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Pakistan and the Great-Power Balancing Act: A CSS Essay

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Pakistan's Strategic Balancing: The United States, China and Russia

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Executive Summary

Pakistan stands at one of the most delicate geopolitical crossroads in its modern history, navigating a volatile multipolar global order defined by the intensifying strategic competition between the United States and the People's Republic of China, alongside the recalibrated Eurasian ambitions of the Russian Federation. Traditionally characterized by alliance-based diplomacy-oscillating between Western security alignment during the Cold War and the War on Terror, and an enduring 'all-weather strategic cooperative partnership' with Beijing-Islamabad's contemporary grand strategy has undergone a profound transformation. This report provides an exhaustive examination of Pakistan's strategic balancing act across diplomatic, economic, military, and geoeconomic dimensions during 2024 and 2025.

The core thesis of this study posits that Pakistan is shifting away from binary, bloc-to-bloc alignments toward a sophisticated paradigm of 'geoeconomic balancing' and 'strategic autonomy.' Rather than choosing definitively between Washington's Indo-Pacific security framework and Beijing's Belt and Road Initiative (BRI), Islamabad seeks to leverage its unique geostrategic location to extract economic dividends, maintain security cooperation, and mitigate vulnerability to external coercion. However, this balancing act is severely constrained by domestic macroeconomic fragility, political polarization, structural debt burdens, and escalating regional security threats, notably the resurgence of Tehrik-i-Taliban Pakistan (TTP) and instability along the western frontier.

Key findings of this research indicate that while the China-Pakistan Economic Corridor (CPEC) remains the cornerstone of Pakistan's long-term infrastructure and energy modernization, security imperatives and debt restructuring have necessitated a recalibration toward phase-2 industrialization, agricultural cooperation, and mining. Simultaneously, Pakistan's relationship with the United States has evolved from high-tension post-withdrawal estrangement into a stabilized, transactional engagement centered on counterterrorism, climate resilience, IMF-backed stabilization programs, and targeted technological cooperation. Concurrently, relations with Russia have expanded cautiously beyond historical coldness into pragmatic diplomatic and energy dialogues, tempered by Moscow's deepening alliance with Beijing and New Delhi.

Ultimately, Pakistan's success in navigating this 21st-century great power competition depends heavily on domestic political consensus, institutional reforms, and its ability

to transform geopolitical significance into sustainable internal economic resilience. Without robust internal stabilization, foreign policy maneuverability will remain perpetually vulnerable to external financial pressures and regional shocks.

04 Geopolitical Architecture and the Multipolar Transition

The collapse of the unipolar US-led global order and the rapid consolidation of a contested multipolar system have fundamentally altered the external environment in which Pakistan formulates its national security and foreign policies. In South Asia and the broader Eurasian theater, this transition is manifested through intensified great power competition, the securitization of global supply chains, and the bifurcation of technological standards between Western democracies and authoritarian or state-capitalist models.

For decades, Pakistan's foreign policy calculus was heavily conditioned by its security competition with India and its role as a frontline state in broader global conflicts. However, the contemporary strategic landscape requires Islamabad to manage simultaneous engagements with competing poles of global power without triggering preemptive alienation from any single actor. The United States views South Asia primarily through the prism of its Indo-Pacific strategy aimed at containing Chinese maritime and technological expansion. Within this framework, Washington regards India as its primary net security provider in the region, creating inherent structural anxieties in Islamabad regarding strategic parity and conventional military balance.

Conversely, Beijing views Pakistan as an indispensable strategic asset and the flagship location of the Belt and Road Initiative. The China-Pakistan Economic Corridor provides China with direct overland access to the Arabian Sea via Gwadar Port, bypassing the vulnerable Malacca Strait chokepoint. Yet, this deep alignment exposes Pakistan to intense geopolitical scrutiny from Washington and New Delhi, complicating Islamabad's diplomatic maneuverability.

Furthermore, the resurgence of Russia as an assertive Eurasian power and its 'no-limits' partnership with China have created new diplomatic opportunities and challenges for Pakistan. Moscow's willingness to engage in pragmatic energy and counterterrorism cooperation offers Islamabad additional diplomatic space, even as Russia maintains robust strategic and defense ties with New Delhi. Pakistan's strategic challenge, therefore, lies in maintaining strategic autonomy within a rigid bipolarity of competing alliances, leveraging regional connectivity while insulating its economy from secondary sanctions and geopolitical coercion.

05 The United States and Pakistan: From Estrangement to Transactional Realism

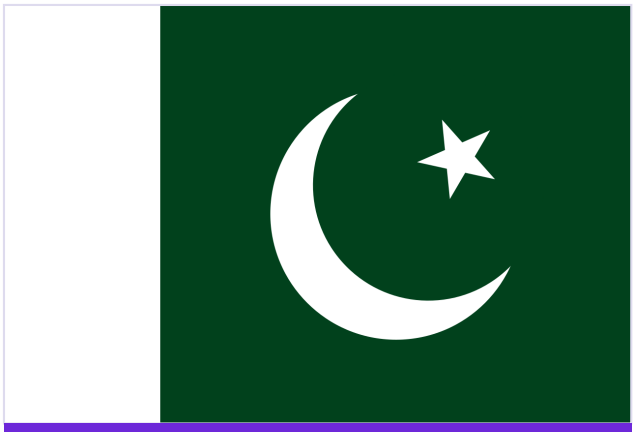
Following the chaotic US military withdrawal from Afghanistan in August 2021, bilateral relations between Washington and Islamabad hit historic lows. Decades of

mutual mistrust regarding Afghan endgame dynamics, divergent counterterrorism objectives, and Pakistan's deepening economic and military reliance on China led to a significant diplomatic cold freeze. During this period, the Biden administration noticeably bypassed civilian leadership in Islamabad in its high-level diplomatic outreach, reflecting a broader American policy drift away from traditional South Asian security partnerships.

However, the period spanning 2024 to 2025 has witnessed a deliberate, pragmatic recalibration on both sides. Recognizing the geopolitical dangers of a complete diplomatic vacuum, Washington and Islamabad have established a structured, transactional working relationship centered on critical functional areas rather than broad geopolitical alignment. Key drivers of this stabilization include:

- Economic Stabilization and IMF Engagement: The United States, as the largest shareholder in the International Monetary Fund (IMF), has played a critical behind-the-scenes role in facilitating Pakistan's recent Extended Fund Facility (EFF) negotiations, recognizing that a sovereign default in Islamabad would trigger catastrophic regional instability.
- Counterterrorism Cooperation: Despite the end of direct US military operations in Afghanistan, intelligence sharing and counterterrorism coordination concerning ISIS-K (Islamic State Khorasan Province) and regional militant networks have quietly resumed.
- Climate Resilience and Green Energy: In the wake of the devastating 2022 floods, bilateral dialogues have increasingly focused on climate adaptation, green energy transitions, and agricultural technology transfer under the US-Pakistan Green Alliance framework.

Notwithstanding these stabilizing touchpoints, fundamental structural frictions persist. Washington remains deeply concerned over the security of Pakistan's nuclear arsenal, human rights conditions, electoral transparency, and the vast scale of Chinese debt obligations under CPEC. Conversely, Pakistani policymakers remain skeptical of long-term US reliability, frequently citing historical abandonment following geopolitical utility expiration. Thus, the contemporary US-Pakistan relationship is best characterized not as an alliance, but as a carefully managed, transactional partnership designed to prevent crises and manage shared regional risks.



Pakistan - the geographic pivot between competing great powers

06 China-Pakistan Iron Brotherhood: Deepening CPEC and Security Challenges

The 'all-weather strategic cooperative partnership' between Beijing and Islamabad remains the bedrock of Pakistan's external economic and security policy. Central to this relationship is the China-Pakistan Economic Corridor (CPEC), a multi-billion-dollar amalgamation of energy infrastructure, transportation networks, industrial zones, and port development designed to connect China's western Xinjiang province to the Arabian Sea.

Phase-1 of CPEC successfully addressed Pakistan's crippling power shortages and modernized critical national transport infrastructure, constructing major highways and modernizing railway lines (ML-1). However, Phase-2 of CPEC, currently unfolding through 2024 and 2025, has undergone a strategic evolution. Moving away from mega-infrastructure projects financed by heavy commercial loans, Phase-2 prioritizes:

- Industrial Cooperation: Relocating Chinese manufacturing units to Special Economic Zones (SEZs) to boost Pakistan's export capacity.
- Agricultural Modernization: Upgrading crop yields, irrigation efficiency, and food processing standards through joint ventures.
- Information Technology and Mining: Expanding digital infrastructure, fiber-optic connectivity, and the commercial extraction of mineral wealth in Balochistan and Khyber Pakhtunkhwa.

Despite these expansive ambitions, the iron brotherhood faces acute operational vulnerabilities. The most pressing challenge is the security of Chinese nationals working on CPEC projects. A surge in attacks by ethno-nationalist insurgent groups, such as the Balochistan Liberation Army (BLA), and Tehrik-i-Taliban Pakistan (TTP) targeting Chinese engineers and infrastructure has severely tested Beijing's patience. In response, China has exerted persistent diplomatic and security pressure on Islamabad to ensure ironclad protection protocols, leading to the deployment of dedicated special security divisions.

Furthermore, Pakistan's macroeconomic crisis and mounting debt servicing obligations to Chinese Independent Power Producers (IPPs) have created severe fiscal friction, resulting in delicate negotiations regarding debt restructuring and tariff adjustments. Despite these strains, neither Beijing nor Islamabad can afford a strategic parting of ways, ensuring that the bilateral axis remains unshakeable amidst global turbulence.

The Russian Re-entry: Diversification in a Multipolar World

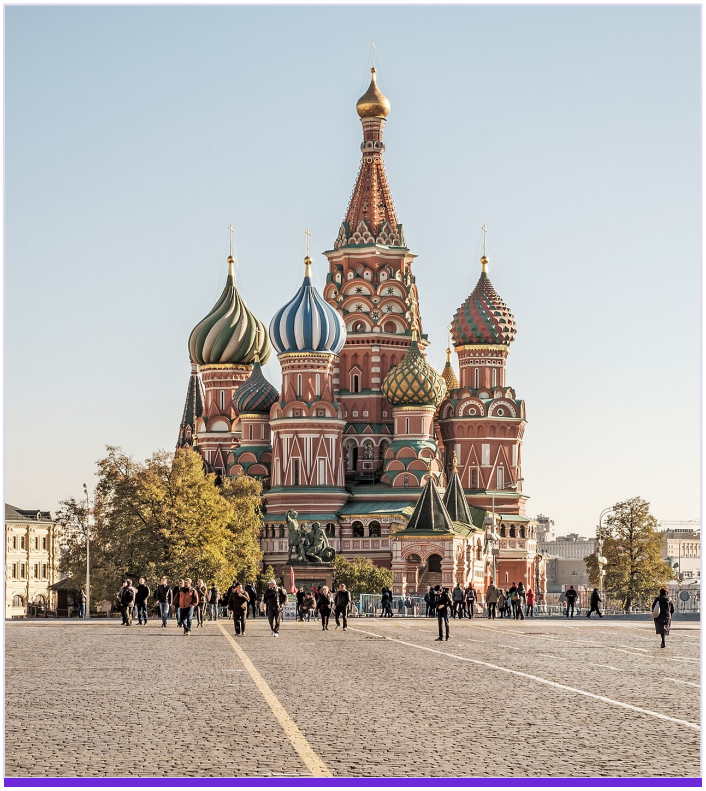
Pakistan's pivot toward Russia is the most significant shift in its recent diplomatic history. Negotiating with Moscow is a clear signal of Pakistan's intent to diversify its 'Small Table' beyond the traditional US-China binary. This relationship is driven by energy security and regional stability, particularly concerning Afghanistan.

The stakes here are symbolic and substantive. Substantively, Pakistan seeks discounted oil and gas to mitigate its balance-of-payments crisis. Symbolically, the 'North-South' (Pakistan

Stream) Gas Pipeline and joint military exercises signify a departure from the Cold War baggage. However, Pakistan must negotiate this path carefully to avoid triggering Western sanctions or alienating its traditional partners. The essay should analyze this as a 'hedging strategy'-where Pakistan uses Russia to demonstrate that it has options, thereby increasing its leverage in Washington and Beijing.

The diplomatic record gives this re-entry real texture. Prime Minister Imran Khan's February 2022 visit to Moscow - timed to the very day Russia invaded Ukraine - was read in Washington as a provocation, yet Islamabad treated it as a statement of independent alignment. The follow-through came in the energy file: a government-to-government understanding on discounted Russian crude, with Pakistan State Oil importing a first pilot cargo of roughly 55,000 to 100,000 tonnes in mid-2024 under a non-dollar settlement, and the revived Pakistan Stream Gas Pipeline - a roughly 1,100-kilometre artery from Port Qasim to Kasur - kept alive on paper despite sanctions risk. Moscow, for its part, has offered wheat and fertilizer and hosted Pakistani envoys in successive SCO and Afghanistan 'troika-plus' formats, while the two navies continue their Dosti exercises in the Arabian Sea.

The limits are equally structural. Russia remains India's largest arms supplier - New Delhi absorbs the majority of Moscow's global arms exports by SIPRI's accounting - so no Kremlin reassessment of Kashmir is on offer, and Pakistan's banks decline rupee-ruble settlements for fear of OFAC secondary sanctions. The relationship therefore expands at the speed of the slowest constraint: real in energy hedging and symbolism, thin in trade, and useful chiefly as leverage that Islamabad can quote in Washington and Beijing. An essay that captures this duality - Russia as an option rather than an anchor - scores precisely because it resists the cliché of a coming Pakistan-Russia alliance.



Saint Basil's Cathedral, Moscow - Russia's renewed outreach to Islamabad

Beijing and the Iron Brotherhood: CPEC and Strategic Depth

China remains Pakistan's primary strategic and economic anchor. The China-Pakistan Economic Corridor (CPEC) serves as the crown jewel of the Belt and Road Initiative (BRI), providing vital infrastructure, energy projects, and Gwadar Port development. CSS examiners consistently reward scripts that critically evaluate the security dilemmas and debt sustainability issues associated with CPEC, rather than offering uncritical praise.

As CPEC enters Phase 2-focusing on industrial relocation, agriculture, and IT-Pakistan must balance Chinese economic dependence with multilateral financial engagements. Islamabad must reassure Beijing regarding the security of Chinese nationals while maintaining independent foreign policy agency, demonstrating that a close partnership with China does not preclude constructive engagement with Western economies.

The material record of CPEC's first decade explains both its promise and its pain. On the energy side alone the corridor added roughly 8,000 megawatts of generation capacity - the 720-megawatt Karot hydropower project (the first BRI project financed under the green investment principle), the 884-megawatt Suki Kinari plant, and the 1,320-megawatt Sahiwal and Port Qasim coal plants - while the Gwadar 300-megawatt plant and the long-deferred 6.7-billion-dollar Main Line (ML-1) railway upgrade illustrate how the second half of the portfolio stalled. Islamabad's capacity-payment obligations, which pushed the power-sector circular debt beyond 2.4 trillion rupees, turned several Chinese-funded plants from lifelines into liabilities, and Pakistan has since asked Beijing for rescheduling and reprofiling of an exposure estimated near 30 billion dollars. Beijing's own response - a pivot toward 'small and beautiful' projects, Special Economic Zones such as Rashakai and Dhabeji, and agricultural and IT cooperation - signals a shift from megaproject lending to self-financing consolidation.

Security has become the corridor's defining constraint. High-profile attacks on Chinese nationals, from the Dasu bombing in 2021 to the March 2024 Besham attack that killed five Chinese engineers, forced Pakistan to ring-fence thousands of troops in the Special Security Division even as such incidents chill the very investment Phase 2 is meant to attract. For the CSS examiner the analytical point is balance: CPEC gave Pakistan infrastructure no other partner would fund, yet it also deepened a bilateral dependence that sits uneasily beside IMF conditionality and Western concern, and it must now compete with rival connectivity visions such as the India-Middle East-Europe Economic Corridor announced in September 2023. Pakistan's task is to convert Chinese capital into export capacity - not merely into imported fuel and electricity - if the corridor is to remain strategically sustainable.



Flag of China - public domain reference

07 Geoeconomic Balancing and Strategic Autonomy

As global power dynamics shift from pure geopolitics to geoeconomics-where trade, supply chain security, technology standards, and financial systems serve as instruments of statecraft-Pakistan has attempted to reorient its national security doctrine. The formal articulation of Pakistan's National Security Policy (NSP) introduced the concept of 'Comprehensive Security,' placing geoeconomics, regional connectivity, and citizen-centric economic well-being at the heart of state planning.

Geoeconomic balancing requires Islamabad to walk a perpetual tightrope. On one hand, Pakistan depends heavily on Western financial institutions (IMF, World Bank) and export markets (the United States and the European Union remain Pakistan's largest export destinations, absorbing billions in textile and manufactured goods). On the other hand, its physical energy security, heavy industrial modernization, and defense procurement are deeply tied to China and increasingly supplemented by selective regional partnerships with Gulf monarchies (Saudi Arabia and the UAE) and Eurasian actors like Russia.

To execute successful geoeconomic balancing, Pakistan faces formidable internal hurdles:

- Macroeconomic Fragility: Chronic fiscal deficits, low tax-to-GDP ratios, high inflation, and massive debt servicing obligations consume the vast majority of federal revenues, leaving negligible fiscal space for strategic investments in education,

health, and technological R&D.

- Governance and Institutional Stability: Political polarization and frequent institutional friction undermine policy continuity, deterring both foreign direct investment (FDI) and domestic capital formation.
- Regional Connectivity Bottlenecks: While Gwadar Port and CPEC transit routes offer immense potential for regional trade with Central Asia, ongoing security instability in Afghanistan and strained trade borders with India severely limit Pakistan's emergence as a genuine regional transit hub.

Ultimately, strategic autonomy cannot be sustained through diplomatic declarations alone; it requires domestic economic vitality, export-led industrialization, rule of law, and internal political stability. Until Pakistan addresses these foundational structural deficits, its geoeconomic balancing act will remain precarious and reactive rather than proactive and transformative.

08 Conclusion and Strategic Recommendations

Pakistan's strategic balancing act between the United States, China, and Russia in 2024-2025 exemplifies the immense complexities faced by middle powers operating in a fiercely contested multipolar world. The traditional playbook of binary alliance alignment is obsolete. Islamabad's contemporary grand strategy necessitates a sophisticated, multifaceted approach that leverages its unmatched geostrategic location while mitigating external vulnerabilities through internal reform.

Based on exhaustive analysis of current geopolitical trends, economic data, and diplomatic developments, the following strategic recommendations are proposed for Pakistani policymakers:

- Institutionalize Economic Diplomacy: Pivot foreign policy execution away from security-centric dominance toward aggressive economic diplomacy, prioritizing export diversification, IT sector growth, and foreign direct investment in Special Economic Zones.
- Pragmatic De-risking: Maintain an unshakeable strategic partnership with China under CPEC Phase-2 while actively preserving constructive, transactional channels with the United States and Western financial institutions to avoid global economic isolation.
- Enhance Regional Connectivity and Security: Prioritize internal counterterrorism and border management to safeguard foreign investments, particularly Chinese nationals and CPEC assets, while fostering stable economic corridors with Central Asia and the Middle East.
- Foster Domestic Political Consensus: Achieve a broad-based national consensus among political parties, military leadership, and civil society on foundational economic reforms, ensuring policy continuity across electoral cycles.

By executing these strategic imperatives, Pakistan can successfully transition from a reactive geopolitical frontline state into a resilient, self-sustaining geoeconomic hub capable of navigating the complex currents of 21st-century great power competition.

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