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Issue Brief

Pakistan's Vision East Asia: Challenges and Opportunities

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Introduction

This paper looks into Pakistan's vision East Asia and sees what challenges and opportunities it has in the region. The core argument of this paper is that Pakistan has been trying to calibrate its policy in East Asia in a way that would not affect its strong ties with China, as well as with other important nations in East Asia and the United States, which has a big presence in the region. Pakistan will continue to support China's *One Belt One Road* initiative in the region, which is also a common interest between China and many of East Asian nations.

Evolution of Vision East Asia

Historically, Pakistan used to have stronger ties with East Asian countries in the 1950s and the 1960s as a member of the American-led South East Asian Treaty Organization (SEATO) and the British led-Colombo Plan in the 1950s. Japan emerged as Pakistan's leading trading partner in the 1950s and later as investment and technology provider in the 1960s. At that time, ties with the People's Republic of China were in a formative phase. Japan has been Pakistan's significant trading partner since the 1950s. The volume of trade with South Korea and South East Asian countries was small. Other economic relations were scant.

Evolution of South East Asian regionalism, manifested through the evolution of the Association of South East Asian Nations (ASEAN), and the emergence of Asian Tigers (Taiwan, Hong Kong, South Korea, and Singapore) spurred Pakistan to make plans to participate actively in the region. For long, Pakistan had been relatively detached from the region after 1971 war and because of its preoccupation with the Afghan war in the 1980s.

In the 1990s, Prime Minister Nawaz Sharif and his successors made a determined effort to explore new markets and source of capital in East Asia.¹ It was in 1993 that Pakistan became a Sectoral Dialogue Partner of the ASEAN to enhance its stakes in trade, investment, industry, and environment with the organisation.² The inaugural meeting of the Sectoral Dialogue Partnership was held in November 1997 in Islamabad, which affirmed the setting up of the ASEAN-Pakistan Joint Sectoral Cooperation Committee (APJSCC).³ An ASEAN-Islamabad

Committee (AIC), comprising heads of ASEAN missions in Pakistan, was also set up along with the establishment of the ASEAN-Pakistan Joint Business Council (APJBC). Pakistan joined the 27-member ASEAN-Regional Forum (ARF) in 2004 to work with ASEAN countries on peace and security in South East Asia. Pakistan also signed the Treaty of Amity and Cooperation with ASEAN in the same year.⁴ These institutional arrangements enhanced trade and investment between Pakistan and ASEAN.

Before the 1980s, most of Pakistan's trade was with Western countries. Pakistan wanted to diversify its trade and to focus on East Asian countries as well. In October 2003, Pakistan formally espoused *Vision East Asia* to emulate the example of East Asian economies⁵ and to connect itself strategically to East Asian regionalism. Pakistan's *Vision East Asia* encompassed both South East Asia and North East Asia.

Pakistan's trade with the ASEAN stood around US\$ 2.2 billion in 2004.⁶ By 2013, Pakistan's trade with the bloc tripled to US\$ 6.6 billion with US\$ 792 million being Pakistan's exports and US\$ 5.8 billion Pakistan's imports.⁷ Trade, however, remained imbalanced. As far attracting investment from ASEAN is concerned, Pakistan attracted only US\$ 81 million from ASEAN countries in 2014.⁸

India 'Looks' and 'Acts'

India adopted *Look East* policy in the 1990s under Prime Minister Narasimha Rao to cultivate robust economic, strategic, and defense ties with South East Asia, aiming at giving an edge to India as a regional power as well as to curtail China's growing influence in the region.⁹ Recently, India renamed 'Look East' as 'Act East' policy to follow a proactive policy from Myanmar to Australia to Japan.¹⁰ Prime Minister Narendra Modi's visits to Myanmar, Japan, Australia, Singapore, South Korea, Fiji, and China were pursuit of this policy. India has massively increased its trade (US\$ 77.4 billion in 2013) with the region and offered lucrative in-bound and out-bound investment. India attracted US\$ 27 billion investment from ASEAN countries alone in 2014.¹¹

Challenges

Given India's strategic leverage in Asia-Pacific, how should Pakistan plan for its role to promote its Vision East Asia? Pakistan's Vision East Asia is not India-centric as it primarily focuses on its own economic pursuits and increased institutional arrangements for that purpose.

At the moment, Pakistan needs a three-point balanced approach to strengthen bonds of relationship with a large number North and South East Asian nations. (1) Pakistan supports China with regard to the maritime disputes in South China Sea. However, it has to balance this posture by keeping close contacts with other East Asian countries. In this context, the recently concluded China-ASEAN Code of Conduct to mitigate maritime differences is a positive outcome.(2) Past concerns about Pakistan-North Korea cooperation expressed by the US, Japan, South Korea has been addressed. Pakistan continues to support the Six-Party Talks (US, Russia, Japan, South Korea, Japan, and North Korea) to help deal with the stalemate in the Korean Peninsula. (3) Balancing Pakistan's relationship with Japan is important and efforts need to be made to achieve this objective.

Opportunities

Pakistani diaspora living in East Asia is estimated at 2,30,122¹². It is an asset. Pakistan's economic reforms have made doing business much easier and it offers an attractive business climate. The diaspora along with businessmen of their countries can help in transferring advanced technology and knowhow from ASEAN members and North East Asian countries. They can play an important role in bringing investment from these countries. Many joint ventures could be started with their support. Chinese, Japanese, and Korean enterprises are already a success story in the country. Above all, the emerging China-Pakistan Economic Corridor (CPEC) offers huge business and investment opportunities in multiple areas. Most importantly perceptions about Pakistan in East Asia are generally positive. Therefore, the graph of ease of business between Pakistan and East Asia is quite high.

The Way Forward

The following six measures may be adopted to enhance Pakistan's stakes in South and North East Asia.

I. Luring Investment

Pakistan's investment from the ASEAN region was merely US\$ 81million in 2014. Pakistan should mobilise its diaspora and local entrepreneurs to attract investment for Pakistan.

II. Trade Promotion

Pakistan's modest exports to ASEAN countries need to be increased. After the Preferential Trade Agreement (PTA) was signed with Indonesia in February, 2012, no more PTAs have been signed. In North East Asia, FTA was only signed with China in 2007. Pakistan should sign more PTAs and FTAs with ASEAN, Japan, and South Korea. Moreover, a number of export-oriented projects should be launched in cooperation with small and medium-sized enterprises in these countries.

III. Institutional Links

Pakistan needs to pursue more institutional arrangements in East Asian regionalism. Pakistan is not yet a Full Dialogue Member of the ASEAN and it vigorously needs to make efforts for that for that purpose, as this would open up new avenues of cooperation and economic ties with South and North East Asian countries. Pakistan should also make efforts to seek full membership/observer status in the Asia-Pacific Economic Cooperation (APEC). Pakistan has been actively contributes to the whole of the Asia-Europe Meeting (ASEM). This experience could also qualify Pakistan to become a useful APEC member. Pakistan's active participation on these forums would bring a phenomenal change in its strategic outlook and economic productivity.

IV. **Diplomatic Leverage**

Since 2008 Pakistani leadership has not frequently visited the South and North East Asia region. Besides China, which is a strategic ally of Pakistan, there is an urgent need for high-level official visits to Japan, South Korea, Singapore, Malaysia, Indonesia, Brunei, Vietnam, Australia, and New Zealand, among others

V. **People-to People Mobilisation**

People-to-People contacts should be encouraged and visa regimes relaxed. More students, young professionals, and cultural artistes should be sent to this region to understand East Asian societies, economic experiences, and business climate. We should also invite them to visit Pakistan.

VI. **Broader Outreach**

It is high time that Pakistan, conceptually and operationally, included the Oceanic countries (Australia and New Zealand) and Small Islands Developing States (SIDS) in the Pacific for its outreach. Australia and New Zealand can help Pakistan in industrial development and other critical sectors such as education and ICT. Closer contact with Small Island Developing States (SIDS) is needed for votes in the United Nations General Assembly and other fora, as also for developing closer economic ties with them.

VII. **Strategic Shift**

Both economic and strategic balance would keep shifting toward China in Asia-Pacific. East Asian countries will get involved in 'One Belt One Road' initiative. The primary focus of Pakistan's efforts in this region would be to avoid strategic confrontation and promote its economic interests with all countries, not the least because it needs their support and understanding for the completion of the CPEC.

References

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- ¹ He planned a visit to Japan first in July 1991 after becoming Prime Minister in November 1990. Following law and order situation, his visit was rescheduled and he visited Japan in December 1992.
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- ³ Ibid.
- ⁴ *Daily Times* (Lahore), 3 July 2004.
- ⁵ Malik, op.cit.
- ⁶ IMF, *Direction of Trade Statistics* (Washington: International Monetary Institute, (various volumes).
- ⁷ Ibid, 2015.
- ⁸ Ibid, 2015.
- ⁹ Danielle Rajendram, *The National Interest*, 22 December, 2014.
- ¹⁰ Tridivesh Singh Maini, 'India's 'Look East' Policy Begins with Myanmar', *The Diplomat*, 8 November 2014.
- ¹¹ Reserve Bank of India, 'Fact Sheet on Foreign Direct Investment (FDI): From April 2000 to March 2014.' http://dipp.nic.in/English/Publications/FDI_Statistics/2014/india_FDI_March2014.pdf.
- ¹² Ministry of Overseas Pakistanis & Human Resource Development, *Year Book 2013-14*. (Islamabad: Ministry of Overseas Pakistanis & Human Resource Development, 2015), p. 29.