



CENTRE FOR PAKISTAN AND GULF STUDIES

ISLAMABAD

WEBINAR REPORT

How Can Pakistan Convert Diplomatic Success into Economic Might?



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Webinar Report

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The Centre for Pakistan and Gulf Studies (CPGS) organized a timely webinar titled "How Can Pakistan Convert Diplomatic Success into Economic Might?" to examine Pakistan's evolving diplomatic role amid the changing regional and global geopolitical landscape and to explore how recent foreign policy achievements can be translated into sustainable economic progress.

The discussion was held against the backdrop of the rapidly transforming international order, where geopolitical competition, regional realignments, and geoeconomic considerations are increasingly shaping state behavior. Pakistan's constructive diplomatic engagement in facilitating dialogue between the United States and Iran has enhanced its international standing and demonstrated its capacity to contribute meaningfully to regional peace and stability. The webinar therefore sought to assess whether this diplomatic goodwill can be leveraged to advance Pakistan's long-term economic interests.

Bringing together distinguished diplomats, strategic experts, Defence analysts, and scholars, the session provided a comprehensive assessment of Pakistan's emerging strategic opportunities in an increasingly multipolar world. The speakers examined the implications of the evolving Middle Eastern security environment, regional connectivity initiatives, energy cooperation, trade prospects, and Pakistan's geostrategic importance in linking South Asia, Central Asia, the Middle East, and the Gulf region.

Throughout the discussion, emphasis was placed on the need to adopt a geoeconomic approach that integrates foreign policy with economic planning, regional connectivity, investment promotion, and sustainable development. The speakers argued that while Pakistan has demonstrated diplomatic maturity by contributing to regional de-escalation, the greater challenge now lies in converting diplomatic credibility into tangible economic dividends through sound governance, institutional reforms, policy consistency, and strategic economic planning.

The webinar concluded that Pakistan possesses significant comparative advantages, including its strategic geographic location, expanding regional partnerships, connectivity projects, and growing diplomatic credibility. However, realizing these opportunities requires a coherent national vision supported by effective institutions, political stability, economic reforms, and proactive regional engagement. By aligning diplomatic achievements with long-term economic objectives, Pakistan can strengthen its position as a responsible regional actor while promoting sustainable national development and prosperity.

1 Speaker I (Opening Address)

Mr. Nasir Abbas Sherazi

President, Centre for Pakistan and Gulf Studies (CPGS)

Mr. Nasir Abbas Sherazi inaugurated the webinar by providing a comprehensive assessment of the evolving international order and Pakistan's emerging diplomatic significance. He argued that the rapidly changing geopolitical environment presents Pakistan with an unprecedented opportunity to reposition itself as a responsible regional actor capable of transforming diplomatic achievements into sustainable economic growth. While Pakistan has successfully demonstrated diplomatic maturity during recent regional crises, he emphasized that the country's long-term success will depend upon its ability to capitalize on these strategic gains through effective governance, economic reforms, and regional connectivity.

Global Geopolitical Transformation

Mr. Sherazi observed that the international system has undergone profound structural changes since the conclusion of the Cold War. During the Cold War period, global politics was largely characterized by a bipolar balance of power between the United States and the Soviet Union. Following the dissolution of the Soviet Union, the international system transitioned into a unipolar order dominated by the United States.

However, he noted that contemporary international politics is witnessing another significant transformation toward a multipolar world order. Emerging powers such as China, alongside the European Union and several rising economies, are increasingly influencing global political and economic affairs. This gradual redistribution of power reflects the relative decline of exclusive Western dominance and the growing prominence of Asian economies, particularly China. As a result, the evolving global order is increasingly shaped by economic interdependence, strategic competition, and multiple centres of influence, creating new opportunities for regional powers to pursue more balanced and independent foreign policies.

Emergence of Regional Power Blocs

Discussing developments in the Middle East, Mr. Sherazi explained that the regional security landscape has experienced considerable transformation in recent years. He observed that previous attempts by the United States and Israel to establish a regional security architecture through the Abraham Accords have not produced the anticipated strategic outcomes. Instead, escalating regional tensions, particularly following the conflict involving Iran, have encouraged Middle Eastern states to pursue greater regional cooperation and collective security arrangements.

He highlighted that countries across the region increasingly recognize the importance of strengthening indigenous security mechanisms rather than relying exclusively on external powers. In this context, the growing rapprochement between Türkiye, Saudi Arabia, and Egypt reflects the emergence of a more coordinated regional bloc capable of playing a greater role in maintaining regional stability and balancing future security challenges.

Pakistan's Diplomatic Achievement

Mr. Sherazi emphasized that Pakistan's unique geographical position and balanced diplomatic relations enabled it to play a constructive role during the recent United States-Iran conflict. Maintaining cordial relations with Iran while preserving strategic partnerships with the United States and the Gulf countries allowed Pakistan to pursue a policy of principled neutrality centered on dialogue and peaceful conflict resolution.

He noted that Pakistan consistently advocated diplomacy over confrontation and offered to facilitate negotiations between the conflicting parties. Through sustained diplomatic engagement by the country's political and military leadership, Pakistan contributed to creating an environment conducive to dialogue, ultimately supporting efforts that resulted in a ceasefire between Washington and Tehran.

According to Mr. Sherazi, Pakistan's mediation efforts have significantly strengthened the country's international image as a credible and responsible diplomatic actor. In international relations, states enhance their soft power when their foreign policies are perceived as responsible, legitimate, and committed to peaceful conflict resolution. Pakistan's constructive diplomatic role has therefore enhanced its international credibility and created new opportunities for deeper political, economic, and strategic engagement with regional and global partners.

He stressed that this diplomatic success should not merely be celebrated as a political achievement but should serve as the foundation for expanding Pakistan's economic partnerships, attracting investment, strengthening trade relations, and improving the country's international economic standing.

Pakistan's Economic Challenges

Despite these diplomatic achievements, Mr. Sherazi cautioned that Pakistan continues to face serious economic constraints that limit its ability to fully capitalize on emerging international opportunities. He noted that the country experienced severe economic difficulties following the COVID-19 pandemic, which were further aggravated by the global repercussions of the Russia-Ukraine conflict, domestic political instability, and the devastating floods of 2022.

These interconnected crises placed immense pressure on Pakistan's economy, contributing to declining growth, rising inflation, increasing fiscal deficits, and growing dependence on external financial assistance. Mr. Sherazi observed that rapid population growth, inconsistent economic policies, and weak governance have collectively contributed to Pakistan's declining economic performance over recent decades.

A major challenge, he argued, remains Pakistan's persistent energy crisis. As energy serves as the foundation of industrial productivity and economic expansion, shortages and inefficiencies within the energy sector continue to undermine national development. Institutional fragmentation, weak fiscal management, and excessive reliance on imported energy have significantly constrained Pakistan's economic potential.

Furthermore, Pakistan's rising external debt and recurring dependence on financial assistance from the International Monetary Fund (IMF) continue to restrict economic sovereignty and policy flexibility. Mr. Sherazi stressed that unless these structural weaknesses are addressed through

comprehensive reforms, Pakistan will struggle to translate diplomatic achievements into sustained economic prosperity.

Geography as a Strategic Asset

Mr. Sherazi highlighted Pakistan's geographical location as one of its greatest strategic advantages. Positioned at the crossroads of South Asia, Central Asia, the Middle East, and the Arabian Sea, Pakistan possesses significant potential to become a major regional trade and connectivity hub.

He specifically pointed to Gwadar Port as a strategic gateway situated near Iran's southeastern coastline and along critical maritime and overland trade routes. This location provides Pakistan with unique opportunities to facilitate regional logistics, transit trade, warehousing, and commercial connectivity, particularly if regional geopolitical tensions continue to decline.

However, he cautioned that geography alone cannot generate economic prosperity. Strategic location must be complemented by sound policies, efficient institutions, modern infrastructure, and investor confidence. Without these essential foundations, Gwadar risks remaining a strategic concept rather than evolving into a dynamic commercial and economic hub.

Similarly, Mr. Sherazi argued that the China-Pakistan Economic Corridor (CPEC) should be viewed beyond the framework of bilateral cooperation between Pakistan and China. A more stable regional environment and improved relations with Iran could significantly expand CPEC's economic potential by facilitating westward connectivity, energy cooperation, transit trade, industrial development, and logistics networks extending into Central Asia and the broader Middle East.

2 Speaker II

Ambassador Ghulam Rasool (G.R.) Baloch

Director, GRSC

Ambassador Ghulam Rasool (G.R.) Baloch focused his address on Pakistan's recent diplomatic achievement in facilitating dialogue between the United States and Iran. It examined how this success can be transformed into long-term economic and strategic advantages. He argued that while Pakistan's mediation efforts have earned international recognition, sustainable national benefits can only be realized through effective governance, regional economic integration, institutional capacity, and a comprehensive geoeconomic strategy.

The Islamabad Memorandum: A Diplomatic Milestone

Ambassador Baloch described the Islamabad Memorandum of Understanding (MoU) as a landmark diplomatic achievement that demonstrated Pakistan's growing importance in regional and international affairs. The agreement, signed between the United States and the Islamic Republic of Iran, established a fourteen-point framework aimed at ending the 2026 Iran conflict, restoring regional stability, reopening the Strait of Hormuz to commercial shipping, suspending military operations, and extending the ceasefire for sixty days.

He emphasized that Pakistan's role as a facilitator in bringing both parties to the negotiating table reflected the country's increasing diplomatic maturity and its commitment to peaceful conflict resolution. By successfully hosting early high-level contacts and encouraging constructive dialogue, Pakistan helped prevent a wider regional conflict that could have severely disrupted global energy markets and the international economy. According to Ambassador Baloch, this achievement enhanced Pakistan's international credibility and reinforced global confidence in its ability to contribute positively to regional peace, security, and stability.

Pakistan's Diplomatic Leadership

Reflecting on Pakistan's mediation efforts, Ambassador Baloch argued that genuine national strength is demonstrated not through military confrontation but through the ability to prevent conflict and facilitate peaceful agreements. Pakistan's diplomatic engagement represented a mature foreign policy approach aimed at promoting regional stability rather than pursuing narrow national interests. He observed that Pakistan's leadership successfully balanced complex regional relationships while maintaining constructive engagement with all major stakeholders. Through coordinated efforts involving the civilian government, military leadership, diplomatic institutions, and strategic partners, Pakistan projected itself as a responsible and credible actor capable of managing sensitive international crises.

This diplomatic success, he noted, not only elevated Pakistan's international standing but also strengthened its strategic relationships with China, Iran, Saudi Arabia, Türkiye, and the Central Asian republics, creating new avenues for regional cooperation and economic development.

Institutional Coordination and National Cohesion

A central theme of Ambassador Baloch's address was the importance of institutional coordination in the formulation and implementation of foreign policy. He emphasized that Pakistan's successful

diplomatic engagement was made possible through effective cooperation among key state institutions, including the executive leadership, armed forces, bureaucracy, and diplomatic corps.

This institutional harmony enabled Pakistan to respond swiftly to regional developments while presenting a coherent foreign policy position. Ambassador Baloch stressed that strengthening institutional capacity and maintaining coordination among state organs remain essential prerequisites for addressing future regional challenges and safeguarding Pakistan's national interests.

He further argued that sustained diplomatic success requires equally strong domestic institutions capable of translating foreign policy achievements into long-term economic and strategic gains.

Commitment to Peace and Responsible Diplomacy

Ambassador Baloch highlighted that Pakistan's diplomatic approach reflects its longstanding commitment to international law, peaceful coexistence, humanitarian principles, and regional stability. He maintained that Pakistan's recent mediation efforts were guided by sincerity of purpose rather than geopolitical competition or immediate political advantage. According to him, Pakistan's constructive role demonstrated its willingness to promote dialogue, reduce regional tensions, and contribute to international peace. Such an approach has enhanced Pakistan's reputation as a responsible member of the international community and strengthened confidence in its diplomatic capabilities.

Iran's Economic Resilience: Lessons for Pakistan

Turning to Iran's experience under international sanctions, Ambassador Baloch examined how the country has maintained economic resilience despite prolonged external pressure. For more than a decade, sanctions targeting Iran's financial sector, energy exports, and international trade have sought to limit its economic capacity and geopolitical influence. Despite these restrictions, Iran has demonstrated remarkable adaptability by developing alternative economic mechanisms that have enabled it to sustain commercial activity and preserve economic stability.

Adaptation Under Sanctions

Ambassador Baloch explained that following the reimposition of extensive United States sanctions after 2018, Iran increasingly relied on innovative strategies to minimize the economic impact of external restrictions.

Oil Exports and Maritime Adaptation

Energy continues to constitute the backbone of Iran's economy. Despite severe restrictions on oil exports, Iran has developed alternative logistical arrangements and indirect shipping routes that allow petroleum products to reach international markets. These adaptive mechanisms have enabled the country to preserve an important source of foreign exchange despite persistent sanctions.

Cross-Border Informal Trade

Iran has also relied extensively on informal cross-border trade with neighboring countries, including Iraq, Türkiye, and Pakistan. Goods such as fuel, food products, construction materials, and consumer goods continue to move across borders through alternative commercial networks.

Although many of these transactions occur outside formal customs procedures, collectively they play a significant role in sustaining domestic economic activity.

Alternative Financial Mechanisms

Restrictions on Iran's access to international banking systems have encouraged businesses to adopt alternative payment arrangements and financial mechanisms that facilitate international trade outside conventional banking channels. These adaptations illustrate the ability of sanctioned economies to develop parallel financial structures when confronted with prolonged external pressure.

Lessons for Pakistan

Drawing upon Iran's experience, Ambassador Baloch emphasized that economic resilience depends upon diversification, innovation, and self-reliance rather than dependence on a single external economic model. Although Pakistan is not subject to comprehensive international sanctions, it faces recurring challenges including balance-of-payments crises, external debt burdens, dependence on international financial institutions, and vulnerability to global economic shocks.

He argued that Pakistan can learn valuable lessons from Iran by expanding regional trade partnerships, strengthening domestic industrial capacity, diversifying export markets, promoting regional connectivity, and developing resilient economic institutions. However, he cautioned against relying on informal economic networks, emphasizing instead the importance of building a transparent, competitive, and rules-based formal economy that complies with international financial standards.

Pakistan-Iran Interdependence

Ambassador Baloch stressed that Pakistan and Iran possess complementary strategic advantages capable of generating substantial mutual economic benefits.

Geographical Connectivity

Pakistan's location at the intersection of South Asia, Central Asia, and the Middle East positions it as a natural gateway for regional trade and energy connectivity. Likewise, Iran's abundant natural resources, strategic depth, and large domestic market provide significant opportunities for bilateral economic cooperation. Enhanced connectivity between the two countries would facilitate trade expansion, investment, infrastructure development, and regional prosperity while strengthening broader economic integration across West and South Asia.

Energy Cooperation

Energy cooperation represents one of the most promising areas of bilateral engagement. Ambassador Baloch noted that Pakistan has incurred considerable economic costs due to delays in implementing major energy initiatives, particularly the Iran-Pakistan Gas Pipeline. With improving regional conditions, he argued that both countries should accelerate cooperation in natural gas, electricity transmission, cross-border oil trade, renewable energy projects, and regional energy corridors. Such initiatives would strengthen Pakistan's energy security, reduce production

costs, enhance industrial competitiveness, and deepen strategic cooperation between the two neighbours.

Knowledge Economy and Scientific Cooperation

Ambassador Baloch emphasized that sustainable economic development increasingly depends upon innovation, research, education, and human capital. He welcomed ongoing efforts by Pakistan and Iran to expand academic collaboration, scientific research, technological cooperation, and higher education exchanges. Strengthening cooperation in these sectors would promote technology transfer, entrepreneurship, innovation, and the development of a competitive knowledge-based economy capable of supporting long-term national development.

Transforming the Youth Bulge into a Demographic Dividend

Pakistan's rapidly growing youth population represents both a significant opportunity and a major policy challenge. Ambassador Baloch observed that without adequate investment in education, employment generation, and skills development, the country's demographic advantage could become a source of economic and security instability. He suggested that enhanced Pakistan-Iran cooperation in trade, education, industrial development, entrepreneurship, and regional connectivity could generate employment opportunities for young people, particularly in border regions. By investing in human capital and expanding economic cooperation, Pakistan can transform its youth population into a productive force for sustainable national development.

Governance and Structural Challenges

Despite these opportunities, Ambassador Baloch acknowledged that Pakistan continues to face serious governance and structural challenges that constrain economic growth. Weak political governance, policy inconsistency, institutional inefficiency, corruption, low tax collection, rising public debt, and declining investor confidence have collectively undermined Pakistan's economic performance. Structural weaknesses—including low industrial investment, limited export competitiveness, poor productivity, and inefficient resource allocation—continue to hinder sustainable development.

He stressed that addressing these challenges requires comprehensive governance reforms, stronger institutional accountability, effective coordination among federal and provincial governments, and the development of indigenous economic policies that reduce dependence on external financial assistance.

3 Speaker III

Address by Dr. Syed Qandeel Abbas

Middle East Expert

Dr. Syed Qandeel Abbas examined Pakistan's evolving diplomatic relevance in the changing regional and global geopolitical environment, arguing that the country's recent diplomatic achievements should serve as a foundation for economic transformation rather than merely diplomatic recognition. He emphasized that foreign policy in the contemporary international system must increasingly be viewed through a geoeconomic lens, where diplomatic engagements are expected to generate measurable economic dividends. According to him, Pakistan's successful facilitation of dialogue between the United States and Iran has opened a strategic window of opportunity that should now be utilized to strengthen regional economic cooperation, energy security, trade, and long-term national development.

The Emergence of a New Era of Diplomacy

Dr. Abbas observed that Pakistan's significance in international politics has traditionally been associated with security concerns, regional conflicts, and strategic alliances. However, evolving geopolitical realities have expanded the country's strategic importance beyond conventional security considerations. Pakistan's constructive diplomatic engagement during the recent United States-Iran crisis demonstrated that diplomacy has become an increasingly important instrument of national power alongside military capability and economic strength.

He argued that successful diplomacy enhances a country's international credibility, strengthens political influence, and creates opportunities for expanding economic partnerships. Pakistan's role in promoting dialogue and de-escalation reflects a transition towards a more proactive and responsible foreign policy capable of contributing to regional peace and international stability.

A Turning Point in Pakistan-Iran Relations

According to Dr. Abbas, the recent visit of the Iranian leadership under President Masoud Pezeshkian symbolized a significant turning point in bilateral relations between Pakistan and Iran. The high-level reception accorded to the Iranian delegation by Pakistan's civilian and military leadership reflected the growing confidence and mutual trust between the two neighboring countries.

While Pakistan and Iran have historically maintained cordial relations, Dr. Abbas noted that Pakistan's constructive diplomatic role during the recent regional crisis has further strengthened political confidence between the two capitals. He emphasized that diplomacy creates strategic opportunities, but the true challenge lies in converting political goodwill into sustainable economic cooperation.

The strengthening of bilateral trust provides an opportunity to expand cooperation across multiple sectors, including trade, investment, energy, infrastructure, and regional connectivity.

Pakistan's Economic Opportunities through Enhanced Cooperation with Iran

Dr. Abbas highlighted the significant economic potential that exists between Pakistan and Iran due to their geographical proximity and complementary economic structures. Iran possesses abundant natural resources, particularly energy reserves, while Pakistan offers a large consumer market, strategic transit routes, and considerable economic potential.

He recalled that before the intensification of international sanctions against Iran, bilateral trade between the two countries had exceeded one billion US dollars. However, financial restrictions and banking sanctions substantially reduced formal commercial exchanges. With improving regional conditions and renewed diplomatic engagement, Pakistan now has an opportunity to revive bilateral trade through greater economic cooperation and the development of Special Economic Zones along the shared border.

Energy Cooperation as a Strategic Priority

Dr. Abbas identified energy cooperation as perhaps the most significant economic opportunity available to Pakistan. He explained that Pakistan continues to face a severe energy crisis, with heavy dependence on imported petroleum products, crude oil, and liquefied natural gas imposing substantial pressure on foreign exchange reserves and increasing production costs across the economy.

He argued that improved regional stability following the recent diplomatic developments could create favorable conditions for enhanced energy cooperation with Iran. Affordable imports of Iranian oil and natural gas would not only strengthen Pakistan's energy security but also reduce industrial production costs, improve competitiveness, and contribute to overall economic growth.

Dr. Abbas further emphasized the strategic importance of completing the long-delayed Iran-Pakistan (IP) Gas Pipeline, expanding electricity transmission projects, and developing broader regional energy networks linking South Asia, Central Asia, and the Middle East. Such initiatives would provide long-term economic benefits for both countries while strengthening regional interdependence.

Expanding Trade and Regional Connectivity

Dr. Abbas argued that sustainable peace should ultimately translate into enhanced economic connectivity. Pakistan's current trade structure, characterized by exports of relatively low-value products and imports of higher-value industrial goods and energy resources, has contributed to persistent trade imbalances.

He emphasized that improved regional stability offers Pakistan an opportunity to diversify exports, strengthen industrial production, and expand trade relations with Iran beyond the energy sector. Pakistan's strategic geographic location at the crossroads of South Asia, Central Asia, China, and the Middle East provides significant potential to become a regional trade and logistics hub.

To realize this potential, he stressed the need for targeted trade policies, improved infrastructure, efficient border management, and stronger institutional support for regional commerce.

Agricultural Cooperation and Food Security

Dr. Abbas also highlighted agriculture as an important area for bilateral cooperation. Enhanced collaboration between Pakistan and Iran in agriculture and livestock development could contribute

significantly to regional food security, increased investment, technological advancement, and sustainable economic growth.

He noted that recent discussions aimed at strengthening institutional cooperation in agriculture demonstrate the growing willingness of both countries to expand economic engagement beyond traditional sectors. Increased private-sector participation and improved cross-border connectivity would further unlock the considerable potential of agricultural trade.

Industrial Development and Border Economic Zones

The speaker drew attention to the Memorandum of Understanding signed between Pakistan's Board of Investment and Iran's Supreme Council of Free Trade, Industrial and Special Economic Zones. He described this initiative as an important step toward establishing joint industrial and economic zones along the Pakistan-Iran border.

According to Dr. Abbas, the proposed Special Economic Zones, particularly in the Rimdan-Gabd border region, possess considerable potential to stimulate industrial activity, increase employment, improve border infrastructure, and facilitate bilateral trade. Achieving the jointly agreed target of ten billion US dollars in bilateral trade will require effective implementation of these initiatives alongside greater public-private sector cooperation.

Reorienting Pakistan's Foreign Policy towards Geoeconomics

A major theme of Dr. Abbas's address was the need to redefine Pakistan's foreign policy priorities. He argued that foreign policy should no longer be assessed solely through political or security considerations but should increasingly be evaluated according to its economic outcomes.

Pakistan's recent diplomatic achievements have demonstrated the country's capacity to contribute positively to regional peace. The next strategic objective, he argued, should be ensuring that such diplomatic successes produce tangible economic returns through increased investment, enhanced regional connectivity, expanded trade, and stronger economic partnerships.

This transition requires a comprehensive geoeconomic approach that integrates diplomacy with national economic planning and long-term development objectives.

Pakistan as a Regional Gateway

Dr. Abbas further explained that Pakistan's strategic location provides a unique opportunity to serve as a regional gateway connecting China, Iran, Central Asia, and the Gulf region. China's substantial investments in both Iran and the China-Pakistan Economic Corridor (CPEC) create the foundations for an integrated regional economic network in which Pakistan can play a central role.

He observed that China remains one of the world's largest energy consumers. Pakistan's geographic position enables it to facilitate the transportation of Iranian energy resources to Chinese markets while simultaneously providing an efficient transit corridor for Chinese exports destined for Iran and the broader Middle East.

If effectively managed, this strategic connectivity could generate substantial transit revenues, stimulate logistics and industrial development, and strengthen Pakistan's position within regional supply chains.

Emerging Opportunities and Domestic Challenges

Dr. Abbas acknowledged that changing regional dynamics have created several important opportunities for Pakistan. Its role as a neutral mediator has enhanced international confidence and may facilitate greater economic engagement with Iran. He also noted that diplomatic efforts could potentially create avenues for seeking sanctions-related waivers similar to those previously granted to other countries for limited engagement with Iran.

Furthermore, improving relations between Iran and the United Arab Emirates may allow Pakistan to position itself as an alternative commercial gateway for Iranian trade, thereby expanding regional economic integration.

However, Dr. Abbas cautioned that these opportunities cannot be fully utilized without addressing Pakistan's internal challenges. Political stability, effective governance, sound economic management, and a secure investment environment remain essential prerequisites for attracting investment and sustaining long-term economic growth.

4 Speaker IV

Address by Brig. (R) Syed Ghazanfar Ali

Defence Analyst

Brig. (R) Syed Ghazanfar Ali concluded the webinar by emphasizing that Pakistan's recent diplomatic success should be regarded as the beginning of a broader national strategy rather than an end in itself. While Pakistan's constructive role in facilitating dialogue between the United States and Iran has enhanced its international standing, he argued that diplomatic recognition must ultimately translate into tangible political, economic, and strategic gains. Drawing lessons from Pakistan's historical foreign policy experiences, he stressed the importance of adopting a pragmatic and forward-looking approach that prioritizes national interests, economic resilience, and long-term strategic planning.

International Recognition of Pakistan's Diplomatic Role

Brig. Ghazanfar Ali noted that Pakistan's mediation efforts during the recent United States-Iran conflict received widespread appreciation from the international community. The successful facilitation of dialogue leading to a ceasefire and the reopening of the Strait of Hormuz not only contributed to regional de-escalation but also helped avert a wider conflict that could have destabilized global energy markets and the international economy.

He observed that positive statements from world leaders and international partners reflected growing confidence in Pakistan's ability to act as a responsible and credible diplomatic actor. This recognition, he argued, provides Pakistan with an opportunity to strengthen its international image and expand its diplomatic engagement with regional and global stakeholders.

The Significance of Quiet Diplomacy

Highlighting the importance of backchannel diplomacy, Brig. Ghazanfar Ali explained that many international crises are resolved through discreet negotiations conducted away from public attention. During the conflict, several countries—including China, Russia, Qatar, and Pakistan—

played constructive roles by facilitating dialogue, reducing tensions, and encouraging peaceful negotiations.

Pakistan maintained a balanced diplomatic posture by acknowledging Iran's legitimate security concerns while simultaneously advocating restraint and supporting peaceful conflict resolution. According to the speaker, these behind-the-scenes diplomatic initiatives were instrumental in creating an environment conducive to dialogue and ultimately contributed to the successful ceasefire agreement.

He emphasized that Pakistan's participation in these efforts demonstrated the growing effectiveness of its diplomatic institutions and reinforced the country's reputation as a constructive regional stakeholder.

Diplomatic Success Must Produce Tangible Benefits

While acknowledging Pakistan's diplomatic achievement, Brig. Ghazanfar Ali cautioned against viewing international recognition as an objective in itself. Diplomatic accomplishments, memoranda of understanding, bilateral engagements, and international appreciation, he argued, possess limited practical value unless they are followed by concrete political, economic, and strategic outcomes.

He stressed that Pakistan must now move beyond symbolic success and formulate policies capable of translating diplomatic goodwill into measurable national benefits. Without effective implementation and sustained follow-up, even significant diplomatic achievements risk losing their long-term value.

Learning from Pakistan's Historical Experience

Reflecting on Pakistan's foreign policy history, Brig. Ghazanfar Ali argued that the country has repeatedly played important strategic roles in international affairs without receiving commensurate long-term benefits.

He referred to Pakistan's facilitation of the historic rapprochement between the United States and China during the early 1970s, when Henry Kissinger secretly travelled to Beijing via Pakistan. Despite its pivotal role in reshaping global geopolitics, Pakistan derived relatively limited long-term strategic or economic gains from this diplomatic breakthrough.

Similarly, during the Soviet-Afghan War, Pakistan became a frontline state in support of the United States-led effort against the Soviet Union. Although Pakistan received military and financial assistance during the conflict, the long-term consequences—including terrorism, extremism, refugee pressures, and internal instability—imposed significant political, economic, and security costs upon the country.

Drawing upon these historical examples, Brig. Ghazanfar Ali emphasized that Pakistan must avoid repeating past mistakes by ensuring that its current diplomatic achievements are translated into lasting national advantages rather than short-term political recognition.

Strengthening Pakistan's National Security

The speaker emphasized that sustainable economic development cannot be achieved without internal peace and security. He argued that cross-border terrorism continues to pose one of Pakistan's most serious national security challenges and significantly undermines investor confidence, economic stability, and regional connectivity.

Accordingly, Pakistan should engage constructively with international partners, including the United States, to encourage greater cooperation in addressing security concerns emanating from Afghanistan. Diplomatic engagement should focus on ensuring that Afghan territory is not used by militant groups to threaten Pakistan's security.

He further advocated enhanced intelligence cooperation, coordinated counterterrorism efforts, and targeted operations against terrorist leadership, emphasizing that lasting economic prosperity depends upon a stable domestic security environment.

Leveraging Diplomatic Success for Economic Relief

Brig. Ghazanfar Ali argued that Pakistan should strategically utilize its strengthened diplomatic relations with the United States to seek greater economic cooperation and financial support.

Given Washington's considerable influence within international financial institutions such as the International Monetary Fund (IMF), the World Bank, and the Asian Development Bank, Pakistan should actively pursue initiatives aimed at debt restructuring, extended repayment mechanisms, and improved access to development financing.

Reducing Pakistan's external debt burden, he observed, would provide greater fiscal space for domestic investment, infrastructure development, and long-term economic reforms, thereby strengthening national economic resilience.

Expanding Formal Trade with Iran

Turning to Pakistan-Iran economic relations, Brig. Ghazanfar Ali highlighted Iran's enormous energy potential, noting that the country possesses some of the world's largest proven reserves of crude oil and natural gas. These resources present significant opportunities for strengthening bilateral economic cooperation.

He emphasized that Pakistan stands to benefit from expanding legal trade with Iran, particularly in energy, agriculture, manufacturing, and border commerce. Formalizing bilateral trade would increase government revenues, improve transparency, and create new employment opportunities, especially within Pakistan's border regions.

The speaker also pointed out that informal cross-border trade and smuggling continue to divert substantial economic activity away from the formal economy. Establishing efficient legal trade mechanisms, strengthening customs administration, and improving border infrastructure would not only reduce illicit trade but also enhance economic governance and generate sustainable public revenue.

From Diplomatic Victory to National Prosperity

Brig. Ghazanfar Ali argued that Pakistan's successful mediation has fundamentally reshaped international perceptions of the country. Rather than being viewed solely through the prism of

regional security challenges, Pakistan is increasingly recognized as a state capable of facilitating dialogue, promoting peace, and contributing constructively to international diplomacy.

However, he stressed that such recognition must be actively preserved through continuous diplomatic engagement, strategic communication, and effective policy implementation. Diplomatic achievements, he noted, gradually lose significance unless they are institutionalized and translated into practical economic and political outcomes.

To capitalize on the opportunities created by recent diplomatic developments, Pakistan must formulate a coherent national strategy supported by effective governance, long-term planning, and strong institutional coordination.

Strategic Priorities for Pakistan's Future

In concluding his address, Brig. Ghazanfar Ali outlined several strategic priorities that should guide Pakistan's future development agenda. These include establishing a clear national vision supported by long-term strategic planning; promoting resilient political leadership capable of ensuring policy continuity; strengthening governance through greater transparency, accountability, and institutional effectiveness; improving coordination among federal and provincial institutions as well as between the public and private sectors; eliminating corruption through comprehensive legal and administrative reforms; enhancing energy security through efficient management and diversification; and prioritizing the welfare of ordinary citizens through improved employment opportunities, quality education, accessible healthcare, and sustainable economic growth.

He emphasized that these priorities should serve as the foundation of Pakistan's long-term development strategy.

5 Closing Remarks

Muhammad Tahir (Research Assistant)

Centre for Pakistan and Gulf Studies (CPGS)

The webinar "**How Can Pakistan Convert Diplomatic Success into Economic Might?**" brought together distinguished diplomats, strategic experts, and policy practitioners to examine one of the most significant foreign policy developments in Pakistan's recent diplomatic history. The deliberations underscored that Pakistan's constructive role in facilitating dialogue between the United States and Iran has not only enhanced its diplomatic credibility but has also created a strategic opportunity to reposition the country as an emerging geoeconomic actor within an evolving regional and international order.

A key consensus emerging from the discussion was that diplomacy should no longer be perceived solely as a political instrument but as a catalyst for economic transformation. Pakistan's successful mediation has strengthened its international image as a responsible stakeholder committed to regional peace and stability. However, the true measure of this diplomatic achievement will depend upon the country's ability to convert political goodwill into sustainable economic dividends through trade expansion, regional connectivity, energy cooperation, investment promotion, and institutional reforms.

The speakers collectively emphasized that Pakistan possesses considerable comparative advantages, including its strategic geographical location, expanding regional partnerships, Gwadar Port, the China-Pakistan Economic Corridor (CPEC), and its proximity to energy-rich Gulf and Middle Eastern states. These strategic assets provide Pakistan with an opportunity to emerge as a regional hub connecting South Asia, Central Asia, the Middle East, and the Gulf. Nevertheless, these opportunities can only be fully realized through coherent policymaking, political stability, effective governance, institutional coordination, and long-term economic planning.

The discussions further highlighted that regional peace and economic prosperity are increasingly interconnected. Strengthened cooperation with neighboring countries, particularly Iran, in areas such as energy, trade, transportation, agriculture, industrial development, scientific collaboration, and border connectivity has the potential to generate mutual economic benefits while contributing to broader regional stability.

The webinar also served as a timely reminder that Pakistan's previous diplomatic contributions have not always translated into lasting national benefits. Learning from historical experience, Pakistan must adopt a pragmatic and forward-looking geoeconomic strategy that aligns its foreign policy objectives with national development priorities. Diplomatic achievements should therefore be supported by effective implementation mechanisms capable of producing measurable economic outcomes for the state and its citizens.

In an increasingly multipolar world characterized by shifting geopolitical alignments and growing economic interdependence, Pakistan stands at an important strategic crossroads. The country's ability to capitalize on emerging opportunities will depend upon visionary leadership, institutional resilience, sound governance, and policy continuity. If supported by comprehensive reforms and

sustained regional engagement, Pakistan's recent diplomatic success can serve as the foundation for long-term economic resilience, regional influence, and sustainable national prosperity.

The Centre for Pakistan and Gulf Studies (CPGS) remains committed to promoting informed policy dialogue, rigorous research, and evidence-based recommendations that contribute to Pakistan's strategic thinking and support initiatives to strengthen regional cooperation, economic development, and international peace.

6 Policy Recommendations

Based on the deliberations of the distinguished speakers, the following policy recommendations are proposed to assist Pakistan in translating its diplomatic achievements into sustainable economic gains:

1. Formulate a Comprehensive Geoeconomic Strategy

Pakistan should adopt a national geoeconomic framework that integrates foreign policy, trade, investment, connectivity, and economic diplomacy. Future diplomatic initiatives should be evaluated based on their capacity to generate measurable economic outcomes alongside political and strategic benefits.

2. Institutionalize Economic Diplomacy

The Ministry of Foreign Affairs, Ministry of Commerce, Board of Investment, Special Investment Facilitation Council (SIFC), and other relevant institutions should establish a coordinated mechanism to convert diplomatic goodwill into investment opportunities, trade agreements, and strategic economic partnerships.

3. Strengthen Pakistan-Iran Economic Cooperation

Pakistan should expand bilateral cooperation with Iran in areas including energy, border trade, agriculture, logistics, industrial development, scientific research, and higher education while ensuring compliance with international legal and financial obligations. Greater institutional engagement can significantly enhance regional economic integration.

4. Accelerate Regional Connectivity Projects

Priority should be given to the operationalization of Gwadar Port, the expansion of the China-Pakistan Economic Corridor (CPEC), the development of Special Economic Zones, and improved cross-border infrastructure to position Pakistan as a regional trade, logistics, and transit hub connecting South Asia, Central Asia, the Middle East, and the Gulf.

5. Enhance National Energy Security

Pakistan should diversify its energy sources through regional cooperation by exploring cross-border electricity transmission, renewable energy partnerships, strategic energy infrastructure, and commercially viable mechanisms for energy imports. Affordable and reliable energy remains essential for industrial competitiveness and sustainable economic growth.

6. Improve Governance and Policy Continuity

Long-term economic transformation requires political stability, transparent governance, institutional accountability, regulatory reforms, and consistent policy implementation. Strengthening public institutions will improve investor confidence and facilitate sustainable domestic and foreign investment.

7. Invest in Human Capital and the Knowledge Economy

Greater investment in education, scientific research, technological innovation, digital transformation, and vocational training should become a national priority. Strengthening human

capital will enhance Pakistan's competitiveness in an increasingly knowledge-driven global economy.

8. Harness the Demographic Dividend

Pakistan should implement comprehensive youth-focused policies aimed at employment generation, entrepreneurship, technical education, and digital skills development. Regional economic cooperation should be utilized to create productive employment opportunities, particularly in border and underdeveloped regions.

9. Strengthen Strategic Communication and Public Diplomacy

Pakistan should actively project its diplomatic achievements through international organizations, think tanks, academic institutions, media platforms, and public diplomacy initiatives to reinforce its image as a responsible, credible, and peace-oriented regional actor.

10. Establish a National Implementation and Monitoring Framework

To ensure that diplomatic achievements produce lasting national benefits, Pakistan should establish an inter-institutional mechanism responsible for monitoring the implementation of bilateral agreements, memoranda of understanding, regional initiatives, and economic cooperation frameworks. Regular evaluation and policy review will help ensure that diplomatic successes are effectively translated into sustainable economic development.