

The US Pivot to Asia: Recalibrating Pakistan's Vision East Asia

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Abstract

The United States would concentrate on its Asia Pivot in the years ahead. It would focus on traditional allies such as Japan, South Korea, and ASEAN partners. By and large, the United States has a comfortable relationship with Oceanic nations. Under US Asia Pivot, the US relations with China have been characterised by cooperation, competition and confrontation. Pakistan has good understanding of the whole region since the time of the Cold War. This, however, does not mean that Pakistan fits into the US Asia Pivot policy. There are constraints. Pakistan has been the cornerstone of China's policy in South Asia. Although Pakistan greatly appreciates Japan's economic support to Pakistan, it is wary of Pakistan's decisive tilt towards China. To recalibrate Pakistan's Vision East Asia, Pakistan needs to strengthen its trade and investment relations with Japan, South Korea and ASEAN. Pakistan's policy is not meant to counter-balance India's Act East policy, but to focus on its bilateral and multilateral relations in the region.

Keywords: US Asia Pivot, Pakistan's Vision East Asia, India's Act East policy, ASEAN, trade, investment

Introduction

The paper will address the following questions in order to recalibrate Pakistan's Vision East Asia. It would look into the characteristics of US pivot policy. An effort will be made to elucidate the challenges perceived by the US in the region. Pakistan's Vision East Asia will also be analysed which suggests to play a pro-active. The paper will ask whether Pakistan's

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Vision East Asia is a challenge or an opportunity for the United States and its allies and argues for a balanced approach to facilitate Pakistan's interests in East Asia. A refined balance should be pursued in Pakistan's policy towards China, Japan, South Korea and Southeast Asia.

The US Asia Pivot

The Asia region strongly matters in world's politics. Singapore's senior leader Lee Kuan Yew once said: "America will remain the world's dominant power in the 21st century only if it is the dominant Pacific power."¹ The United States and China, as well as emerging markets would be significant players in coming world economy. Asia is becoming the centre of global geo-politics in the 21st century. As the United States had difficulty in assessing Japan in the 1930s and 1940s, now it has been grappling with a 'China's assessment dilemma'.

The Obama Administration decided to focus on the Asia-Pacific by launching its Asia Pivot in November 2011.² The US objectives of the Pivot, later renamed as 're-balance' in the Asia-Pacific region, were to strengthen alliances with Japan and South Korea, bringing India on-board as a strategic partner, deepening geo-strategic partnership with ASEAN, and continuously cementing ties with Australia and New Zealand. The purpose was that while the US would continue to engage China, it would simultaneously forge partnerships in the region to contain China.

Strategically, the United States proposed to find solutions to maritime disputes in South China Sea through multilateral fora, rather than bilaterally as preferred by China, building international pressure against North Korea's military posture, and pushing human rights and democracy as important elements of the US Asia Pivot policy. Through alliances, the United States has been increasing its military presence and deploying troops in Australia, Singapore, and the Philippines. The United States enhanced its presence in the regional fora in East Asia such as the Asia Pacific Economic Cooperation (APEC) and joined the East Asia Summit (EAS) and pushed the Trans Pacific Partnership (TPP) to fill the trade vacuum³ amongst its credible trading partners (such as Canada, Japan, South Korea, Taiwan, Australia, New Zealand, Brunei, Malaysia,

Singapore, Vietnam, Mexico, Peru, and Chile). China, which was initially disinclined to join the agreement on the grounds that it would isolate China, has also given indication to join the TPP.⁴

The United States built its influence in the region during the Cold War, *inter alia*, to encircle China. Now, the United States is again countering China. The rise of China is altering global political configurations. The US largely overlooked China after 9/11 as it was engaged in the war on terrorism in Afghanistan and elsewhere. The country overtook the economy of the United States in 2014 in terms of Purchasing Power Parity (PPP).

Should the United States compete economically with China, or deal with it in term of security in Asia-Pacific? This is a question the US leadership has been grappling with for years. Some in the United States are of the view that the US should handle China with a mix of sanctions and enhanced military presence in the region. Others think of an economically strong China more amenable to US policy.⁵ Still others believe that an economically strong China would resist US policy in Asia.

Washington, therefore, favours a policy of ‘Congagement’ with China that is to militarily contain and economically engage China.⁶ The United States wants to engage with a chain of its allies such as Japan, South Korea, Taiwan, South East Asian countries, (particularly with those having differences with China such a Vietnam and the Philippines), India, Australia, and New Zealand to ‘deter’ Chinese threat and create a balance against it. Many US allies are short of capabilities to resist China’s influence in Asia-Pacific.

The demographic dimension would also play a decisive role in the region. Japan and South Korea would enormously face aging society dilemma, whereas India would be in a much better situation with its growing youth bulge.

The US Asia Pivot has not been without obstruction. As China is the prime focus of the US Asia Pivot, China sees the US Asia Pivot as a challenge but it has responded resolutely to the active and proactive

American posture in the region. The United States does not want to create a vacuum that would be filled by China. This does not mean that the United States would leave Asia-Pacific to China. For the United States, China is a strategic rival that incredibly looms large in the Asia-Pacific region. China's moves to deal with these threats follow classical, slow pattern of facing the adversary without offending it, but in the process gaining maximum strategic and economic space.

Maritime disputes in North East Asia and South East Asia have the potential to escalate. Tension has been increasing between China and Japan over the Diaoyu/Senkaku Island issue since 2010. There are a number of maritime disputes between China and the Philippines, Vietnam, Indonesia, Malaysia, and Brunei. Notable of these Islands are the Paracel archipelago, 45 islands and numerous reefs and rocks of the Spratly archipelago, the Macclesfield Bank and the three islands of the Pratas group.⁷ Under the US pivot, these maritime differences have been revived in the name of 'peaceful resolution'. Whilst the United States would focus on 'peaceful resolution' of the maritime disputes, China sees it differently.

The United States should adopt a neutral stand and take an objective view. The US is not a claimant State. It has been tactfully using the maritime disputes to increase its military presence in the region. The outside meddling and backing to some countries like Vietnam and the Philippines would not help resolve these disputes.⁸ It looks that the United States has been creating a common ground of these nations against China.

In this context, there have been a series of US moves to counter-balance China's burgeoning influence. The United States is already re-locating its naval bases in the Philippines, positioning its Littoral Combat Ships (LCS) to Singapore, and re-energising navies of the Philippines, Indonesia, and Vietnam for an assertive role in the region. Japan has also been active in South China Sea.⁹ The Japanese National Diet has been debating over assigning an expanded role to its Self Defence Forces. Responding to these enormous challenges, China imposed an Air Defence Zone over East China Sea in November 2013 and deployed a radar system to beef up its security. The move was seen with trepidation by Washington, Tokyo, Seoul, Manila, and Hanoi.

China also sees these actions as provocative to its peaceful rise in the region and to disturb its economic development.¹⁰ China, on the other hand, offers mutually beneficial projects such as the Maritime Silk Road, Silk Road Fund, and the establishment of the Asia Infrastructure Investment Bank (AIIB). The recently concluded China-ASEAN ‘Code of Conduct’ to mitigate the impact of accidental clashes leading to confrontation in South China Sea is a positive development. Chinese conflicts with South East Asian countries have been minimising. It is, however, unthinkable that Beijing would change its stand over maritime disputes. China believes that its claim is historical, legal, and just.¹¹ China’s concerns, its due role, and its core interests should also be respected in the region; otherwise containment of China by any regional or extra-regional power would be counter-productive.

China’s Challenge for the US

In American history, it was only Japan that threatened US maritime interests in the Pacific in the 1940s. After World War II, the United States emerged stronger as a victor. In the recent past, however, it perceives that China poses long-term strategic challenges to US. Chinese People’s Liberation Army (PLA) has been modernising ever since 1949, while US forces and resources have become more dependent on cooperation with allies.¹² Chinese military modernisation had been a significant part of its ‘four modernisations’ programme that is agriculture, industry, defence, and science and technology. As Chinese economy continues to grow at a steady rate, it would provide necessary resources to enhance its military modernisation.

Taiwan, Japan, and conflicts in South China Sea are potential threats to China’s security. China maintains its nuclear deterrence to safeguard its territorial sovereignty. China’s military modernisation focuses on three key areas: development of ballistic and cruise missiles, growth of a blue-water navy, and technological superiority of its army.¹³ These challenges have been continuously compelling China to modernise its military since the early 1990s. China believes that its military modernisation is defensive as they have to cope with multiple challenges. With China’s economic rise, US-Japan alliance would continue to grow, expand, and deepen along

with a much assertive role given to Japan in spite of its constant constitutional constraints. Changes were introduced in the security alliance between the two nations in 1997 and in 2005.

Many also ask whether American policy tends to re-balance its power, or signals its gradual retreat. At present, the United States maintains military bases in Japan, South Korea, Singapore, Australia, New Zealand, Diego Garcia, and Afghanistan. Unlike China, the United States has tried to build influence in the region by making military alliances rather than creating economic interdependence and forging common ground.¹⁴ In Japan, the United States has been facing the problem of maintaining its 47,000 marines with a large concentration in Okinawa along with a widespread public rage.

The proposed relocating of US base in Okinawa to Guam is the biggest security challenge for both Washington and Tokyo and they have remained unable to resolve the issue so far.¹⁵ This is direct challenge to US pivot in Asia from its trustworthy ally. Besides political issues, geographical, social and cultural atmosphere in Okinawa also go against the presence of US marines on the island. The United States also faces a dilemma in maintaining 28,000 troops in South Korea to what it called to 'deter' North Korean threat on the Korean Peninsula. While China has been negotiating to establish regular channels with Taiwan, US influence slowly withers away.¹⁶

The establishment of Gwadar Port in Balochistan province of Pakistan to link up western China to the Gulf is also considered by the United States as a security threat¹⁷ by considering it a Chinese naval outpost in the Indian Ocean and a threat to its interests at a time of US/NATO exit from Afghanistan. In the face of these security challenges confronted by the United States, China has been gaining strength. American re-balancing policy thus revolves around its changing alliance with Japan, strengthening ties with Australia and New Zealand, and emerging understanding with India. This naturally pushes Pakistan more toward China. To promote its ties with East Asia, Pakistan must pursue its long-term goals under its *Vision East Asia* policy.

Pakistan's Vision East Asia

For long, Pakistan had been relatively detached from the region after the 1971 war with India, and because of its preoccupation with the Afghan war in the 1980s. During this period, 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 economies,¹⁸ and to connect itself strategically to East Asian regionalism. Pakistan's *Vision East Asia* encompasses both South East Asia and North East Asia.

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. In the 1990s, Government made a determined effort to explore new markets and source of capital in East Asia. 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.¹⁹

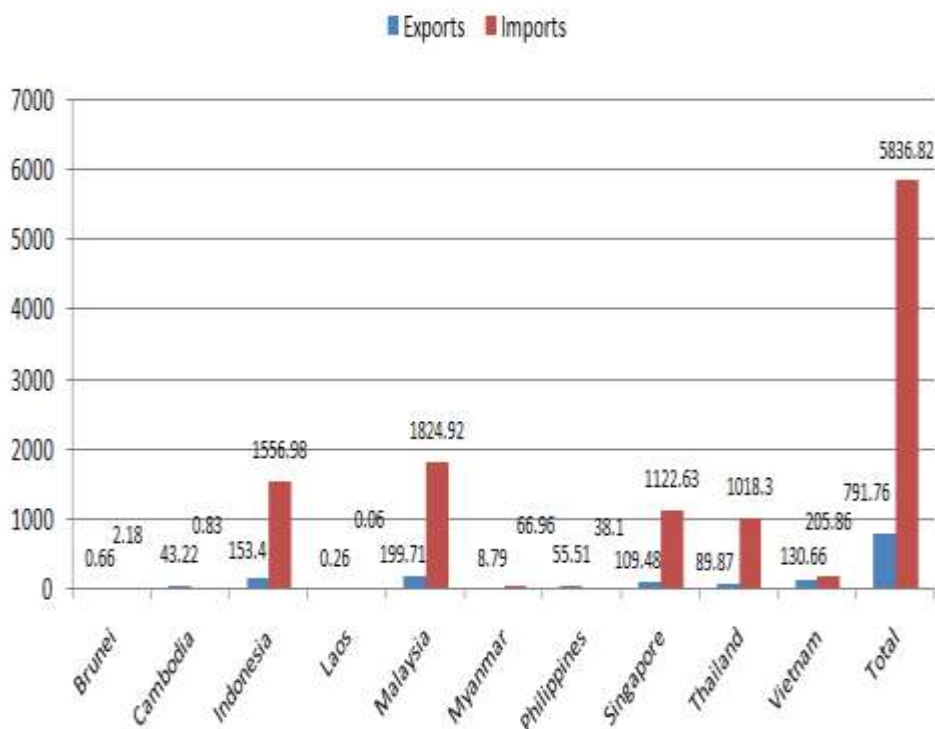
The inaugural meeting of the Sectoral Dialogue Partnership was held in November 1997 in Islamabad, which affirmed the setting up of the ASEAN-Pakistan Joint Sectoral Cooperation Committee (APJSCC).²⁰ An ASEAN-Islamabad Committee (AIC), comprising heads of ASEAN missions in Pakistan, was also set up along 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.²¹ These institutional arrangements enhanced trade and investment between Pakistan and ASEAN.

Pakistan's trade with the ASEAN stood around US\$ 2.2 billion in 2004.²² 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.²³ Trade, however, remained imbalanced. As far as

investment from ASEAN is concerned, Pakistan attracted only US\$ 81 million from ASEAN countries in 2014.²⁴

Figure 1: The Pakistan-ASEAN Trade 2013

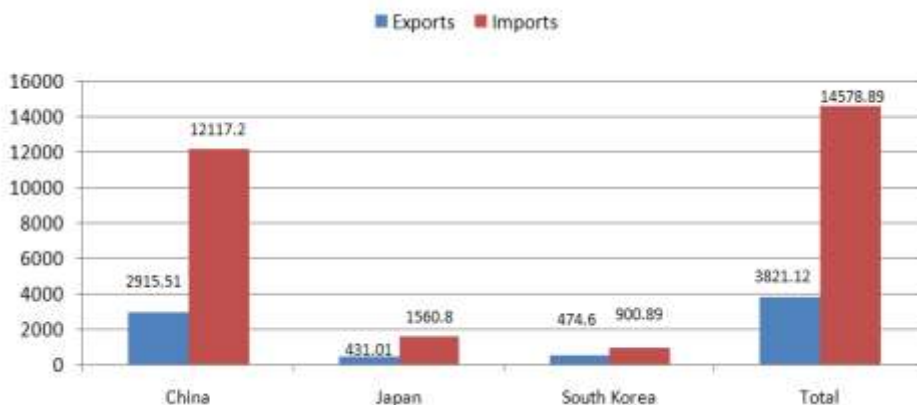
(US\$ Million)



Source: IMF, *Direction of Trade Statistics* (Washington D.C.), 2015.

Pakistan could enhance its trade with ASEAN by cultivating more economic activities with the ASEAN Plus Three (Japan, China, and South Korea). In 2013, Pakistan's trade with the ASEAN Plus Three was recorded around US\$ 18.4 billion (See Figure 2 below). Therefore, the interlinked regions of North East Asia and South East Asia are highly crucial for Pakistan's trade, but mostly the trade balance is in favour of these countries. Besides China, Pakistan should improve trading links with Japan, South Korea, and ASEAN to become a dynamic trading state.

Figure 2: The Pakistan’s ASEAN-Plus Three Trade 2013
(US\$ Million)



Source: IMF, *Direction of Trade Statistics* (Washington D.C.), 2015.

As far as attracting investment from ASEAN and North East Asia is concerned, Pakistan has attracted US\$ 5.1 billion from this region during 2007-14 as explained in Table 1 along with a country-wise position.

Table 1: Foreign Direct Investment into Pakistan by East Asian Countries, 2007-14

(US\$ Million)

Country	2007	2008	2009	2010	2011	2012	2013	2014	Total
Brunei	0.0	0.0	0.0	0.0	0.0	3.4	4.3	3.9	11.6
China	712.1	13.7	101.4	3.6	47.4	126.1	90.7	696	1791.0
Hong Kong	40.0	94.3	158.7	29.1	148.8	3.5	203.3	294	971.7
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Japan	68.4	141.1	68.2	38.2	8.4	31.0	34.5	47.2	437.0
Malaysia	5.6	656.4	211.2	15.1	5.1	9.7	0.9	17.5	921.5
Philippines	0.0	0.0	0.0	0.0	0.0	0.0	77.0	0.1	77.1
Singapore	139.1	44.4	242.1	124.1	73.1	63.4	9.9	60.2	756.3
South Korea	1.5	2.9	0.9	5.8	6.1	24.7	25.2	19.1	86.2
Thailand	0.0	0.0	0.0	0.0	0.0	0.4	6.1	4.0	10.5
Grand Total	5063.00								

Source: State Bank of Pakistan, *Net Inflow of Foreign Private Investment in Pakistan – Country-Wise*, 27 March 2015. Excel Sheet.

It was China that topped the ranking to invest US\$ 1.7 billion in Pakistan during 2007-14, followed by Hong Kong, which invested US\$ 972 million, and Malaysia US\$ 922 million during the same period. Singapore invested US\$ 756 million during the same period. Japan and South Korea, however, did not invest much during this period mainly because of security and institutional bottlenecks, but they have shown interest to increase their investment. In 2015, China inked agreements worth US\$ 46 billion to invest in Pakistan under the China-Pakistan Economic Corridor initiative.²⁵ This should also attract investment to Pakistan from Japan, ROK and ASEAN, which would change the landscape of investment in Pakistan. For example, Japan External Trade Organisation (JETRO) has ranked Pakistan the second most profitable market for Japanese companies working in Pakistan.²⁶ JETRO also ranked Pakistan as the second potential investment growth economy in the world.²⁷ The New York-based *Wall Street Journal* appreciated the pace of development in Pakistan.²⁸ Similarly, the renowned British economist, Jims O Neil, predicted the emerging of Pakistan as the number eighteen global economy with US\$ 3.3 trillion GDP by 2050, almost the size of present day German economy.²⁹ Therefore, it looks that the positive development of Pakistan economic fundamentals would further integrate Pakistan with ASEAN and ASEAN Plus in future.

India's 'Act East'

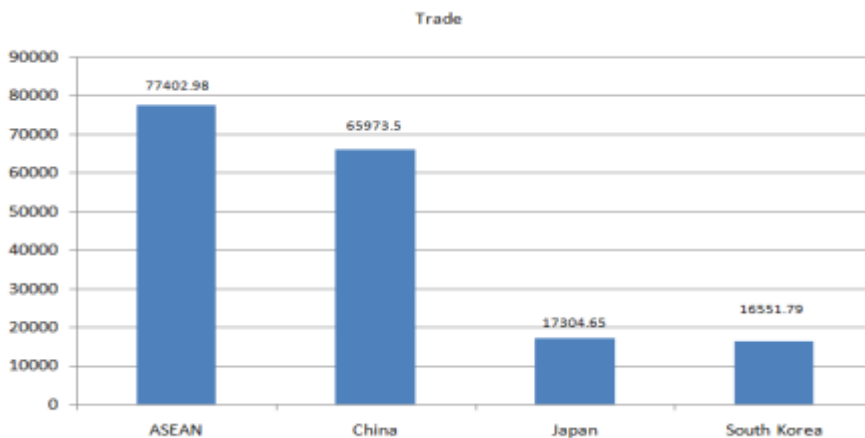
India adopted *Look East* policy in the 1990s to cultivate robust economic, strategic, and defence ties with South East Asia, aiming at giving an edge to India as a regional power as well as to curtail China's growing influence in the region.³⁰ Recently, India renamed 'Look East' as 'Act East' policy to follow a proactive policy from Myanmar to Australia to Japan.³¹ Prime Minister Narendra Modi's visits to Myanmar, Japan, Australia, Singapore, South Korea, Fiji, China, and Mongolia were in pursuit of this policy. India has massively increased its trade (US\$ 66 billion in 2013)³² with the region and offered lucrative in-bound and out-bound investment. India attracted US\$ 27 billion investment from ASEAN countries alone in 2014.³³

Apart from this complicated Indo-Japanese strategic perplexity in the field of nuclear cooperation, both countries have been forging a strong economic relationship. India has also been forging economic ties with ASEAN in the framework of its ‘Act East’ policy. India is ASEAN’s Full Dialogue Partner. India is also a member of the EAS. There are a number of other institutional linkages between them. Trade between India and ASEAN has exceeded US\$ 100 billion in 2013, and with ASEAN Plus Three it exceeded US\$ 177 billion for the same period.

Similarly, China is also an important pillar of India’s trade in the region. Bilateral trade has increased to US\$ 66 billion. India also drives substantial trade with South Korea and Japan (See Figure 3 below). Therefore, the existing patterns of trade along with the growing strategic understanding with Japan and the United States are in India’s interests. In case India moves to contain China, this could eventually affect India’s trade with China. This could also have a trickledown effect on trade between India and ASEAN. India has, therefore, planned to embark on an ambitious course to enhance its trade with Asia-Pacific.

Figure 3: India’s Trade with ASEAN, China, South Korea, & Japan in 2013

(US\$ Million)



Source: IMF, *Direction of Trade Statistics*, 2015.

**Table 2: Investment from East Asian Countries
in India, 2014**

(US\$ Million)

Singapore	25,445.46
Japan	16,268.05
South Korea	1,405.50
Hong Kong	1,027.85
Malaysia	637.85
Indonesia	611.44
China	402.31
Thailand	172.5
North Korea	36.94
Philippines	32.65
Myanmar	8.96
Total	46049.51

Source: Reserve Bank of India, '*Fact Sheet on Foreign Direct Investment (FDI): From April 2000 to March 2014*'.

Given India's strategic leverage in Asia-Pacific, how should Pakistan 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.

In this growing trade and investment scenario, Pakistan's Vision East Asia would not be a challenge for the United States' Asia Pivot; rather, both countries would find each other as useful partners. On the one end, Pakistan would be economically integrated with China, but this tilt would be balanced by its growing trade and investment ties with Japan, South Korea, and ASEAN. The United States itself has been a lead investor in Pakistan as shown in Table 3. The United States invested over US\$ 6 billion during 2007-14 compared to China's over US\$ 1.7 billion FDI in Pakistan during the same period. Therefore, rather than hostility, a strategic competition would likely emerge between both investors in Pakistan in future. As Pakistan's would be a promising economy, the United States would not like to lose Pakistan. Therefore, the United States would continue to build strategic ties with Pakistan.

Table 3: US Foreign Direct Investment in Pakistan, 2007-14
(US\$ Million)

<i>Country</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>Total</i>
United States	1766.8	1748.5	427.4	940.6	500.5	269.7	352.1	360.3	6365.9

Source: State Bank of Pakistan, ‘*Net Inflow of Foreign Private Investment in Pakistan – Country-Wise*’, 27 March 2015.

The US Asia Pivot hinges on ‘North Korea’s provocations’. Past concerns about Pakistan-North Korea cooperation expressed by the US, Japan, South Korea have 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 on the Korean Peninsula. Balancing Pakistan’s relationship with Japan is important and efforts need to be made to achieve this objective.

Pakistan has been adopting a balanced approach toward Asia-Pacific without countering India. As American ties with India would further consolidate in Asia-Pacific, so would the ties between India and Japan. In this respect, Pakistan needs to be vigilant. A strategic relationship has been evolving between India and Japan since the past decade.³⁴ After 2008, both countries have been cooperating with each other in the nuclear field, and, since 2010, they have been negotiating a civilian nuclear treaty to supply nuclear power plants to India. India has been reluctant to oblige Japan with all the necessary pre-conditions to enable it to sign the deal.

By negotiating a nuclear deal with India, Japan itself has been violating its own anti-nuclear principles adopted in 1967 that were endorsed by the National Diet in 1971. These principles led Japan to strongly adhere “not to possess, produce and to permit the introduction of nuclear weapons on Japanese soil in line with its Pacifist Constitution.”³⁵

Following these principles, Japan signed the Nuclear Non-Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty (CTBT) in 1970 and 1996 respectively. Japan also wants both India and Pakistan to abide

by these treaties. Consequently, Japan imposed sanctions on India on May 18, 1974, and again on May 28, 1998 after India's nuclear tests. The same restriction was also imposed on Pakistan when it conducted its nuclear tests on May 28, 1998. Moreover, nuclear-allergic Japanese public and media vehemently opposed the Indian nuclear tests.³⁶ The same resentment was expressed against Pakistani nuclear testing. Time and again, Japan asked India to sign the NPT and CTBT, but India has categorically refused.³⁷

If a nuclear treaty is concluded between them, it would introduce a nuclear arms race and even Japan's role would become controversial in South Asia. Previously, Japan was regarded as a neutral and non-controversial development partner of South Asian countries. Given India's strategic scenario in Asia-Pacific, how Pakistan should react to this situation to safeguard its interests in the region under its *Vision East Asia* policy, is an extremely vital question.

Pakistan's own national interests, long-term economic objectives, and growing security and strategic initiatives have been driving Pakistan to look towards East in the post-9/11 era. Since the war on terror began, Pakistan has also been cooperating with ASEAN, Australia, Japan, and China to eliminate terrorism in East Asia. If India was countered in East Asia, it is because of its own policies. India's growing military presence is a matter of concern for South East Asian countries.

Vision East Asia: The Way Forward

I. Diaspora

Pakistani diaspora living in East Asia is estimated at 2,30,122.³⁸ It is an asset. Pakistan's economic reforms have made doing business much easier and they offer an attractive business climate. The diaspora, along with businessmen of the countries they live in can help in transferring advanced technology and know-how from ASEAN members and North East Asian countries. They can also play an important role in helping bring investment from these countries. Many joint ventures could be initiated 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 potential for business opportunities between Pakistan and East Asia is quite high.

II. Luring Investment

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

III. 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, Pakistani exports have shown no visible improvements. In North East Asia, Free Trade Agreement (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.

IV. 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 this 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 on the APEC. Pakistan has been actively contributing to the Asia-Europe Meeting (ASEM). This experience could also qualify Pakistan to become a useful APEC member. Pakistan's active participation on these fora would bring a phenomenal change in its strategic outlook and economic productivity.

V. 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.

VI. 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 on reciprocal basis.

VII. Broader Outreach

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

VIII. Strategic Shift

By all accounts, both economic and strategic balance would keep shifting towards China in Asia-Pacific in the near future. East Asian countries will also get involved in China's 'One Belt One Road' initiative. The primary focus of Pakistan's efforts in this region should 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.

Conclusion

The United States would follow a policy of militarily containing and economically engaging China in Asia-Pacific in the years ahead. It would largely engage with China's economic ascendancy, but with perceived security and economic threats. Both economic and strategic power would keep shifting toward China as a rising power in Asia-Pacific. The United States would keep creating a bloc of its allies in the region. The ASEAN-China understanding would further increase as China would be more engaged in building East Asian maritime connectivity under its 'One Belt One Road' initiative, which ASEAN has welcomed. ASEAN have already joined the China-led AIIB, leaving behind only Japan and the United States in isolation. This would result in a substantially China-dominated Asia-Pacific. Because of historical ties with ASEAN, especially founding members like Malaysia and Indonesia, and its economic relations with Japan and South Korea, Pakistan would try to avoid strategic confrontation and promote its economic interests. As a result of Pakistan's strong ties with China, it would not fit into the pivot dynamics, yet, as pointed out earlier, Pakistan's unique relationship with China gives it an advantage in the Asia-Pacific region. As Pakistan looks ahead, it should leverage the CPEC and its own economic geography to attract investment from East Asia to enhance outreach in the region.

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