contacts at the high level have increasingly focused on regional security coordination and energy diplomacy; for example, Russian Foreign Minister Sergey Lavrov visited in 2021. The trade volume with Russia is not as significant as Pakistan's extensive trade with China and the United States, as illustrated in Figure 3, although it has increased, especially in energy.

Figure 3
Composition of Pakistan’s Exports to the Russian Federation by Product Group (2022–2023) Sourced from World Integrated Trade Solution (WITS).



That's why Russia is a good example of a country that can develop strategic links without being dependent on other countries, because the nature of the contribution of Russia to Pakistan's diversification model is diplomatic. The particular size of the emerging partnership is organised in Table 4.

Table 4
Strategic Dimensions of Pakistan-Russia Relations

Dimension	Role in Pakistan-Russia Relations
Diplomacy	Expansion of political dialogue, high-level visits, and bilateral engagement to diversify external ties.
Security	Cooperation on regional security, counter-terrorism coordination, and joint military-to-military drills.
Energy	Emerging bilateral agreements for crude oil imports and potential gas infrastructure cooperation.
Regional Affairs	Active coordination on regional stability, Afghanistan, and multipolar diplomacy through the SCO.
Economy	Developing but comparatively limited economic relationship, restricted by financial infrastructure challenges.

Source: Author's independent synthesis compiled from Ministry of Foreign Affairs (2021, 2023a) and WITS trade data.

Russia is another and significant hedging vector. Through functional security and energy dialogues with Moscow, Pakistan opens up more options in its foreign policy. Despite its economic dependence on other actors around the world, it has expressed its interest in a multipolar structure of regional security.

Pakistan-Saudi Arabia Relations: From Traditional Partnership to Investment Diplomacy

This makes the engagement of Pakistan and Saudi Arabia as one of the widest and the deepest strands of Pakistan's foreign policy in the realms of political, cultural, security and economic. But generally, the partnership has been characterised by the elements of strategic alignment, defence collaboration and common ideology. In recent years, however, this relationship has been turned around and investment diplomacy plays a huge role in this relationship followed by geoeconomics and commercial cooperation (Ministry of Foreign Affairs of Pakistan, 2019).

This is reflected in the bilateral trade. As mentioned in Figure 4, Pakistan is still sending low value primary goods like consumer goods, vegetable products, textiles and agricultural products to Saudi Arabia, as indicated by World Bank WITS data (2022-2023). The trade structure also shows that Pakistan has not been able to diversify its exports and that structural reforms in the industrial sector are required to increase exports of high-value manufacturing.

Figure 4
Composition of Pakistan’s Exports to Saudi Arabia by Product Group (2022–2023) Sourced from World



Integrated Trade Solution (WITS), World Bank.

Table 5
Strategic Dimensions of Pakistan-Saudi Arabia Relations

Dimension	Strategic Importance for Pakistan
Political Relations	Longstanding bilateral trust, strategic alignment, and high-level diplomatic coordination.
Investment	Access to direct sovereign capital, joint venture partnerships, and development financing.
Energy	Crucial supply of oil and petroleum products, including deferred-payment facilities to ease fiscal pressures.
Trade	Important regional market, though currently restricted by a concentrated export basket.
Development	Sovereign funding for critical infrastructure, mining projects, and strategic industrial sectors.

Source: Author's independent synthesis compiled from Ministry of Foreign Affairs (2019, 2022, 2024d) and WITS trade data.

Saudi Arabia is an integral and irreplaceable financial fulcrum of Pakistan's diversification plan. The complementarity of the Riyadh capital injections and energy security with China's physical investments, the United States' market access, and Russia's energy dialogues demonstrates how Pakistan's economic diplomacy helps it address some of its structural vulnerabilities.

Comparative Analysis: Strategic Diversification and Different Forms of Partnership

A study of the country's collaboration with the four major countries, China, the United States, Russia and Saudi Arabia, reveals that diversification of Pakistan's military alliances is not a matter of swapping them for other alliances. Rather, Pakistan has opted for a multi-vector, diversified approach, with each global partner making a specific, viable strategic contribution. Such a separation, in the operational sense, can be beneficial for Pakistan, as it allows for fewer trade-offs and more options across various aspects of international engagement. A detailed comparison of these partnerships can be found in Table 6.

Table 6
Comparative Framework of Pakistan’s Strategic Partnerships

Country	Primary Strategic Role	Main Areas of Cooperation	Main Challenge
China	Comprehensive Goeconomic Partner	CPEC, energy, transport, regional connectivity, joint infrastructure	Severe trade imbalance and structural economic dependency
United States	Global Trade & Institutional Partner	High-value export market, direct commercial investment, IMF leverage	Volatility due to shifting security priorities and geopolitical friction

Russia	Emerging Strategic Hedging Partner	Bilateral energy cooperation, regional security coordination via SCO	Extremely limited economic depth and commercial infrastructure
Saudi Arabia	Sovereign Financial Anchor Partner	Direct capital investment, oil supplies, deferred payment credit, refining	Asymmetrical dependency on external balance-of-payment support

Source: Author's comparative synthesis.

Through its bilateral relations, Pakistan has thus managed to carve out more room for itself in the present world of diplomacy, which has not formally aligned itself with any bloc. But this working multi-alignment still relies heavily on local economic strength. This framework of comparison is not a model of full strategic autonomy, but rather of managed interdependence, in the absence of big structural changes to develop local industrial capacity and export competitiveness.

Comparative Economic Analysis:

In the context of an emerging multipolar economy, the real parameters of Pakistan's strategic decisions are essentially dictated by the material reality of Pakistan's economic relations with others. This section does a comparative quantitative analysis of Pakistan's trade and foreign direct investment (FDI) relations with China, the U.S., Russia and Saudi Arabia. The information is used as a foundation for Pakistan's foreign relations and affords insights regarding the relation of economic diplomacy and the trade policy.

The trade relations are very different at a moderate level on a structural basis among the four partners and therefore the economic exposure is ambivalent. China is a heavy importer of capital, a net importer of important industrial inputs, and, at the same time, China's trade deficit puts constant pressures on the balance of payments and thus is a model. The United States, for its part, represents an example of market integration, and is an important market for manufactured exports which directly generates foreign currency. Saudi Arabia is a net energy, balance of payments anchor, whilst Russia is a nascent trade partner, but still has limited capacity (at logistics and finance). The different functions of structure are shown in Table 7.

Table 7
Pakistan's Strategic Trade Relationships and Economic Challenges

Partner Country	Main Economic Role	Strategic Importance	Key Economic Challenge
China	Industrial manufacturing imports, physical infrastructure cooperation, investment	Largest source of capital imports and geoeconomic development assistance	Extremely large, asymmetric trade imbalance and debt servicing
United States	High-value export market access and direct commercial investment	Crucial source of foreign exchange earnings and global commercial integration	Volatility of trade relations due to shifting security considerations
Saudi Arabia	Energy supplies, sovereign deposits, commercial joint ventures	Essential anchor for energy security and capital account stabilisation	Highly concentrated bilateral trade and limited export diversification
Russia	Emerging petroleum imports and regional economic coordination	Strategic diversification of energy supplies and regional security engagement	Minimal trade volume and lack of established financial channels

Source: Author's economic synthesis compiled from World Bank WITS (2022-2023) and SBP datasets.

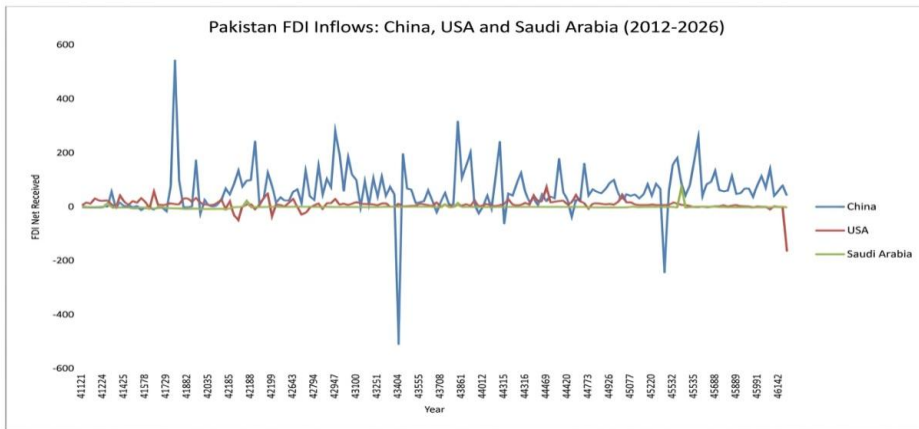
A matrix of the structural trade which speaks about the constraints of Strategic autonomy of Pakistan. This asymmetry in the exports and capital imports has direct implications for Pakistan's trade policy as dependence on the United States for markets and on China for capital imports also means that parallel opportunities for possible political leverage exist, which necessitates careful balancing of economic diplomacy with both these countries.

Foreign Direct Investment (FDI) is an integral indicator of confidence across countries and geopolitical alignment. FDI is one of the major sources of technology transfer, industrial capacity creation and employment creation for a developing State. But this can also lead to long-term structural vulnerabilities if external investment comes from a single source. SBP data reveals that China continues to be the main source of FDI to Pakistan,

with most of it in big-ticket infrastructure and energy investments to be realised through CPEC. The Russian side currently limits the investment contribution; the United States and Saudi Arabia invest in different commercial and joint-venture schemes.

Figure 5

Foreign Direct Investment Contribution from Selected Strategic Partners Sourced from State Bank of Pakistan Foreign Direct Investment Datasets.



Whether external investment is strategic depends entirely on its ability to drive productive domestic economic transformation. While it is essential to move towards capital inflows to ensure long-term export competitiveness and industrial capacity, it is important to understand that short-term relief funds, which serve to stabilise the balance of payments, can at best be a palliative measure and will not cure the ills of economic dependence.

In our economic analysis, we have shown that the diversification of the Pakistani economy is based on complementary (not competing) economic relations. However, no single external partner can do everything required on the development and finance fronts to address Pakistan's needs. This structural reality means that a multi-vector approach to economic diplomacy is a must. Pakistan is making efforts to build a network of 'managed interdependence' in its infrastructure, export market access, and capital and energy dialogues with Moscow, all of which aim to stabilise Pakistan's capital account and increase its diplomatic agility.

Figure 6: *Pakistan's Strategic Partnership Model in a Multipolar Economy Conceptual mapping of complementary partner roles, Self-Generated.*



To directly resolve the reviewer's query regarding Research Question 3 (RQ3), this subsection provides empirical operationalization and data indicators measuring Pakistan's strategic autonomy beyond standard trade statistics.

Table 8
Empirical Operationalization and Measurement of Strategic Autonomy Indicators (New Table for Revision 3)

Indicator Dimension	Empirical Observation & Policy Record	Analytical Evaluation of Strategic Autonomy
UN Voting Alignment	Consistently abstained on UNGA Resolutions regarding Russia-Ukraine hostilities (UNGA ES-11/1, ES-11/2); maintained voting alignment with G-77/China on global economic governance.	Demonstrates tactical diplomatic autonomy and non-alignment during major-power conflict, resisting Western pressure to condemn Moscow while maintaining SCO ties.
Regional Crisis Neutrality	Enacted parliamentary resolution of strict neutrality during Yemen conflict (2015); performed active shuttle diplomacy between Tehran and Riyadh (2019-2022).	Maintained sovereign policy latitude in Middle Eastern security, avoiding direct military entanglements while safeguarding sovereign financial deposits from Riyadh.
Conditionality & Debt Restructuring	Navigated simultaneous IMF structural adjustment facility mandates, CPEC energy debt reprofiling with Beijing, and Western FATF compliance criteria.	Reveals severe structural constraints; policy autonomy is routinely subordinated to external debt-servicing demands and balance-of-payments survival.

Source: Author's empirical compilation of UN Voting Records, Ministry of Foreign Affairs Statements, and IMF Review Reports.

Discussion

Pakistan's foreign policy is multi-vector and diversified, as this study reveals. Pakistan's economic diplomacy has maintained parallel, functional relationships with China, the USA, Russia, and Saudi Arabia without resorting to a strict policy of alignment with any one power. This diversification has broadened Pakistan's contemporary diplomatic flexibility, enabling the country to access more export markets, energy and political channels, as well as bilateral capital (Mehdi et al., 2025; Khan et al., 2024).

But, as our theoretical model shows, strategic diversification does not necessarily lead to strategic autonomy. Pakistan's multi-vector diplomacy is well developed at the structural level, but at the operational level, it faces constraints due to the material realities of economic exposure. The discussion needs to be directed toward the dynamic intersections and strategic friction points among the relationships outlined in the country-by-country profiles in the previous sections, to resolve the redundancy of those profiles on which those relationships were based. In particular, Pakistan's extensive deep geoeconomic ties with CPEC (China) impose tight policy restrictions and institutional friction in relations with the United States and international financial institutions such as the IMF. The direct leverage is through debt service commitments and structural economic ties with Beijing that Washington can use, and Pakistani policymakers must strike a highly delicate balance. The main paradox of managed interdependence is thus revealed. Thus, splitting the dependency among the different partners is a good way to avoid an absolute veto by any single great power on Pakistan's foreign-policy decisions; it also leaves Pakistan in a permanent crisis-management mode. However, due to the lack of any deeper structural reforms, in particular, export competitiveness, industrial technology and fiscal self-reliance, strategic diversification is a highly evolved diplomatic tool for managing external vulnerabilities, but not a path towards strategic autonomy (George, 2025; Rathore et al., 2024).

Conclusion

Pakistan's foreign policy in the emerging multipolar world is a well-thought-out multi-vector balancing act that secures the state's security while pursuing geoeconomic opportunities in the current world. Through conscious efforts, Pakistan has expanded its functional partnerships with China, the USA, Russia, and Saudi Arabia, thereby improving its modern diplomacy. But the results of this study indicate that, without strategic diversification, strategic autonomy cannot be guaranteed. But even genuine autonomy is far from unhindered,

with structural fiscal dependence, external sovereign capital outflows, and trade deficits continuing to be major constraints, as in the case of Pakistan, a quintessential example of managed interdependence.

This study contributes theoretically and scholastically to the International Relations (IR) literature on regional powers in three main ways. First, we offer a solid empirical examination of the reality of diversification, revealing how secondary states can practice economic diplomacy to cope with trade asymmetries, without, in a zero-sum fashion, forming alliances. Second, we theorise 'managed interdependence', a new perspective on how the structural dependencies of developing countries are spread and actively regulated across and between conflicting positions to preserve decision-making room. Thirdly, the Pakistan case contributes directly to the theory of 'hedging' strategies of middle and regional powers in a growing multipolar system; it shows how the integration of a country's external diplomatic environment with its internal economic bases determines a state's level of strategic autonomy.

References

- Ali, M. (2021). The Geopolitics of CPEC: Opportunities and Challenges for Pakistan. *Strategic Studies*, 41(1), 55–72.
- Ali, S. (2023). Shifting Alliances: The Pakistan-China-US Triangle. *Strategic Analysis*, 47(2), 112–128.
- Bashir, F., & Aman, S. (2021). *US security assistance to Pakistan in post 9/11 period*. *FWU Journal of Social Sciences*, 15(2), 96–116. <https://doi.org/10.51709/19951272/Summer-2/6>
- Cheema, P. I. (2019). The Security Imperatives of Pakistan's Foreign Policy. *Strategic Analysis*, 43(3), 201–215.
- Garlick, J. (2020). The China-Pakistan Economic Corridor of the Belt and Road Initiative: Concept, Context and Assessment. *Journal of Contemporary China*, 29(122), 235–250.
- George, A. S. (2025). The Multi-Alignment Advantage in India's Foreign Policy Evolution for Maximising Strategic Autonomy and Economic Growth. *Partners Universal Innovative Research Publication*, 3(4), 71–91.
- Goh, E. (2005). Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies. *East-West Center Washington*, Policy Studies 16.
- Hilali, A. Z. (2005). *US-Pakistan Relationship: Soviet Invasion of Afghanistan*. Taylor & Francis.
- Hussain, E., & Jahanzaib, M. (2025). Russia–Pakistan Relations in the Contemporary Context: Geo-economic Opportunities and Strategic Constraints. *Journal of World Affairs*, 1(2), 165–183.
- Hussain, N. (2022). Pakistan-Saudi Arabia Relations: Evolving Dynamics and Challenges. *Strategic Studies*, 42(2), 12–28.
- Iqbal, Z. (2021). China-Pakistan Economic Corridor (CPEC): Structural Challenges and the Way Forward. *Journal of Contemporary Asia*, 51(3), 445–462.
- Jaffrelot, C. (2015). *The Pakistan State: Nationalism, Military, and Social Reform*. Oxford University Press.
- Keohane, R. O., & Nye, J. S. (1977). *Power and Interdependence: World Politics in Transition*. Little, Brown and Company.
- Khan, H. A., Yousaf, M., & Saleem, Z. (2024). Changing Geopolitical Dynamics in the Middle East: Implications for Pakistan. *Human Nature Journal of Social Sciences*, 5(3), 203–218.
- Khan, R. A. (2020). Pakistan's Economic Diplomacy: Challenges and Opportunities. *Pakistan Horizon*, 73(2), 35–50.
- Khan, H. U., Dawar, A. I., & Wei, Y. (2025). *The new great game in Central Asia: Pakistan's interests in the regional power play*. *FWU Journal of Social Sciences*, 19(1). <https://doi.org/10.51709/19951272/Spring2025/3>
- Kuik, C. C. (2008). How Big Powers Hedge in Post-Cold War East Asia: The Definitional and Practical Challenges. *China International Strategy Review*, 5(1), 115–138.
- Lu, H., & Iqbal, N. (2025). Assessing the Economic and Strategic Significance of the China-Pakistan Economic Corridor. *Journal of Policy Options*, 8(1), 23–30.
- Markey, D. S. (2013). *No Exit from Pakistan: America's Tortured Relationship with Islamabad*. Cambridge University Press.

- Mehdi, G., Muntazir, A., & Ummara, U. (2025). Evolving Dynamics of Global Power: Assessing the Shift from Unipolarity to Multipolarity in the 21st Century. *Policy Journal of Social Science Review*, 3(11), 290-299.
- Ministry of Foreign Affairs of Pakistan. (2019, September 18). *Curtain raiser: Prime Minister's visit to Saudi Arabia*. Government of Pakistan.
- Ministry of Foreign Affairs of Pakistan. (2021, April 5). *Curtain raiser: Visit of Foreign Minister of Russian Federation to Pakistan*. Government of Pakistan.
- Ministry of Foreign Affairs of Pakistan. (2022, July 1). *Foreign Minister's meeting with Special Representative of the United States*. Government of Pakistan.
- Ministry of Foreign Affairs of Pakistan. (2022, May 1). *Joint statement between the Kingdom of Saudi Arabia and the Islamic Republic of Pakistan*. Government of Pakistan.
- Ministry of Foreign Affairs of Pakistan. (2023a, January 30). *Foreign Minister holds delegation-level talks with Foreign Minister of Russia*. Government of Pakistan.
- Ministry of Foreign Affairs of Pakistan. (2024a, May 15). *Statement by the Deputy Prime Minister and Foreign Minister at the joint press stakeout following the strategic dialogue with China*. Government of Pakistan.
- Ministry of Foreign Affairs of Pakistan. (2024b, June 10). *Joint statement between the Islamic Republic of Pakistan and the People's Republic of China*. Government of Pakistan.
- Ministry of Foreign Affairs of Pakistan. (2024c, September 16). *Delegation-level talks between Pakistan and the United States*. Government of Pakistan.
- Ministry of Foreign Affairs of Pakistan. (2024d, April 16). *Visit of Saudi Foreign Minister to Pakistan*. Government of Pakistan.
- Ministry of Foreign Affairs of Pakistan. (n.d.). *Pakistan's foreign policy guiding principles*. Government of Pakistan.
- Naser, M. (2021). Foreign Direct Investment in Pakistan: Trends, Drivers, and Challenges. *State Bank of Pakistan Research Bulletin*, 17(1), 102–121.
- Parveen, S. (2023). *The United States and Sino-Pak strategic imperatives in Afghanistan*. *FWU Journal of Social Sciences*, 17(1), 146–156. <https://doi.org/10.51709/19951272/Spring2023/11>
- Rathore, M. P. K., Mahesar, M. A., & Rathore, M. H. (2024). Pakistan and global economy. *Al-NASR*, 79–98.
- Rehman, A. (2024). Pakistan's Quest for Strategic Autonomy in a Multipolar Order. *Pakistan Journal of International Affairs*, 7(1), 45–64.
- Rizvi, H. A. (2012). Pakistan's Foreign Policy: An Overview. *Strategic Studies*, 32(3), 1-18.
- Sattar, A. (2021). *Pakistan's Foreign Policy 1947-2019: A Concise History*. Oxford University Press.
- Small, A. (2020). *The China-Pakistan Axis: Asia's New Geopolitics*. Oxford University Press.
- State Bank of Pakistan. (n.d.). *Foreign direct investment dataset: Foreign investment by country*. Government of Pakistan.
- Talbot, I. (2012). *Pakistan: A Modern History*. Palgrave Macmillan.
- Wirsing, R. G. (2018). Pakistan's foreign policy in the 21st century. *Asian Affairs*, 49(2), 267–285.
- World Bank. (2022–2023). *World Integrated Trade Solution (WITS): Pakistan trade profile and bilateral trade data*. World Bank.
- Yousaf, S. (2023). Strategic Hedging in South Asia: The Case of Pakistan's Multi-Vector Diplomacy. *Journal of Contemporary China*, 32(141), 589–605.