

## The Middle East in Flux: How Should Pakistan Respond?

*Kashif Mumtaz* \*

### Abstract

*The Middle East has been in a flux ever since the US-led invasion of Iraq in March 2003. Things deteriorated further in the wake of the “Arab Spring.” Both of these developments were hoped to usher in an era of democratic openness in the Middle East. They have, however, brought in their wake only political instability and war, though they did succeed in toppling some deeply entrenched dictatorships. The fallout of the crisis in the Middle East has spawned several policy challenge for Pakistan vis-à-vis its relations with the Middle East: growing threat of sectarianism, violent extremism and terror, domestic polarization and threats to its economic development. Tackling these challenges necessitates the country revisits it’s foreign as well as domestic policies.*

**Keywords:** Pakistan; Iran, Saudi Arabia; Yemen; Middle East; Gulf Cooperation Council; terrorism; radicalization

### Introduction

Ever since the US-led invasion of Iraq in March 2003, which had promised to turn that country into a beacon of hope for the entire Middle East, the region remains mired in a variety of crises, which not only have weakened individual states, but have also posed serious challenges to regional security and stability. The region’s problems have only worsened in the wake of the so-called “Arab Spring,” which many had hoped would usher in an era of democratic development in the region. The “Arab Spring” led to the ouster of authoritarian regimes in Egypt, Tunisia, Libya and Yemen, in addition to seriously challenging the ones in Syria and Bahrain. Apart from destabilising the domestic political order in several Middle Eastern states, the “Arab Spring” has also

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\* Kashif Mumtaz is a Senior Research Fellow at the Institute of Strategic Studies, Islamabad.

affected the regional balance of power, with Iran emerging as the main beneficiary.

This state of affairs in the region has caused challenges for non-Middle Eastern countries as well. Pakistan, given its geographic proximity and close ties with most of the regional players, is faced with particularly serious challenges. This study is an effort to discuss the foreign policy and internal security challenges for Pakistan stemming from a Middle East in a flux, and how should Pakistan respond to these challenges.

The study first briefly discusses the nature of the crisis the contemporary Middle East is mired in. It then discusses Pakistan's foreign policy challenge with regard to its relations with the Middle East. Following that, the study discusses internal security challenges under four headings: 1) sectarian violence; 2) radicalisation and terrorism; 3) domestic polarisation; 4) threat to economic development. The final section discusses how should Pakistan respond to these challenges.

### **The Middle East in Flux**

The Middle East has been in a crisis since the collapse of the Saddam regime in 2003. Though freed from the Baathist dictatorship, Iraq has been in the throes of terrorist violence. The US dream of making post-Saddam Iraq a beacon of hope for the rest of the region has gone terribly sour. The hopes of reforms and openness were revived with the advent of the so-called "Arab Spring" in early 2011. The "Arab Spring" saw the dictatorships toppled in Egypt, Tunisia, Libya and Yemen by popular uprisings. Other countries such as Jordan, Morocco, Lebanon, Bahrain, and Oman also experienced mass protests. Though the regimes survived in these countries, they had to undertake various reforms to appease the public. Nowhere, however, has there been a transition to a functioning democracy. The problems that drove these protests continue to persist, but the stability ensured by the former authoritarian regimes has been replaced by political uncertainty and civil wars. "The region today is at best in flux and at worst in turmoil. What began as a positive story of peaceful revolutions has deteriorated into political mayhem, instability and war."<sup>1</sup>

The crisis has revived old fault lines in the region and created new ones. The old fault lines revived amidst this crisis are the Arab-Iranian and the Sunni-Shia. The Arabs and the Iranians have had hostile relations since the early period of Islamic history. The Arab-Iranian hostility accentuated as the two camps adhered to two opposing sects in Islam. The Arabs are largely Sunni, whereas Iranians are mostly Shia. These fault lines are thus overlapping. In recent history too, the two sides have mostly remained hostile to each other. The Arab-Iranian hostility reached its nadir during the Iraq-Iran war. Iraq's war machinery during this episode was largely bankrolled by the oil-rich Arab Kingdoms, primarily Saudi Arabia.<sup>2</sup> Subsequently, particularly after Saddam's invasion of Kuwait, relations started to improve between Iran and Gulf Arab states, including Saudi Arabia. However, post-Saddam political developments in Iraq helped reverse this trend.

As the Shia came to dominate Iraq as the result of a democratic process in post-Saddam Iraq, it unnerved Arab rulers throughout the region, particularly in those states where Shia were present in significant numbers such as Bahrain, Saudi Arabia and Kuwait. What added to the Arab anxiety were the close ties between Iraq's new leadership and Iran's clerical regime. These ties were established during the Saddam era when most of Iraq's Shia political and religious leadership was in exile. Several of them had spent considerably long time in Iran enjoying the official Iranian support. The Arab rulers feared that the Iraqi Shia's rise could serve as a precedent for their own Shia populations.

These fears were first voiced by Jordan's King Abdullah in his famous statement about the so called "Shia-Crescent." In 2004, King Abdullah had said that if pro-Iranian elements dominated the new government in Iraq, a new crescent of dominant Shia movements or governments could emerge, stretching from Iran to Iraq, Syria and Lebanon. This, Abdullah feared, would alter the traditional balance of power between the two main Muslim sects – Shias and Sunnis.<sup>3</sup> Abdullah's warning has turned out to be a self-fulfilling prophecy. As Arab states collapsed, the void has been filled by the Sunni Jihadists Islamic State (IS) and also by the making of transnational Shia forces backed by Iran. Today, Iranian allies are propping up the Bashar regime

in Syria, checking the advance of the IS in Iraq and spreading Iran's influence in Yemen.<sup>4</sup> The overall impact of these developments has been such that "Since its inception in 1979, never has the Islamic Republic of Iran had such influence and control over a range of state and non-state actors"<sup>5</sup> across the Middle East. The Arab states are out to counter this growing Iranian influence.

The Arab anxieties have been exacerbated due to the changing role of the US in the region. For decades, the US has been the major strategic partner of the Gulf states. However, serious differences have erupted between the two sides since the invasion of Iraq in 2003. The two sides have differed on how to deal with the situation in Egypt, civil wars in Syria and Yemen and the rise of the Islamic State (IS).<sup>6</sup> The US-GCC relations have come under further strains with the signing of deal over Iran's nuclear programme.

It is these political upheavals, geostrategic shifts, rising sectarian tensions and regional conflicts that define the contemporary Middle East. This Middle East in a flux has spawned several policy challenges for Pakistan, which are being analysed in the following discussion.

## **Foreign Policy Challenge**

### **How to Relate with the Middle East?**

Building and maintaining close ties with all Muslim states is a cornerstone of Pakistan's foreign policy. It is in this spirit that Pakistan has always followed a policy of neutrality vis-a-vis conflicts between Muslim states. "We do not interfere and we do not take sides,"<sup>7</sup> said Pakistan's foreign ministry spokesperson recently, reiterating the country's policy towards disputes between Muslim states. Maintaining neutrality vis-a-vis the crisis in the Middle East, however, is proving challenging for Pakistan.

The challenge has been thrown up largely by the situation in Yemen, where two important Middle Eastern states – Saudi Arabia and Iran, are engaged in, what has been described as, "the Saudi-Iranian 'Cold War.'"<sup>8</sup> Yemen, however, is only one of the theatres of this "Cold War," which

has seen, during the last decade, the two sides supporting opposing political as well as armed groups in Lebanon, Bahrain, Iraq and Syria.<sup>9</sup> In Yemen, which borders Saudi Arabia, a large part of the country, including the capital, has been overrun by Houthis, a group following Zaidi branch of Shia Islam and believed to have been supported by Iran.<sup>10</sup>

Alarmed at growing Iranian influence in an Arab state, the Gulf Cooperation Council (GCC) states, minus Oman, launched a military operation against the Houthis on March 26, 2015. Named as Operation Decisive Storm, the operation was joined by the forces of Egypt, Jordan, Sudan and Morocco in addition to five GCC states – Saudi Arabia, Qatar, United Arab Emirates, and Kuwait.<sup>11</sup> Saudi Arabia wanted Pakistan to join the coalition fighting in Yemen by contributing jets, navy ships and ground troops.<sup>12</sup> It was this Saudi request which put Pakistan in a bind: acceding to the request or otherwise, the situation was fraught with serious repercussions for the country.

If Pakistan acceded to the Saudi request, its relationship with Iran would come under great strains. Iran was deeply opposed to Pakistan's military involvement in the Yemen conflict, and had already conveyed this to Pakistan. During his visit to Pakistan in April 2015, Iran's Foreign Minister Jawad Zarif, urged Pakistan to reject Saudi request for military help.<sup>13</sup> Getting involved in Yemen could have exacerbated sectarian tensions within Pakistan as the Yemen conflict was being viewed also as a sectarian war between Sunni Arabs and Shia Iran. And, last but not least, such a decision might have created further operational challenges for Pakistan's military, which was already too stretched with its counter-terrorism efforts against the Pakistani Taliban and tensions with India.<sup>14</sup>

The above-listed reasons would have made the option of not acceding to the Saudi request look as the only desirable course of action for Pakistan. Doing so, however, too was fraught with huge risks for Pakistan as such a course of action could have antagonised Saudi Arabia, a strategic partner of the country, and other GCC countries. These countries hold enormous economic significance for Pakistan as they are the source of overwhelmingly large share of remittances sent by overseas Pakistanis. Out of \$18.4 billion of remittances that Pakistan received during the last financial year, major share had originated from GCC

states. Saudi Arabia was the single largest source of remittances, accounting for over \$5.6 billion. The volume of remittances originating from the United Arab Emirates during this period was \$4.2 billion<sup>15</sup> In addition, Saudi Arabia has generously helped Pakistan at some difficult times for its economy. It provided Pakistan oil on deferred payment after the latter's economy was going through troubled times due to international sanctions against its nuclear tests in May 1998. More recently, Saudi Arabia gave Pakistan \$1.5 billion of grant in 2014.<sup>16</sup> It is in this backdrop that many in Pakistan believed that antagonising Saudi Arabia could have disastrous economic consequences for Pakistan.

Islamabad was thus caught in a difficult situation. Daily *Dawn's* editorial captured this dilemma: "It is difficult for Pakistan to play favourites with either Saudi Arabia or Iran – considering Pakistan's strategic relationship with the former and geographical proximity with the latter."<sup>17</sup> The apparently contradictory messages with regard to Pakistan's policy on Yemen coming out from Islamabad reflected this difficult situation for the country's leadership.

After a special joint session of Pakistani parliament unanimously urged the government on April 10, 2015, not to send Pakistani forces to join the war in Yemen,<sup>18</sup> the government vowed to respect the parliamentary consensus. However, after realising that the resolution had not gone down well with the GCC states, it started making gestures to allay the Arab states' concerns. On April 13, 2015, Prime Minister, Nawaz Sharif, said the GCC concerns were based on an apparent misunderstanding of the parliamentary resolution, and declared that "Pakistan does not abandon friends and strategic partners, especially at a time when their security is under threat."<sup>19</sup> Sharif said, on another occasion, that any threat to the territorial integrity of Saudi Arabia would evoke strong response from Pakistan.<sup>20</sup>

Pakistan also chose to send two high level delegations to Saudi Arabia in a span of less than ten days. The second delegation was headed by Prime Minister, Nawaz Sharif. General Raheel Sharif, Chief of Army Staff, was also part of the delegation.<sup>21</sup> During the visit, Prime Minister, Nawaz Sharif held discussions with the Saudi King and expressed Pakistan's 'solidarity' with the Kingdom.<sup>22</sup> Pakistan's ambivalent posture

is attributed to lack of a clear policy, which has put it in an awkward diplomatic tangle.<sup>23</sup> As the crisis in Yemen is far from over, it continues to be a serious challenge to Pakistan's foreign policy makers in devising a suitable and clear course of action.

## **Internal Security Challenges**

### **Sectarian Violence**

A major internal security challenge for Pakistan emanating from the ongoing crisis in the Middle East is its implications for sectarian violence in the country. The crisis in the Middle East has an obvious sectarian dimension as it has played out mainly along sectarian (Shia-Sunni) divide. The Shia-Sunni rivalry in Middle East is centuries old. The contemporary sectarian tensions, however, can be traced back to the events in post-Saddam Iraq.<sup>24</sup> Iraq's Shia majority largely believes that it had been discriminated against by Saddam Hussain, a Sunni who ruled Iraq with an iron fist till 2003 when he was ousted from power by the invading US-led forces. The Shias have, however, dominated the post-Saddam political set up in Iraq, thanks to their numerical strength.<sup>25</sup>

The rise of Shia in Iraq since 2003 has ushered in a new era of sectarian tensions in the region. Iraq's Shia Prime Minister Nouri al Maliki (2006-2014)'s oppressive and exclusionary policies vis-à-vis the country's Sunni Arabs are widely blamed for this sectarian trouble. Excluded from political and economic power, Sunni Arabs took to arms, and some of them joined hands with al-Qaeda and started targeting Shias, pushing Iraq into a full-fledged sectarian civil war.<sup>26</sup> After Iraq, Shia-Sunni tensions erupted in Syria where a Shia (Alawite) regime has ruled the Sunni-majority state. In Syria, what started in 2011 as pro-democracy and anti-government protests has degenerated into a full scale civil war, which has pitched the country's Sunni majority against the Alawite regime of Bashar al Assad. The fighting in Syria has drawn in fighters from several other countries.<sup>27</sup> Lebanese Hezbollah and the Iraqi groups Asa'ib Ahl al-Haq and Kata'ib Hezbollah are believed to have been fighting on the side of Asad regime, whereas Sunni forces have attracted Salafi militants from various countries.<sup>28</sup> Yemen is only the most recent theatre of Shia-Sunni violence in the Middle East, where the

advancement of a Shia militia has led to a full scale military operation by several Sunni states.

Pakistan has had its own sectarian problem – a history of Shia-Sunni violence, which has claimed thousands of lives during the last three decades. According to South Asia Terrorism Portal, 4734 persons were killed in sectarian violence in Pakistan, between 1989 and 2014.<sup>29</sup> The influence of two Middle Eastern powers - Saudi Arabia and Iran –is largely believed to have played a major role in the rise of sectarian violence in Pakistan in the 1980s.<sup>30</sup>

There are widespread fears that Saudi-Iranian (read Sunni-Shia) rivalry in the present day Middle East can once again fan sectarian tensions in Pakistan. In fact, the increase in the incidence of sectarian violence in Pakistan since 2009 is attributed to the situation in the Middle East. Writing for the United States Institute for Peace (USIP), Rafiq observed: “Rising conflict in the greater Middle East over the past five years has strengthened the sectarian political narrative in Pakistan and emboldened militant networks.”<sup>31</sup> The sectarian violence dropped by 30% in 2014, according to Pakistan Security Report by Islamabad-based Pak Institute of Peace Studies. This improvement seems to have been brought about by the Pakistan military operations.<sup>32</sup> Yet, the menace has not been eradicated, and the situation can get worse due to the possible spill-over effect from the Middle East.

In fact, much of the domestic opposition to any Pakistani involvement in the Yemen conflict stems from the fear that it could further exacerbate sectarian tensions in the country. Muhammad Amir Rana, an expert on sectarian militant organisations, believes that these fears are genuine: “The growing concern that Pakistan’s direct involvement in the Yemeni crisis could have grave consequences for its internal security and sectarian harmony are valid. It will widen the sectarian divide in the society and the risk of sectarian violence will increase. The existing complex militant landscape of the country will open up spaces for ultra-sectarian groups like the self-styled Islamic State (IS).”<sup>33</sup>



## Violent Extremism and Terrorism

The crisis in the Middle East has spawned a wave of terrorism that has particularly hit Iraq and Syria. In both countries, Sunnis are largely excluded from political and economic power. The Sunni disenfranchisement in both Iraq and Syria created a vacuum, which has been exploited by militant organisations. The most significant of these is the Islamic State (IS) or Daish.

Widely recognised as “one of the most dangerous Jihadist groups,”<sup>34</sup> the IS is a militant movement that has conquered territory in western Iraq and eastern Syria. Previously known as Islamic State in Iraq and Syria (ISIS), the militant organisation has grown out of al-Qaeda in Iraq. Its original support-base consisted mostly of Saddam Hussain’s loyalists and former members of Baath party.<sup>35</sup> It has now been disowned by al-Qaeda, but has evolved to become a separate entity. The two organisations now differ on both strategy and ideology. In Syria, they compete with each other for power and recruits. Its first major victory in Syria came in March 2013, when it took over the city of Raqqa – the first provincial capital to fall under their control. In June 2014, the IS was able to seize territories in Iraq’s Sunni heartland, including the cities of Mosul and Tikrit. After seizing these territories, the IS proclaimed itself a caliphate, claiming exclusive political and theological authority over the world’s Muslims. Its state-building project, however, has been characterised more by extreme violence than institution building. The success of the IS has attracted thousands of fighters from various parts of the world to Syria.<sup>36</sup> According to its own claims, the IS has recruited fighters from Europe, the US, Arab world and the Caucasus.<sup>37</sup> Militants from Afghanistan, Pakistan and India also are believed to have joined the IS ranks to fight against the Syrian regime. It is this rising profile of the IS and its growing appeal among the militants across the globe that have raised concerns vis-a-vis the spread of its influence in Pakistan.

So far, the Pakistani authorities have been making different claims about the presence of the IS/Daish in Pakistan. Speaking at USIP in February 2015, Pakistan’s Interior Minister said, “I can say with confidence that the IS only exists in the Middle East....It absolutely has no presence in Afghanistan and Pakistan.”<sup>38</sup> The Balochistan

government, on the other hand, is reported to have warned the federal government in a “secret information report” of the increasing foot print of the militant organisation in Pakistan. The report says, “It has been reliably learnt that Daish has offered some elements of Lashkar-e-Jhangvi (LeJ) and Ahl-e-Sunnat WalJamat (ASWJ) to join hands. Daish has also formed a ten-member Strategic Planning Wing.”<sup>39</sup> The report also mentions IS claims that it has recruited 10-12,000 followers from Hangu and Kurram Agency tribal areas.<sup>40</sup> Pakistan’s foreign ministry has not accepted claims about IS presence in the country. It does not, however, rule out the possibility of the group’s emergence in Pakistan in future. The Foreign Secretary, Aizaz Ahmad Chaudhry, is reported to have told the Senate Standing Committee on Foreign Affairs that the militant organisation poses a threat to the country, and that the government is alert to this threat in the region.<sup>41</sup>

The above statements reveal the complexity of the challenge Pakistan confronts in the face of the rising profile of the IS in the Middle East. On the one side, it is fair to assume that the IS cannot make inroads in Pakistan, mainly because of the presence of a strong Army, which is committed to countering terror in any form and in any part of the country. Hasan Askari Rizvi has elaborately made this point: “Extreme movements take roots in states that experience sustained internal chaos and strife, and where the state is paralysed or it is unable to assert its primacy in parts of its territory. Such signs can be identified in Iraq, Syria, Yemen and Somalia. In Pakistan, the ongoing security operation in North Waziristan and the assertion of the primacy of the state in other tribal areas aim at denying the militants any opportunity for controlling an exclusive and secure area to entrench themselves and set up hideouts, and training and weapons storage facilities on a permanent basis.”<sup>42</sup>

On the other hand, there are factors which show that the IS can pose a serious challenge for Pakistan’s security. The IS is believed to have already established close ties with Pakistani militants, though the purpose seems to recruit their followers to fight in Syria instead of expanding its network in Pakistan. The Balochistan chapter of the violent Sunni sectarian group Lashkar-e-Jhangvi (LeJ) has been part of the IS since the latter’s inception. The LeJ militants who went to Syria to fight against

Bashar al-Assad's forces joined the IS. In mid-2014, pamphlets praising the IS were seen in Peshawar and Pak-Afghan border areas. Graffiti supporting the IS have been seen in various parts of the country. Moreover, Tehrik-i-Taliban Movement in Karachi and some commanders of Tehrik-i-Taliban Pakistan (TTP) have sworn allegiance to the IS.<sup>43</sup>

It seems plausible that the possibility of the IS establishing its organisational structure in Pakistan is remote, but its appeal among disparate militant groups is definitely there, and can pose challenges for the country by fanning radical extremism. The IS espouses the same ideology of establishing an Islamic caliphate in Khurasan, which has been the main goal of TTP and many other militant organisations in Pakistan. Moreover, as Pakistani militants are believed to have divided in small groups due to Pakistan's successful counter-terror operations, some of them might be tempted to seek the IS support.<sup>44</sup>

The negative fallout of the Middle East crisis for the Palestinian issue has the potential of fanning radical extremism throughout the Muslim world, including Pakistan. It is well established that Israeli brutalities against innocent Palestinian civilians, and the blatant support by the West, particularly the US, to Israel is one of the major reasons for growing radicalisation in the Muslim world. As a prominent Pakistani analyst puts it, "the most important factor in fuelling radicalisation in the Muslim world is the deprivation of the rights of the Palestinians."<sup>45</sup> The notion is held not only by the Muslim masses and intellectuals but also by the political leadership. For example, Turkish Prime Minister Ahmet Davutoglu attributes radicalisation among Muslims to Israeli provocations.<sup>46</sup>

The crisis in the Middle East has only added to the problems of the Palestinians. As the entire Middle Eastern region was caught in political mayhem, violence and sectarian tensions, the international community's attention deviated away from the plight of Palestinians and towards the crisis in other parts of the oil-rich region. The Arab regimes, which had historically been championing the Palestinian cause, became entangled in their own problems, practically leaving the Palestinians on their own in the face of Israeli atrocities.<sup>47</sup> Another factor which explains Arab regimes' current policy towards the Palestine issue is Iran's nuclear

programme. Both Israel and the Persian Gulf States vehemently opposed the Iranian nuclear programme and any concessions to Iran by the West. This common opposition to Iran's nuclear programme has brought Israel and some Arab states closer.<sup>48</sup> As a deal over Iran's nuclear programme was reached between Iran and P5+1 (China, France, Germany, Russia, the United States and Germany) on July 14, 2015, it is likely to further strain ties between Iran and the Gulf Arab states as the latter fear that once freed from international sanctions, Iran will try to become a regional hegemon.<sup>49</sup> Also, Arab states, particularly Saudi Arabia, are likely to pursue their own nuclear programmes which will add to the Saudi-Iranian tensions, thereby further destabilizing the region.

This situation poses a serious challenge for Pakistan where the people have always held the Palestinian cause close to their heart. Any large scale Israeli atrocities against innocent Palestinians, which seem all the more likely given the Arab regimes' apathy towards the Palestine issue, can further radicalise Pakistani Muslims.

### Domestic Polarization

The crisis in the Middle East, particularly the question of sending troops to Yemen, seems to have polarised Pakistani public opinion like never before. It is well known that both Saudi Arabia and Iran have sympathisers in Pakistan. This sympathy mostly stems from sectarian affinity: Sunnis, particularly Deobandi and Ahl e Hadis, are pro-Saudi, whereas Shias, who constitute around 20% of Pakistan's population, are believed to have pro-Iran leanings.

In the wake of the Saudi request for Pakistan's military help, both groups have forcefully made known their respective view point. The Majlis-i-Wahdatul Muslimeen (MWM), the main Shia religio-political party, has asked Pakistani government not to side with the Saudi war efforts in Yemen. The party maintains that the conflict in Yemen is not a sectarian war. It has been critical of the military operation in Yemen, and has accused Saudi Arabia of "attacking civilians in the name of targeting rebels."<sup>50</sup> Several Sunni religio-political parties, on the other hand, have expressed support for Saudi Arabia. They have decried the Parliament's unanimous resolution and have urged the government to send army to

support Saudi war in Yemen, warning that “if our government does not take the decision, we will go to Saudi Arabia.”<sup>51</sup> These groups have organised pro-Saudi Arabia rallies across Pakistan.

In addition to the sectarian lines, polarisation is visible between the so-called liberal and conservative segments of society, with the former taking a clear pro-neutrality position and the latter leaning towards Saudi position. The country’s mainstream English media overwhelmingly favours neutrality, depicting the liberals’ viewpoint, whereas Urdu media has largely shown pro-Saudi leanings. Pakistani government’s somewhat ambiguous policy could be due also to this domestic polarisation with each group constituting a sizable constituency.

The crisis in the Middle East has thus created an additional challenge for Pakistan in the form of a polarised public opinion. For a country, which, despite facing a host of internal security challenges, is still evolving a common national narrative, further polarisation becomes a particularly serious challenge. Initially, there were fears that the Yemen crisis could threaten to undermine the national consensus on counter-terrorism, but Yemen has been gradually relegated to a back burner because of Pakistan’s own preoccupation with domestic politics and its strained relations with India and Afghanistan.

### Threats to Economic Development

Unfortunately, Pakistan has been facing these challenges exactly at the time when its economy is experiencing a turnaround, thus threatening to undermine the country’s fledgling economic recovery. Several economic indicators are pointing to this turnaround. Pakistan’s economy is expected to grow at the rate of around 5% during 2015, according to the latest projections by the International Monetary Fund (IMF).<sup>52</sup> This is the highest rate of economic growth in the last seven years. Inflation is at 13-year low. The country received a record \$18.4 billion remittances during 2015.<sup>53</sup> Consumer spending is increasing, stocks are soaring and the currency is performing well. This turnaround is being widely appreciated. Bloomberg, one of the world’s most credible economic monitoring organisations, in one of its recent reports, highly lauded the government for its success in turning around the economy.<sup>54</sup>

Pakistan's economy is set to get a further shot in the arm from a massive investment package by China. The investment was agreed to during the recent visit of the Chinese President, Xi Jinping, to Pakistan when the two neighbours signed 51 Agreements and Memorandums of Understanding (MoUs) relating to diverse aspects of bilateral relations, including the China-Pakistan Economic Corridor (CPEC).<sup>55</sup> The MoUs are expected to result in \$46 billion Chinese investment in Pakistan. Most of this investment will be on projects related to the Economic Corridor, which is being hailed as a precursor to an era of prosperity and development in Pakistan. In the words of Pakistan's Prime Minister, Nawaz Sharif: "This corridor will benefit all provinces and areas in Pakistan, and transform our country into a regional hub and pivot for commerce and investment. It will also enable China to create a shorter and cheaper route for trade and investment in south, central and west Asia, and the Middle East and Africa. This corridor will become a symbol for peace and prosperity."<sup>56</sup>

Along with CPEC, development of Gwadar's deep sea port in Balochistan is another major project, which can bring about enormous economic dividends for Pakistan. Incidentally, both CPEC and Gwadar have caused concerns among some neighbouring states, who might be tempted to indulge in nefarious activities to thwart these projects.

The crisis in the Middle East can threaten Pakistan's economic development in two ways: by threatening the flow of remittances from oil-rich Gulf States into Pakistan; and by exacerbating the security situation through radical and sectarian tendencies in Pakistan. The overwhelmingly large share of these remittances is sent by the Pakistani workers in GCC countries. If the crisis in the Middle East persists and leads to large scale political and economic instability in GCC countries, it could have disastrous consequences for Pakistan's economy by rendering millions of overseas Pakistanis out of job and by drastically reducing the volume of remittances from GCC states. The spill-over effect of the crisis in the Middle East in terms of increasing violent radicalisation and terrorism in Pakistan can also become a big hurdle in the way of country's march towards the goal of economic prosperity and stability.

Pakistani government appears to be fully cognizant of this threat. It has already announced to raise a 10,000-men strong special force to protect the development projects to be undertaken under CPEC. Named as “Special Security Division,” the force will be headed by a two-star general of Pakistan Army.<sup>57</sup> The establishment of this force will also help assuage China’s concerns about the safety and security of Chinese workers in Pakistan.<sup>58</sup> Raising such a large, specialised force would require huge resources, a fact which underlines the challenges that various forms of violence pose to Pakistan’s economic development.

### **How Should Pakistan Respond?**

The Middle East region is in a flux with some authoritarian regimes toppled and others seriously challenged. Sectarian tensions are high as followers of Islam’s two main sects are fighting against each other throughout the region. These domestic fights have assumed regional dimensions due to the involvement of two regional heavy weights – Saudi Arabia and Iran. The challenges spawned by the crisis in the Middle East are not limited to the region and are affecting extra regional players too. Pakistan is particularly vulnerable to these challenges. Pakistan’s already fragile security situation can exacerbate if the sectarian and radical violence in the Middle East spills over in its territory. It is already facing a tough situation in balancing its relations with Iran – a neighbour, and Saudi Arabia, its closest ally. Pakistan’s economic interests in the GCC states, particularly in Saudi Arabia, are making it difficult for the country to chart an independent course of action vis-à-vis Yemen.

This situation calls for reforms in its internal as well external policies to be able to effectively respond to the challenges engendered by the crisis in the Middle East. These reforms are much needed as the crisis in the Middle East is unlikely to abate in the near future. Political instability will continue to evade the region. The civil wars in Syria and Yemen are likely to turn into protracted conflicts, with increasingly catastrophic humanitarian consequences. Iran and GCC states will continue to support opposing camps in various theatres of conflict in the region, which would keep their relations estranged or even hostile.

As is obvious from the earlier discussion, much of Pakistan's predicament stems from its economic problems. Though lately Pakistan's economy has shown some signs of improvement, it is still not out of the woods. One of the major structural problems afflicting Pakistan's economy is its heavy dependence on external sources – foreign aid and remittances. The economy thus remains vulnerable to external shocks, and Pakistani policy makers are too well aware of this fact. The present crisis should bring home the message for Pakistani policy makers that with too heavy economic dependence on other states or multilateral institutions, the country will always find it challenging to adopt an independent course of action in its foreign relations, particularly when doing so could run afoul of the interests of its donors or more wealthy and powerful partners. A strong and vibrant economy is the basis of independent foreign policy for any nation, and Pakistan is no exception to it. All efforts must therefore be directed towards the goal of a strong economy.

Pakistan needs to give special policy attention to the issue of expatriate workers. The country should aggressively explore new foreign markets for its workers to enhance and diversify its remittances' portfolio. This should also help cushion against the negative effects of drastic decrease in remittances from a particular region due to political instability or economic slowdown. Domestically, Pakistan should develop transparent mechanisms to provide overseas Pakistanis with investment opportunities so that they have something to bank on if they have to return. This is particularly crucial for Pakistani workers in the GCC countries who, unlike their counterparts in North America and Western Europe, cannot acquire citizenship of the host countries, and thus have to return to Pakistan at some point of time.

Pakistan also needs to rethink the basis of its relations with states, including the Muslim states. Since the early 1970s, religion has become the basis of Pakistan's relations with the Muslim world, particularly the oil-rich GCC states. And, no doubt, the strategy yielded considerable dividends in the form of jobs for millions of Pakistanis, billions of dollars of remittances, huge financial aid and diplomatic support at international fora. But the strategy had its downside as well: sectarian violence and radicalisation are largely the upshot of the same strategy. In the present



geostrategic environment, it would serve Pakistan's interests well if it focused also on building and capitalising on its internal strengths such as competitiveness of its economy and skilled workforce. It can learn from India's success in improving its relations with several Muslim states, including the GCC members. Pakistan's own success in building and maintaining exemplary ties with China – a Communist state – can serve as another good example of friendly and mutually beneficial bilateral ties between two states having different religious and cultural values, but shared strategic and economic interests.

Pakistan should also have a candid dialogue with friendly Muslim states, especially Iran and Saudi Arabia, over the issue of radical extremism and sectarianism in Pakistan in order to make them realise the huge cost it has paid due to these problems, and to ensure that no foreign influence can fan extremism and sectarianism within Pakistan. Pakistan should also support a rapprochement between Iran and Saudi Arabia so that Muslim states' resources are utilised for the betterment of their masses instead of financing their mutual wars. And, last but not the least, Pakistan should also focus on building capacities of its internal security apparatus to enable them to deal with an increasing array of threats challenging its domestic security. It should use the recent economic window of opportunity afforded by the remittances bonanza, CPEC-related investment and overall economic progress to better train and equip organisations dealing with internal security challenges.

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