



# **RCAS Commentary**

## **Pakistani New Government's Prospective Foreign Policy Towards Saudi Arabia, UAE, and China**

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## About RCAS

RCAS is a non-profit research organization focusing on the maritime issues and regional integration in the Indo-Pacific region. It is a newly-established institution founded in February 2022 by Dr. Nian Peng, Associate Professor of the School of Foreign Studies at Hainan Normal University, Haikou, China. We, at the moment, have an international research team with resident/non-resident researchers from China and other Asian states.

RCAS seizes the opportunity that China is building Hainan Free-Trade Port in which the Hainan Island will become an important window for China's opening up to the Pacific Ocean and the Indian Ocean to become a leading research institute and think tank on maritime affairs in the Indo-Pacific region. So far, RCAS focuses on the maritime disputes and maritime cooperation in the Pacific Ocean and the Indian Ocean, and various regional cooperation mechanisms such as BRI, LMC, RCEP and so on. It is committed to promoting the maritime cooperation, regional integration and academic exchanges in the Indo-Pacific region at large.

RCAS has received a number of research funding from universities and foundations, and conducted research programs of the South China Sea(SCS) dispute, China-South/Southeast Asian relations, BRI in South/Southeast Asia, terrorism/anti-terrorism in Afghanistan, and so on. RCAS researchers have won various awards from the Chinese Ministry of Commerce and the Hainan government.

RCAS has published nearly 10 books in Chinese and English, and more than 20 papers on SSCI/SCOPUS/CSSCI-indexed journals. Recent English publications include *Populism, Nationalism and South China Sea Dispute: Chinese and Southeast Asian Perspectives*(Singapore: Springer Nature, 2022); *Crossing the Himalayas: Buddhist Ties, Regional Integration and Great-Power Rivalry*(Singapore: Springer Nature, 2021); *The Reshaping of China-Southeast Asia Relations in Light of the COVID-19 Pandemic*(Singapore: Springer Nature, 2021); *International Pressures, Strategic Preference and Myanmar's China Policy since 1988*(Singapore: Springer Nature, 2020); *Managing the South China Sea Dispute: Multilateral and Bilateral Approaches*(2022); *Hedging Against the Dragon: Myanmar's Tangled Relations with China since 1988*(2021); *The Budding Indo-Myanmar Relations: Rising But Limited Challenges for China*(2019).

RCAS has also published hundreds of articles and been interviewed in various local and international media outlets such as Asia Centre in France, *The Diplomat* in the United States, *East Asian Forum(EAF)* in Australia, *Bangkok Post* in Thailand, *Lian He Zao Bao* and *Think China* in Singapore, *South China Morning Post(SCMP)* and *China-US Focus* in Hong Kong, *CGTN* and *Global Times* in China. RCAS researchers have actively participated in international conferences or study visits in the US, India, Pakistan, Sri Lanka, Nepal, Myanmar, Cambodia, and other places. Welcome to visit our website: <http://www.rcas.top>.

# **Pakistani New Government's Prospective Foreign Policy**

## **Towards Saudi Arabia, UAE, and China**

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After a tumultuous month of political instability in Pakistan, Shahbaz Shareef, leader of Pakistan Muslim League Nawaz (PML-N) has been sworn in as a new Prime Minister. He gave a comprehensive roadmap for his domestic and foreign policy overtures. His first speech in the parliament after his election as Prime Minister depicts that his primary focus will be on the economic management of the country. During the tenure of Pakistan Tehreek-e-Insaaf (PTI) economic situation of the country worsened due to various reasons. The COVID-19 pandemic, the warlike situation between India and Pakistan that led to lower Foreign Direct Investments (FDI) and increased expenses on military mobilization, unmanageable current account deficit, free fall of the rupee against the US dollar, unprecedented inflation, PTI's mismanagement at micro and macro levels of government, continuous reshuffling of political and bureaucratic positions were some significant factors of the worsened economic situation in Pakistan.



▲ Pakistani Prime Minister Shahbaz Shareef and former Prime Minister Imran Khan

## **The Coalition Government is Highly Fragile**

Despite relative tranquility in the political situation of Pakistan, the uncertainty will continue to haunt Shahbaz Sharif's government. There are various reasons for the continuity of political uncertainty. Firstly, the recently ousted Prime Minister Imran Khan has announced en-bloc resignations from the National Assembly of Pakistan. He has also announced that he will not accept Shahbaz Sharif's government and alleged a US-backed conspiracy against PTI's government. He has demanded fresh general elections. To achieve this objective, former Prime Minister Imran Khan will continue to pressurize the government for general elections. Hence, the political environment will continue to remain under acute stress. Moreover, the coalition government of eleven political parties will also face internal rivalries. These political parties such as PML-N, Pakistan People's Party (PPP), Jamiat Ulema-e-Islam Fazal (JUI-F) and Awami National Party (ANP) have competing ideologies. Therefore, the coalition government is highly fragile in nature and might not be able to continue for more than a few months.

## **Prospective Foreign Policy Towards Saudi Arabia, UAE, and China**

Pakistan's foreign policy is primarily guided by two principles, i.e., money and security. Without money, Islamabad cannot secure better and expansive security deals to strengthen its conventional military muscle. Therefore, the money-in terms of loans, investments, and aid-remains a pivotal discussion point during internal meetings on foreign policy. The same principle had been reflected in the first speech of Shahbaz Shareef as a Prime Minister. He had outlined his foreign policy priorities primarily focusing on Saudi Arabia, UAE, and China and intended to enhance economic and political cooperation during his tenure. The aforementioned three countries are pivotal to Pakistan's economic stability.

### ***Saudi Arabia and UAE***

Historically, Saudi Arabia and UAE have supported Pakistan's troubled economy through immediate relief packages, especially during the crisis through oil on deferred payments, soft loans, and parking billions of US dollars in Pakistan's foreign reserves. During the initial months of the Khan-led PTI government, Saudi Arabia and UAE parked USD 6 billion in Pakistan's foreign reserves and signed deals of providing oil for three years on deferred payments. However, later both countries did not like some statements and decisions of Imran Khan including his

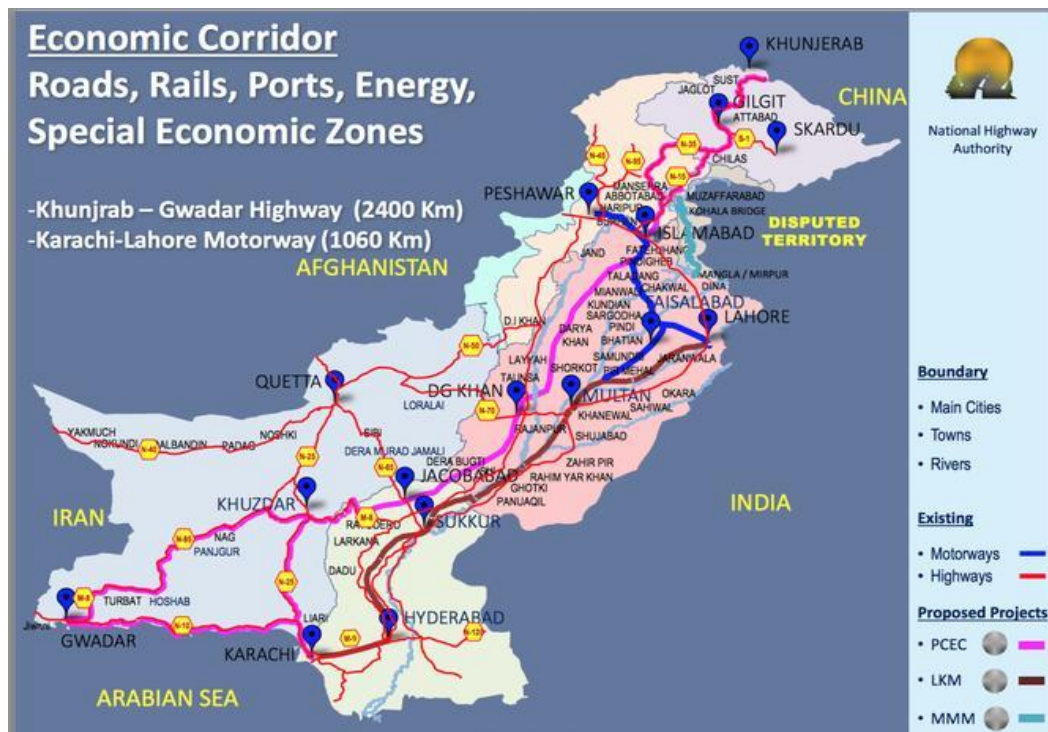
decision to attend the Kuala Lumpur Summit-an attempt to create a new Islamic bloc without Saudi approval, warming relations with Iran and Turkey, etc. Resultantly, Riyadh and Abu Dhabi demanded Pakistan to repay loans, which was unprecedented in the bilateral diplomatic history of the two countries.

Shahbaz Sharif, newly elected Prime Minister has decided to visit Saudi Arabia with two objectives, i.e., to repair relationship with Saudi Arabia and request immediate financial assistance. Historically, the Sharif family has developed a cordial relationship with the Royal family of Saudi Arabia and has clearly shown their tilt towards the Kingdom on various occasions, especially when it comes to the Saudi-Iran competition in the Middle Eastern region. Hence, a healing process in the bilateral relationship is highly expected in near future.

This healing process may remain limited to improved economic relationships and enhanced political trust between Pakistan and the Gulf countries. However, it will not compel Pakistan or Gulf countries to revisit their positions on Yemen's conflict and Jammu&Kashmir dispute, respectively. These kinds of strategic policy shifts will require a long-term strategic and comprehensive engagement by the two sides, which for the time being seems absent due to domestic political environment of Pakistan as well as the regional outlook of the Gulf.

### ***China***

As Prime Minister, Shahbaz Sharif has picked China as his second foreign destination. He is likely to visit the last week of April 2022. His visit to China will primarily be based on two objectives, i.e., to revive the China-Pakistan Economic Corridor (CPEC) and to seek immediate financial assistance for Pakistan. It is important to note that the development of CPEC had remained dormant due to various reasons since Imran Khan came into power. The sharing of classified information about the CPEC projects and Chinese loans to the International Monetary Fund (IMF) was a major source of distrust between PTI's government and Beijing. The mishandling of Dasu Dam terrorist incident that killed 9 Chinese was also a source of concern for Beijing.



### ▲ China-Pakistan Economic Corridor (CPEC)

Shahbaz Sharif is hopeful to improve the bilateral relationship and trust deficit while expediting development work on various CPEC projects. Shahbaz Sharif and PML-N have a history of good working relationship with China. During the PML-N's previous tenure, multiple CPEC projects were completed in a short span of time. Nawaz-led PML-N's government has completed over 10,000MW electricity projects and the construction of roads and motorways on thousands of kilometers all across Pakistan. The construction of Gwadar Airport, Eastbay Expressway of Gwadar, etc was also initiated during PML-N's previous tenure. Hence, a rejuvenation of CPEC projects is highly likely under the leadership of Shahbaz Sharif. To showcase his ability of good governance to domestic audiences, he is eying at projects that are partially completed, such as 720MW Karot Hydropower Project, 30MW HUBCO Thar Coal Power Project (Thar Energy), etc. On 13 April 2022, during his first visit to Karachi as Prime Minister, he also announced the insertion of Karachi Circular Railway (KCR) project into CPEC for its timely completion. This announcement suggests that Shahbaz Sharif intended to expand CPEC and has attached significant hopes to Beijing for cooperation during his tenure.

Perhaps the short-term focus of both countries should be on the timely organization of the Joint Coordination Committee (JCC) meetings. The JCC is the highest forum of coordination between the two countries that reviews the progress of CPEC related projects and Special Economic Zones (SEZs). The delay in the JCC meetings is highly detrimental to the coordination between China and Pakistan. Unfortunately, during the PTI's government, the JCC meetings were not held regularly. The 9th JCC meeting was held on 5 November 2019 while the 10th JCC meeting was held almost 22 months later in September 2021. It is expected that being Prime Minister, Shahbaz Sharif will not tolerate a lackluster approach of bureaucracy on CPEC related projects and will ensure timely meetings of the JCC during his tenure.

Shahbaz Sharif as a Chief Minister of Punjab is known for curbing red-tape culture in bureaucracy. He likes to initiate mega-development projects and ensures their timely completion. Projects such as Lahore Metro Bus, Lahore Ring Road, Multan Metro Bus, and Rawalpindi-Islamabad Metro Bus were conceived, approved, and completed during his tenure as Chief Minister of Punjab. It is expected that his tenure will attract greater volume of FDI in Pakistan as compared to the past three years due to improved trust and confidence of investors in Shahbaz Sharif's governing abilities. Perhaps, this is also a major window of opportunity for Chinese investors to invest in Pakistan and extract maximum benefits through investments.

## **Conclusion**

The Shahbaz Sharif-led coalition government will likely remain fixated on domestic challenges including political and economic. The political challenges will likely exacerbate with the passage of time that may lead to early general elections. On the economic front, Shahbaz Sharif-led coalition government has calculated that the economic support from Saudi Arabia, UAE and China will likely improve the existing economic situation in Pakistan resulting in better economic dividends for the masses leading to better election results in favour of PML-N in the upcoming general elections. Therefore, responses from these three countries-either positive or negative - will likely determine the future political developments of Pakistan.

## About Author



Dr. Khurram Abbas is Non-resident Fellow at Research Centre for Asian Studies (RCAS), China, as well as Research Fellow at Islamabad Policy Research Institute, Pakistan. He earned his PhD in Peace and Conflict Studies (PCS) from Centre for International Peace and Stability (CIPS), NUST, Islamabad. His area of interest includes, international security, Geo-politics of Persian Gulf and Arab Peninsula, Foreign Policy of Iran, civil resistance, Foreign Policy of China, India and Pakistan towards GCC and Iran. Dr. Abbas regularly delivers lectures in International and National universities as well as participates in National and International Conferences. He has three book chapters and twelve peer reviewed research articles in his credit. Dr. Abbas undertakes extensive research and regularly contributes in academic research journals and national/international dailies. Email: [khurram306pcips@nipcons.nust.edu.pk](mailto:khurram306pcips@nipcons.nust.edu.pk).