

PAKISTAN'S STRATEGIC OUTLOOK 2030

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Abstract

Given the uncertainties surrounding the internal and external security environment, future forecasting is challenging; however, based on empirical data, track record and actions taken, future scenario-building can be possible. Since its inception, Pakistan has suffered political and economic instability and an unfavourable external security environment. This situation is mainly due to the need for more visionary leadership, wrong priorities and short-sighted policy directions. Therefore, this paper endeavours to predict Pakistan's strategic outlook for 2030 through different scenarios. The paper bases its argument on the theoretical foundation of James Rosenau, analysis of essential variables, discussion of challenges vs opportunities, and strengths vs weaknesses. The paper suggests some course corrections in the form of political reconciliation, economic tight-roping, and the search for new areas of revenue generation. The paper uses official documents, authentic research reports, policy papers, and analyses of the subject specialists to prove the main arguments.

Keywords: Stability, Security Environment, Political and Economic Scenarios.

Introduction

Governance is the cardinal factor among the elements of a state for its progress and development as a vibrant actor in the global arena. It is supported by an efficient and visionary leadership that sails through the nation from multiple challenges to the road to prosperity. The internal variables are essential in providing political and economic stability for an effective foreign policy posture. Viable policy formulation and its continuity in the short and long-term realms give direction to the upward trajectory of various indicators. However, the unpredictability of domestic political and external strategic environments dramatically impacts the entire strategic spectrum.

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The case of Pakistan is very peculiar; right from the very beginning, the country has been grappling with a leadership crisis, politico-economic instability and the absence of strategic planning. The government has seen swings of stability-instability in its domestic scene and external dealings. The search for a strategic upward trajectory has always been sought after by the leadership with varying degrees of fulfilment. Pakistan faces many daunting challenges that require a wholesome review of issues and strategies to move forward. Therefore, this paper endeavours to forecast Pakistan's strategic outlook in the coming years by analysing principal variables depicting internal/external challenges & opportunities, strengths vs weaknesses, and emerging scenarios.

Theoretical Context

There are various perspectives to analyse a country's strengths and weaknesses and chalk out future strategies. James Rosenau has given time-oriented sources of change in systemic, societal and governmental realms. According to him, geography and culture/history make slow changes, whereas internal and external situational factors and personality of leadership undergo rapid changes. Still, economic development, technology, social and government structure, and excellent power structure make medium effects.¹ Therefore, the prevailing environment in the domestic, regional and global spheres has a more significant impact as these change rapidly. Moreover, realists like Hans Morgenthau and Fredrick Hartman state that domestic factors become crucial when measured through the form of government, the relationship between the government and people, and the backing of the people to the government towards its policies.²

The ever-changing domestic politico-economic situation, regional strategic rebalancing, and international order flux enhance future events' unpredictability. Based on the analyses of different variables, scenario-building gives an avenue for future projections. The future predictions can be categorised into three distinct but interrelated phases: short-term (1-2 years), medium-term (4-5 years), and long-term (10-15 years); each phase has its corresponding impact on the next one. As the unpredictability increases with the time duration, a long-term projection may become unviable; therefore, a medium-term forecast for 4-5 years is most suited.

The 2030 milestone has been chosen for two important reasons. Firstly, the general elections in Pakistan were held in 2024, followed by government

formation, and the next elections are due in 2029; this period is crucial for setting the pace for the future trajectory of desired goals. The task for the next government in Pakistan would be easier if the desired trajectory is maintained and the pace for progress and development is followed. Secondly, the United Nations Sustainable Development Goals (SDGs) are to be implemented by 2030, that would reflect the commitment of a country to bring about socio-economic progression. In this regard, Pakistan being party to the UN SDGs has a commitment to bring about positive changes to its people. This would also reflect the progression and development made to sustainable socio-economic growth.³

Principal Variables and Challenges vs Opportunities

Various important variables significantly impact future policy projections; these include the external security environment, internal political situation, economic strength/weaknesses, and people's perceptions of the government.

Pakistan's geopolitical setting is essential as it links to three subregions of Asia: South Asia, West Asia, and Central Asia; this prepositioning unnecessarily involves Pakistan in regional conflicts. There are various ongoing conflicts in and around Pakistan, mainly the War in Gaza and its strategic fallouts in the entire Middle East. In the past, Pakistan had been compelled to join conflicts in West Asia: 1969, Jordan, 1973 Arab-Israel War, 1980-88 Iran-Iraq War, 1990-91 Gulf War, and twice in Afghanistan in 1979 and 2001. Again, in 2015, Pakistan was asked to join in the Yemen Civil war, but the parliamentary resolution did not allow it. Therefore, avoiding any extra-regional involvement by Pakistan would be a prerequisite for its smooth upward trajectory.

The external strategic environment is crucial, severely affecting a country's positioning on regional and global issues. The repositioning in the regional strategic environment and fluctuations in the worldwide order significantly impact Pakistan's foreign policy options. The ever-balancing dilemma between the United States and China and between Iran and Saudi Arabia is a significant diplomatic challenge. The Indo-US strategic partnership, the posturing of the new Taliban government in Afghanistan, the border clashes between Iran and Pakistan, and China's security concerns on CPEC and its nationals have significantly impacted Pakistan's national security interests in the regional milieu. The ongoing trade war and possible showdown in the South China Sea/Taiwan between China and the United States are other worrisome developments for Pakistan. Therefore, devising a medium-term policy option and possible trajectory

course would be under the heavy stress of a fluctuating external security environment.

However, at the same time, there are many windows of opportunity. The peace agreement between Iran and Saudi Arabia, Pakistan's hosting of the Shanghai Cooperation Organization (SCO) summit in 2024, its election as a non-permanent member of the UN Security Council, and the possible joining of BRICS augur well for Pakistan's external security environment. However, this requires politico-economic stability, internal cohesion, and visionary, solid leadership to be capitalised upon.

The domestic factors are paramount in dealing with multiple challenges faced by the country. Though distinct but interchangeably essential factors are political and economic stability. Pakistan has suffered the most in terms of political and economic instability. No government could complete the constitutional five years term in the entire history of Pakistan; thus, no long-term policy objectives could be fulfilled. Right from Pakistan's inception to date, political wrangling has given birth to weak political institutions, intolerant political culture, undemocratic party hierarchy and intervention by non-political forces. In this regard, the onus of responsibility lies on every state institution. Without political stability, solid political institutions could not develop; as a result, three military interventions, 1958-1969, 1977-1988, and 1999-2008, paved the way for undemocratic rule.⁴

As the indirect rule was never accountable to the people, many unpopular and unviable policy decisions were made. This also led outside forces spurred by their national strategic objectives to influence Pakistan's policy direction. One such decision was Pakistan's involvement in the Afghan quagmire twice in 1979 and 2001. This not only embroiled the country in an unending terrorism syndrome, jeopardising national security but also played havoc with the socioeconomic fabric of the nation, giving birth to societal bifurcation and people's alienation. The wedge between the government and the people started to emerge, increasing the unpopularity of successive governments.

In the age of multiple sources of information, access to global news networks and unpopular policies, people form their own opinions. The perceptual gap between people and government in Pakistan kept widening, permeating dissatisfaction and brain drain. In a country of 65% vibrant youth,

unfulfilled political promises, unpopular and elite-centric policies, less freedom of expression, increased societal stratification, and limited employment opportunities gave birth to extreme dissatisfaction. The young started leaving Pakistan for better options as people lost their trust in leadership to lead the country in the right direction.⁵

This political vacuum became instrumental in creating policy for economy, trade and investment devoid of long-term strategies. The international borrowings started to sour, the trade imbalance increased, the so-called circular debt to Rs.2.6 trillion began to hurt, and Pakistan entered into an unending IMF trap.⁶ Pakistan never had a home-based independent economic policy mainly due to inept financial wizards and foreign economic managers. The heavy government spending and unhealthy state institutions such as Railways, WAPDA, Steel Mills, and State Airline further aggravated this.⁷ The 'elite capture' undocumented economy, systematic corruption syndrome and national tax-evasion habit led to increasing budget deficits and financial borrowings.⁸ The untaxed investments in the stock market, Rs.589 billion loss due to electricity theft and less recoveries, tax-free agriculture and ungoverned mushrooming of real estate have put extra burdens on Pakistan's fragile economy.

However, a silver lining is on the horizon, with multiple economic opportunities. After the peace deal between Iran and Saudi Arabia, there may be less stress on Pakistan. The Iran-Pakistan Gas Pipeline may be revived, and this could become the Iran-Pakistan-China (IPC) gas pipeline, as China needs energy to spur its industrial progress. Also, after the \$400 billion Sino-Iran trade agreement of 25 years, Pakistan is best poised to facilitate this trade through CPEC and Gwadar Port. Pakistan's geopolitics has the potential for regional connectivity and can serve as a trade and energy corridor. In this regard, the Regional Cooperation for Development (RCD) corridor, Pakistan, Iran, and Turkey, as the principal actors with the joint consortium, including China and KSA, can serve as an Asia-Europe trade/energy corridor.⁹ On the other hand, Pakistan's vicinity to Central Asia can also provide access to the world to these untapped economic heavens.

On the political scene, there is a silver lining. In June 2024, all Pakistani political parties met with the Chinese official/CPC delegation in a consultative meeting and pledged their support to the CPEC.¹⁰ Moreover, the willingness to participate by the major political parties in an All-Parties Conference (APC) called

by the government to discuss a new phase of counter-terrorism strategy, is a welcome development for the easing of political tension. This should be built upon further to include the mutual unanimity in other domestic issues.

Strengths vs Weaknesses

At present, Pakistan is passing through an unstable politico-economic environment, public discontent, institutional wrangling, the surge in terrorism, severe conditionalities by the IMF, dilemmas in foreign policy, and a resurgence of two-front threat perception. This requires a committed and visionary approach to deal with these challenges through domestic political reconciliation, economic tight-roping, taking hard decisions and finding new areas for revenue generation. Pakistan is studded with immense potential, which is attached to self-created weaknesses. The following tables highlight Pakistan's strengths and weaknesses through various elements of national power.

Perceived Power of Pakistan-Strengths

Element	Weight	Global Ranking	Source
Geography	796,095 sq km	37/196	CIA-World Fact Book
Population	240 million	5 (1.98% growth)	UNDP
Economy	\$1.2688 trillion \$338.24 billion	22 46	CIA- World Fact Book IMF
Irrigation Land	193,400 sq km	4/145	CIA- World Fact Book
Youth Bulge		64% <30	UNDP
Labor Force	78.863 million	6	CIA- World Fact Book
Online Freelancing	5 million	4	Oxford Internet Institute (OII)
Military	560,000 personnel	7	IISS/Military Balance
Global Firepower Index (GFI) 2024 Workforce/equipment/ Financial stability/ Available resources/ Geographic location	\$6.27 billion Def Budget 0.1694	7/145	GFI
Natural Resources	2nd largest Coal reserves		Trade Development Authority of Pakistan

	5th largest Gold reserves 5th largest Copper reserves 2nd largest Salt mines		(TDAP)
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Source: Nazir Hussain, "Safeguarding Pakistan's National Security Interests", *Stratheaia*, May 27, 2024.

Perceived Power of Pakistan-Weaknesses

Element	Weight	Global Ranking	Source
Account Balance	\$11.998 billion (-) \$22.235 billion (-)	188	CIA- World Fact Book IMF
Foreign Exchange Reserves	\$9.927 billion (2022) \$14.458 (2024)	67	CIA- World Fact Book State Bank of Pakistan
Foreign Debt	\$107.527 b (2019) Rs.36,976.9 (2024) (\$127b)	54	CIA- World Fact Book State Bank of Pakistan
Industrial Performance Index		82/152	UNIDO
Human Dev Index	0.544	164/193	UNDP
Education	58% (25 million children out of school)	136	World Population Review
S&T/Global Innovation Index		88	World Intellectual Property Org (WIPO)
Internet users	48.3 million (21% of population)	21	CIA- World Fact Book
Governance Control of Corruption/ Control of Crime	0.318	157	World Governance Index/World Bank
Prosperity Index Safety & Security/ Personal Freedom/ Social Capital/ Living Conditions		136/167	Legatum Prosperity Index
Global Resilience Index	25.9	124	FM Global

Business			
Environment/ Economic Risks/ Political Risks/ Climate Risks/ Health Risks			

Source: Nazir Hussain, “Safeguarding Pakistan’s National Security Interests”, *Strathea*, May 27, 2024.

Pakistan has immense potential and strength in geopolitics, human resources, natural resources and military prowess but, at the same time, faces daunting challenges on the economic/financial front, governance, human resource development, industrial base, and S&T innovation. The modern era does not rely on military muscle to win the wars in the battlegrounds, but this is an era of technological competition, corporate industrial rivalry, battle of ideas, war of narratives and perception management. Therefore, in order to overcome the combination of strength vs weaknesses, Pakistan has to take some hard decision and essential tight-roping in political and economic spheres with search for alternate areas for revenue generation.

Political Reconciliation

At present, Pakistan faces strong political division with multiple clashing narratives. There is an earnest desire to ‘heal the wounds’ and start a grand political reconciliation. Liu Jianchao, Minister for the International Department of the Communist Party of China (IDCPC), while interacting with Pakistani political parties, advised them to shun their differences as “internal stability is imperative for any nation to develop. In a turbulent world of rising uncertainties, stability within the country is essential for development. With complex internal and external challenges, Pakistan is navigating carefully through turbulent rivers.”¹¹

In this regard, President of Pakistan being the constitutional head of the state can be instrumental in making all political parties to reconcile for ensuring political stability with justice and fair-play, and speaker national assembly and senate chairman can help in to create the necessary environment. As political reconciliation ensues, there should be discussion to reduce the term of parliament to four years, as no parliament/government could ever complete its five-year constitutional term; the politicians and public become impatient with the government in five years and start demanding resignations and overthrows.

Financial Tight-roping

The IMF has approved a \$7 billion loan package for three years with the government;¹² earnest efforts should be made to ensure that it is the last agreement with the IMF. Domestically, there are many avenues to start economic transparency, the first and foremost being the drastic cuts in government expenditures, which would restore public trust. After the 18th Constitutional Amendment, with the transfer of powers to the provinces, around 18 federal ministries became unnecessary burdens on the exchequer; the process started with five ministries being abolished. Privatising dead and falling state enterprises should also be transparent on fast-track to eliminate these and save much-needed finances to utilise in other areas. The 30-year agreement with Independent Power Producers (IPPs) is ending in 2024; these agreements should be renegotiated for the benefit of the country and the public. The work has already started on documenting the economy; once the people's trust in the government and the Federal Bureau of Revenue (FBR) is restored, this could become easier for the sake of Pakistan.

Government subsidies for non-essential areas should be abolished as soon as possible. The 'Green Plate' syndrome with free petrol and perks & privileges should be altogether abolished. Serious work on 'Agriculture Tax' and tax on Real-Estate must start with the involvement of all key stakeholders.¹³ There is an earnest need to revamp the Benazir Income Support Program (BISP), with a staggering budget allocation of Rs.598.71 billion¹⁴ into creating small cottage industries at the local level. The same distributed amount would become the capital investment for future progress and development.

Moreover, the Special Investment Facilitation Council (SIFC)'s establishment of the 'One-Window' operation is suitable for encouraging potential investors. Still, its role must be more specific to the economic revival and creating financial autonomy for the country.

Tapping the Blue Economy

Another untapped area with enormous potential is Pakistan's oceanic and coastal regions, commonly known as the Blue Economy. Pakistan has a coastline of over 1000 kilometres stretching from Sir Creek to the Makran Coast, with 290,000 square kilometres of extended Exclusive Economic Zone (EEZ) and continental shelf. Fisheries, seafood, and shipping industries, such as shipbuilding, shipbreaking and ship maintenance, oceanic/coastal tourism, and offshore energy

resources, can generate much-needed additional jobs and potentially generate \$100 billion in revenues.¹⁵ Pakistan's reliance on sea trade and oil imports requires this hidden and untapped economic treasure to be developed and its actual benefits to be utilised for the progress and development of the country and its people.

Possible Future Scenarios

In July 2024, the ADB's Asian Development Outlook and Pakistan Country Risk Report by Fitch were released, but they do not forecast encouraging future scenarios for Pakistan. These reports forecast slow economic growth, a rise in inflation and severe financial and political stability risks. These reports cast heavy shadows of uncertainties on Pakistan's road to stability, studded with natural calamities and political agitations.¹⁶ However, the following possible scenarios can be forecasted based on the above objective assessment of the country, its challenges vs opportunities, its strengths and weaknesses, and the desired course correction. It is re-emphasised that internal variables mean political and economic stability, leadership's role, and the people's support. In contrast, external variables depict Pakistan's relevance to the outside regional/global security environment.

Scenario I: Status Quo

The internal and external variables remain the same; with continued political polarisation, economic instability, and peoples' dissatisfaction with an unfavourable regional and international security environment, Pakistan has fewer chances of recovering from the present impasse.

Scenarios II: Negative-Positive

This scenario depicts that internal political and economic instability persists, causing dissatisfaction, but the external security environment is favourable. Pakistan is less likely to recover and stabilise for progress and development.

Scenarios III: Positive-Negative

This means there is internal stability in politico-economic spheres, but Pakistan has an unfavourable regional and international security environment. The country has good chances to track itself on the road to recovery.

Scenarios IV: Positive-Positive

One of the most ideal and desired situations is when Pakistan overcomes its internal issues amicably and achieves complete stability. The external regional/international security environment favours the country with investments and trade, and it could reach its potential status and role. Pakistan could even get its role in the top 20 economies of the world.

Scenario V: Negative-Negative

This could be the most dreadful scenario: Pakistan continues with internal instability and an unfavourable regional and international security environment. The country could plunge into crises and fragmentation.

Given the uncertainties surrounding the future environments, the predictability is very uncertain; however, it is very likely that with course correction and required internal measures, Pakistan could find itself in scenario III by 2030. But at the same time, if the national leadership, national institutions, and people of Pakistan join with steadfast resolve, they can achieve the most desired scenario IV and put the country on the path to progression and development.

Conclusion

Every nation faces challenges, threats, and difficulties, but it takes time to survive and become a stable and vibrant entity. Pakistan has passed through many odds since its inception and survived. The internal issues are self-created with wrong priorities and direction, which are exploited to form external challenges. Pakistan must make its own house in order to progress and flourish with long-term planning, vision and strict implementations. The future is promising if the nation and its leaders make a resolute decision, but it could become bleak if the country does not take a course correction immediately. Pakistan came into being against all odds, survived against all odds, became a nuclear power against all odds, and recouped against all odds; therefore, the country survived and kept floating against natural calamities/disasters, internal schisms and external pressures. Pakistanis have empirically proved that they are one of the most resilient nations; they can cope with any eventuality as they can regroup and remerge, but they need their trust to be restored; they should be given a sense of sharing the decisions and governed by a self-less, devoted and visionary leadership. By working sincerely on the principles of father of the nation, Discipline, Unity and Faith, Pakistan has the ability to restore its internal stability and external stature and prestige.

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