US Indo-Pacific Strategy and Pakistan's Foreign Policy: The Hedging Option

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Abstract

Pakistan finds itself at the horns of a strategic dilemma as the US-China rivalry intensifies in international politics. At the heart of the dilemma is the spectre of choosing between the United States (US) and China which has the intended effect of raising costs for Pakistan's foreign policy. Recent commentaries on Pakistan's foreign policy advocate the need for Pakistan to strike a balance between China and the US. In contradistinction to such commentaries, the present article makes a more nuanced case for the 'hedging' strategy. Hedging involves policies that advocate a mixture of return-maximization and risk-contingency planning that circumvents the dominance of major powers. The article argues that Pakistan's hedging strategy necessitates the avoidance of binaries in international politics, prioritisation of economic gains and domestic political stability. Pakistan's hedging option is contextualised with respect to the US Indo-Pacific strategy as outlined in the Department of Defense 2019 report.

Keywords: Indo-Pacific Strategy, Balancing, Bandwagoning, Hedging, Pakistan, South Asia.

Introduction

The present article is based on two key objectives: one, delineating the United States (US) Indo-Pacific strategy and its key ideational elements that provide a challenge to Pakistan's foreign policy. Second, the article makes the case for hedging as opposed to balancing and bandwagoning strategies in order for Pakistan to reap security and economic benefits. Since 2019, the United States (US) has stressed support for a Free and Open Indo-Pacific (FOIP) with the Department of Defense laying out its Indo-Pacific Strategy report. The report brings forth the American vision of a future international politics premised on the rise of China as a geopolitical competitor. The

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report's vision ironically excludes Pakistan which leaves the question of Pakistan's policy options as it navigates in a transitional international politics dotted by the rise of China. As the US prepares to up its strategic ante against China, Pakistan-US relations have nosedived with the American exit from Afghanistan as well as policy divergences over counter-terrorism. On the other hand, Pakistan continues to consolidate its relations with China through the China-Pakistan Economic Corridor (CPEC). In this context, it is imperative that Pakistan's foreign policy is geared towards circumventing deteriorating ties with the US as well as opening up the international political level playing field by pursuing multiple partnership with a diverse set of countries.

The article proceeds by laying out the American Indo-Pacific strategy and pointing to its ethnocentric formulation which tends to see the world in a binary representational framework. The next section compares and evaluates the balancing, bandwagoning and hedging options available to Pakistan and imputes explicit emphasis on the hedging strategy as the way forward. It is argued that hedging does not merely require an autonomous foreign policy geared towards security and economic benefits but that domestic socio-political stability and a robust economy are equally imperative.

Understanding the American Indo-Pacific Strategy

The Indo-Pacific strategy, as espoused by the US administration, is contained in the Department of Defense's seminal document published in 2019. The document is revealing for it lays out the American vision of an emerging international order in which the theatre of conflict is contained in the Indo-Pacific region. The region is defined as stretching from the western coast of the US to the western shores of India, with its geographical definition excluding Pakistan.[1] The Report designates the US as a Pacific nation with five Pacific states: Hawaii, California, Washington, Oregon and Alaska as well as Pacific territories including Guam, American Samoa, Wake Island and the Commonwealth of Northern Mariana Islands

[1] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," *The Department of Defense*, June 1, 2019, 1, https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF

(CNMI).[2] The region is important because it is home to the world's most populous state (China), most populous democracy (India), and the largest Muslim majority state (Indonesia) which includes over half of the world's population. The strategic centrality of the region is manifest in the fact that it contains seven of the ten largest standing armies in the world and six countries in the region possess nuclear weapons while economically, 'Indo-Pacific contributes two-thirds of global growth in gross domestic product (GDP) and accounts for sixty per cent of global GDP. This region includes the world's largest economies — the US, China, and Japan — and six of the world's fastest growing economies — India, Cambodia, Laos, Burma, Nepal and the Philippines.'[3]

The Report's key insight is contained in how it sees the rest of the world specially, the framing of China and Russia as strategic competitors to the US dominance. In characterising China and Russia, the US evokes what can be termed as an ethnocentric strategic vision, a socio-psychological phenomenon in which 'societies look at the world with their own group at the centre, they perceive and interpret other societies within their own frames of reference, and they invariably judge them inferior.'[4] The essential problem with ethnocentric frameworks is that they operate through the ontology of simple binaries good/evil; right/wrong; defensive/aggressive in which the good, right and defensive categories are only appropriated as an exclusive 'us' property while evil, wrong and aggression are attributed to 'others.' The problem with an ethnocentric strategic vision is that it does not provide room for accommodation and compromise with 'others' while keeping parties on the regressive pathway of competition and conflict. While a more detailed treatment of why ethnocentric strategic frameworks are enunciated is beyond the remit of the article, states are prone to evoking such visions in order to justify their policies vis-à-vis strategic competitors.

Taking historical examples from American foreign policy highlights the centrality of ethnocentric formulations. During the Cold War, the seminal

[2] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 1-2.
[3] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 2.
[4] Ken Booth, *Strategy and Ethnocentrism* (New York: Holmes and Meier Publishers, 1979), 1.

US document, NSC-68,[5] for example, painted a picture of the world in which the US was a defensive power while the Soviet Union was a much more aggressive, totalitarian country which was a threat to the free peoples of the world. In the language of NSC-68, the design of the Kremlin was defined as a plan calling 'for the complete subversion or forcible destruction of the machinery of government and structure of society in the countries of the non-Soviet world and their replacement by an apparatus and structure subservient to and controlled from the Kremlin.'[6] In 2002, President George W. Bush during his State of the Union address termed North Korea, Iran and Iraq as an 'axis of evil' that threatened the peace of the world which was led and maintained by the US and its allies.[7]

In the same vein, IPSR 2019 evokes binaries which are a combination of demonic enemy images and virtuous self-images.[8] The three states marked out as potential troublemakers in international politics include China which is designated as a 'revisionist power,' Russia as 'revitalised malign actor' and the Democratic People's Republic of Korea as a 'rogue state.' What follows is a quick representational analysis of the vision that the US evokes with respect to the Indo-Pacific region focusing specifically on how binaries and mirror images are enforced as ideational and discursive techniques with respect to China, Russia and North Korea. To begin with, the Report identifies the US policy as a Free and Open Indo-Pacific based on the following principles:

1. Respect for sovereignty and independence of all nations.
2. Peaceful resolution of disputes.

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[5] "National Security Council Report, NSC 68, 'United States Objectives and Programs for National Security'," April 14, 1950, History and Public Policy Program Digital Archive, US National Archives, http://digitalarchive.wilsoncenter.org/document/116191.
For a revisionist interpretation of NSC-68 that challenges American assumptions about the Soviet Union see, Samuel F. Wells, "Sounding the Tocsin: NSC 68 and the Soviet Threat," *International Security* 4, no. 2 (1979): 116–58.

[6] National Security Council Report, NSC 68, "United States Objectives and Programs for National Security."

[7] "Text of President Bush's 2002 State of the Union Address," *Washington Post,* January 29, 2002, https://www.washingtonpost.com/wp-srv/onpolitics/transcripts/sou012902.htm,

[8] Herbert C. Kelman, "Social-Psychological Dimensions of International Conflict," In I.W. Zartman, ed, *Peacemaking in International Conflict: Methods and Techniques* Rev. ed. (Washington, DC: U.S. Institute of Peace Press, 2007), 62-63.

3. Free, fair and reciprocal trade based on open investment, transparent agreements, and connectivity.
4. Adhere to international rules and norms, including those of freedom of navigation and overflight.[9]

The US' self-definition of its role in the region borders on protecting regional states from coercion and 'that no one nation can or should dominate the Indo-Pacific.'[10] Moreover, the commitment to the Indo-Pacific region borders on policy initiatives that include the promotion of sovereignty, rule of law, democracy, economic engagement and regional security while ensuring that the region does not transform into one of disorder, conflict, and predatory economics.[11] This self-virtuous vision of peace, democracy, development and security is weighted against other actors that seek to undo it and transform it according to their own self-serving and zero-sum considerations.

China

While the US is termed as a Pacific nation with trade, commercial, business, political and military ties to the region's benefit, China is termed as a revisionist power. The term revisionism is politically loaded as it narrativises a progressive, moral, liberal and democratic status quo led by the US which now faces disruption from an immoral, authoritarian actor in the shape of China. This is how the report 'otherises' China as a revisionist power.[12]

The report reiterates that China has become more 'confident and assertive' in international politics which implies that its rise to power is characterised by use of friction and coercion in its dealings with regional states. More importantly, in its pursuit of its great power status, China undermines the benevolent 'international system from within by exploiting

[9] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 3-4.
[10] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 4.
[11] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 6.
[12] Oliver Turner and Nicola Nymalm, "Morality and Progress: IR Narratives on International Revisionism and the Status Quo," *Cambridge Review of International Affairs* 32, no. 4 (2019): 407-428.

its benefits while simultaneously eroding the values and principles of the rules-based order.' [13] The language of the 'rules-based order' and its instrumental self-serving exploitation by the Chinese also including its violation of international norms is imperative for it is reflective of China's slick and manipulative behaviour. This is also evident in its dealings with other regional states including the effective manipulation of impairing other states in order to then take advantage of them by inducing 'negative economic effects or costs to host country sovereignty.'[14] In another marked criticism one which has implications for Pakistan's ties with China, the Report lambasts China for its pervasive discrimination, mass detention and mistreatment of Uighurs, Kazakhs and other Muslims in Xinjiang.[15]

Russia

Russia is termed as a revitalised malign actor that on the same lines as China seeks to undermine the rules-based international order led by the US. According to the Report, Russia is re-establishing its military presence in the Indo-Pacific by regularly flying bomber and reconnaissance missions in the Sea of Japan and conducting operations as far east as Alaska and the west coast of the continental US.[16] The worrying trend for the US is the increased collaboration between Russia and China in the diplomatic, economic and security domains. The report reiterates the risk of China and Russia bandwagoning as they are becoming increasingly economically interdependent, participating in bilateral and multilateral military exercises together and also combine together to oppose US-sponsored resolutions in the United Nations Security Council.[17]

[13] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 7.
[14] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 9.
[15] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 8.
[16] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 11.
[17] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 11-12.

North Korea

The Report designates North Korea as a persistent security challenge till the time that complete denuclearisation of the state is not achieved.[18] North Korea is problematised as a 'serial proliferator' that exports conventional arms, nuclear technology, ballistic missiles, and chemical agents to countries such as Iran and Syria that adds to American security concerns.[19] North Korea in possession of an intercontinental ballistic missile with the capability of striking the continental US with a conventional or nuclear payload is a problem, combined also with the threat to American regional allies, the Republic of Korea and Japan.[20] Considering the rogue character of the North Korean region, the report makes the commitment that unless North Korea denuclearises the US remains ready to deter or even punish North Korea for any threats aimed at the US and its allies.

Indo-Pacific Strategy and Pakistan

How, why and in what ways should Pakistan be anxious about an Indo-Pacific strategy that excludes it and presents the othering/revisionist risk? The Indo-Pacific Strategy Report makes clear that the US will rely on five partners in South Asia ─ India, Sri Lanka, Maldives, Bangladesh and Nepal [21] while the recently formulated White House version earmarks India as a 'net security provider' with which the US seeks to steadily advance its Major Defence Partnership.[22] This narrativisation of the Indo-Pacific strategy presents a major challenge to Pakistan's foreign policy. The challenge relates to the risk of peripheralisation in the US not only strategic but also political calculus as both during the Cold War and the War on Terror, Pakistan's alignment with the US was elemental to its economic and security needs. With the US and India forging closer ties

[18] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 12.
[19] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 12.
[20] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 12.
[21] "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," 21.
[22] "Indo-Pacific Strategy of the United States," *The White House*, February 2022,https://www.whitehouse.gov/wp-/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf

with each other, what should be the nature of Pakistan's strategic priorities and preferences? Is Pakistan better off bandwagoning with one power (China) in order to balance against the other (US) or should Pakistan place its bet by hedging between the two superpowers in order to reap maximum returns while minimising risk contingencies?

Balancing, Bandwagoning and Hedging

Balancing and bandwagoning are two optimal strategies available for states in an anarchic international system.[23] Balancing behaviour comes into effect when a state fearing the rising power of another state engages in a military and defence build-up to deter or, if the need arises, to fight its competitor state. Bandwagoning behaviour, as opposed to balancing, envisages aligning with the greater power in the hope of reaping political, economic and security dividends, which a state cannot expect to gain on its own. Both balancing and bandwagoning theories are premised on how states calculate and assess the 'power' potential of other states. However, an important strand in realist theory provides that the two strategies are shaped, not by power, but 'threat' perceptions.[24] That is, states balance against other states from which they fear a threat to their national survival and territorial integrity. In Pakistan's case, threat perceptions and anxieties emanate primarily from the immediate neighbourhood specially its strategic rivalry with India. Thus, regional competition with India has been the primary driver of Pakistan's balancing and bandwagoning behaviour vis-à-vis great powers.[25]

Historically, it was easier for Pakistan to navigate between China and the US during the Cold War, especially when American and Chinese threat perceptions against each other, were less rigid, despite ideological differences. In fact, Pakistan played the role of key facilitator by opening up China and the US to each other in the early 1970s and setting the stage

[23] Kenneth N. Waltz, *Theory of International Politics* (London: Addison-Wesley Publishing Company, 1979); John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton & Company, 2001).
[24] Stephen M. Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1987), 263.
[25] Hasan-Askari Rizvi, *Pakistan and the Geostrategic Environment: A Study of Foreign Policy* (New York: St. Martin's Press, 1993).

which led to the normalisation of bilateral ties.[26] The Chinese were seldom bothered when Pakistan became tightly aligned with the US during the Soviet invasion of Afghanistan as well as during the War on Terror. When President Musharraf visited China in December 2001, President Jiang Zemin told Pakistani journalists that he completely supported President Musharraf's decision to back the US in its fight against Osama bin Laden and the Taliban.[27] On the other hand, though the US was critical of Pakistan's growing ties with China in the 1960s, Sino-US rapprochement in the 1970s and the US's strategic priorities in Afghanistan in the 1980s and the 2000s meant that Pakistan-China relations did not serve as a roadblock to Pakistan-US relations. However, challenges and risks for Pakistan's foreign policy have increased in the wake of rising threat perceptions between the US and China, especially as the US responds to what it perceives as the rising power of China in regional and international politics.[28] This constrains policy options for Pakistan in the direction of choosing one side given the fact that Pakistan-China relations remain consolidated and time-tested as opposed to the on-again, off-again Pakistan-US ties.[29] Moreover, as the US cultivates India as an off-shore balancer against China, it is least likely to offer any assistance to Pakistan's quest for balancing against India. On the other hand, while Chinese military assistance remains important for Pakistan, its sole dependence on China presents a risk as American sanctions on China might come into play in the future making it difficult for Pakistan to procure arms.[30]

Furthermore, despite intensifying India-China rivalry as witnessed in border conflict along the Line of Actual Control,[31] bilateral trade between

[26] Paul J. Smith, "The China-Pakistan-United States Strategic Triangle: From Cold War to the War on Terrorism," *Asian Affairs: An American Review* 38, no. 4 (2011): 199.
[27] "Musharraf in Key China Visit," *BBC News*, December 20, 2001, http://news.bbc.co.uk/2/hi/south_asia/1720900.stm, accessed on May 20, 2022
[28] Graham Allison, *Destined for War: Can America and China Escape Thucydides's Trap* (Boston: Houghton Mifflin Harcourt, 2017).
[29] Daniel S. Markey, *No Exit From Pakistan: America's Tortured Relationship with Islamabad* (Cambridge: Cambridge University Press, 2013).
[30] Ejaz Haider, "Navigating the Stormy 'Indo-Pacific': How the QUAD, AUKUS, & US-China Competition Shape Pakistan's Choices," *Tabadlab Working Paper 11*, March 2022, 35.
[31] Aditya Sharma, "What is Next in the India-China Border Conflict?" *Deutsche Welle*, January 28, 2022, https://www.dw.com/en/what-is-next-in-the-china-india-border-conflict/a-60586745

India and China continues to expand, which at present stands at US$ 125.7 billion.[32] For Pakistan, any successful bandwagoning with a greater power against India would entail the great power's near complete estrangement with India which Pakistan can then capitalise to its strategic benefit. This, as of this moment, does not transpire in India-China relations given their trade and business engagements. On the other hand, despite the tight alignment possibilities between the US and India that increased American-Chinese competition brings forth, India continues to maintain a foreign policy of 'strategic autonomy'[33] which has seen the state noncommittal to the US when the Russian invasion of Ukraine was put to vote in the Security Council.[34]

In short, contemporary strategic realities are more nuanced as opposed to being absolute. Hard strategic divisions as in a US-India and China-Pakistan sub-regional bloc might not play out in the future owing to divergences within the US-India relationship, as described above, and also growing India-China economic and trade relations. Divergences are also evidenced in the China-Pakistan relationship especially in the context of Pakistani fears of economic dependence and lesser profits owing to Chinese investments.[35] In the dreaded scenario where CPEC does not materialise to Pakistan's economic benefit, the possibility of an agitated and anxious China-Pakistan relationship remains a potent risk going into the future. On the other hand, the US continues to pile public pressure with respect to its stringent criticism over the lack of transparency, corruption and the rising debt costs to Pakistan as a result

[32] Karunjit Singh, "Amid bilateral chill, India-China trade marks record surge in 2021," *Indian Express*, January 26, 2022, https://indianexpress.com/article/business/economy/amid-bilateral-chill-india-china-trade-marks-record-surge-in-2021-7741805/

[33] Jeff M. Smith, "Strategic Autonomy and US-Indian Relations," *War on the Rocks*, November 6, 2020, https://warontherocks.com/2020/11/strategic-autonomy-and-u-s-indian-relations/, accessed on May 24, 2022

[34] Muhsin Puthan Purayil, "India's Response to the Ukraine Crisis Is a Wake-up Call for the US," *The Diplomat*, March 21, 2022, https://thediplomat.com/2022/03/indias-response-to-the-ukraine-crisis-is-a-wake-up-call-for-the-us/

[35] Mushtaq Ghumman, "CPEC Authority 'Alerts' Govt: 'Hidden' Costs in Saindak Project can Reduce GOP's Profit," *Business Recorder*, February 16, 2022, https://www.brecorder.com/news/40154794

of CPEC projects.[36] With China and the US maintaining their own ties with India combined with Pakistan's relative divergences with both the US and China, Pakistan's strategic choice now borders on hedging between China and the US which is explicated in the following section.

Pakistan's Policy Options: Probable Windfalls of the Hedging Strategy

Pakistan's response to the Indo-Pacific strategy has been interpreted in terms of the balance of power theory.[37] The balance of power theory or what is narrativised as the diversification of great power partnerships and balancing between multiple poles of power,[38] holds that in order to offset its perceived loss of American equity, Pakistan needs to expand the horizon of its strategic partners. This has prompted Pakistan to engage in a number of key policy innovations including increased emphasis on maritime security. In 2018, Islamabad for the first time released the Maritime Doctrine of Pakistan ─ Preserving Freedom of Seas which is focused on the blue economy and maritime security.[39] Pakistan is diversifying its strategic partners by opening up to China, Russia and other regional powers including Turkey, Iran and Malaysia.[40] With Moscow, in 2017, Pakistan conducted the naval AMAN exercise with the former also delivering the Mi-35 Hind-E attack helicopter to Islamabad. With China, Pakistan conducted military exercises in the North Arabian Sea and a joint naval exercise called Sea Guardians 2020 in the Arabian Sea.[41]

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[36] "A Conversation with Ambassador Alice Wells on the China-Pakistan Economic Corridor," *The Wilson Center*, November 21, 2019, https://2017-2021.state.gov/a-conversation-with-ambassador-alice-wells-on-the-china-pakistan-economic-corridor/index.html

[37] Rahat Shah, "Pakistan's Quest for Balance in the Context of the Indo-Pacific Strategy," *Australian Journal of Maritime and Ocean Affairs* 14, no. 1 (2022): 39.

[38] Syed Mohammad Ali, "The US-China Strategic Rivalry and its Implications for Pakistan," *Stimson Center Issue Brief Asia*, December 1, 2020, https://www.stimson.org/2020/the-u-s-china-strategic-rivalry-and-its-implications-for-pakistan/

[39] Shah, "Pakistan's Quest for Balance in the Context of the Indo-Pacific Strategy," 40.

[40] Umair Jamal, "Pakistan and Saudi Arabia: BFF No More," *The Diplomat*, December 22, 2020, https://thediplomat.com/2020/12/pakistan-and-saudi-arabia-bff-no-more/

[41] Shah, "Pakistan's Quest for Balance in the Context of the Indo-Pacific Strategy," 40.

The balance of power theory is a less prudent conceptual lens in order to explain Pakistan's policy options. The balance of power theory maintains that a state's resolve to remain independent involves policy options designed to offset the rising power and/or threat of a competitive rival state through military build-up and alliances. The balance of power theory as an explanation for Pakistan's foreign policy options between China and the US holds limited relevance because Pakistan's balance of power theory is predicated largely against India for which Pakistan has sought the bandwagoning option with China and the US. In contradistinction to the balance of power theory or Pakistan's need to balance between China and the US as argued in general commentaries,[42] a more appropriate conceptual terminology is 'hedging.'

In the post-Cold War era, the concept of hedging as a strategy became instrumental referring to a mixture of cooperative and confrontational elements that feed into a state's national security policy.[43] The literature on hedging is perspectivised from empirical case studies of small or middle powers and how they navigate between a great power with the latter paradoxically imperative to its economic growth and development but also at the time posing a security risk. Hedging behaviour is defined as a soft alignment choice where a state avoids a binding alignment with any single major power. It does so by giving out ambiguous signals on what its shared security interests are and in the process retains the flexibility of shifting its alignment vis-à-vis major powers in the future, with the objective of

[42] "Pakistan should Strike Balance in its Ties with US, China," *Dawn*, March 17, 2021, https://www.dawn.com/news/1612903, Arif Rafiq, "Why Pakistan's Army Wants the US Back in the Region," *New York Times*, January 23, 2022, https://www.nytimes.com/2022/01/23/opinion/pakistan-united-states-china.html, Talat Masood, "Pakistan Balancing Relations Between China and the US," *Arab News*, June 22, 2021, https://www.arabnews.pk/node/1881386, Ayaz Gul, "Pakistan Attempts to Balance Ties with US, China," *VOA News*, August 27, 2020, https://www.voanews.com/a/south-central-asia_pakistan-attempts-balance-ties-china-us/6195071.html, Haroon Janjua, "Pakistan Struggles to Balance Ties between Washington and Beijing," *DW*, October 14, 2021, https://www.dw.com/en/pakistan-struggles-to-balance-ties-between-washington-and-beijing/a-59508365, Maheen Shafeeq, "Pakistan's US-China Balancing Act," *South Asian Voices*, January 22, 2021, https://southasianvoices.org/pakistans-u-s-china-balancing-act/

[43] John D. Ciorciari and Jugen Haacke, "Hedging in International Relations: An Introduction," *International Relations of the Asia-Pacific* 19 (2019): 367.

reducing the source of the risk.[44] The reason why states hedge is to navigate an uncertain international politics where their foreign policy choices are seemingly constrained because of great power competition. Hedging then refers to 'a behaviour in which a country seeks to offset risks by pursuing multiple policy options that are intended to produce mutually counteracting effects, under the situation of high-certainties and high-stakes.'[45]

Two arguments are pivotal here: first, foreign policy involves elements of both cooperation and conflict. As evidenced from the US-India and Pakistan-China relations, convergences and divergences are manifest. States may connect with each other at multiple preferential points but still be at loggerheads over others. The US voices anxiety over China's rise yet China continues to be the US's top trade partner.[46] Given these state of affairs in bilateral relations, states according to the hedging strategy should plan to maximise their returns while at the same time minimise risks. Second, political elites are concerned not only with the systemic polar configuration that determines the push towards hedging but the hedging choice is also conditioned by the need to preserve security and internal cohesion, to deliver economic growth and uphold sovereignty.[47] In short, domestic political stability is imperative in the pursuance of the hedging strategy.

For Pakistan, while the US remains a prospective economic threat for the latter uses its economic leverage to penalise Pakistan to pursue stated counter-terrorism objectives as evidenced in the Financial Action Task Force (FATF) grey listing,[48] the Chinese do not present any economic

[44] D.J. Lim and Z. Cooper, "Reassessing Hedging: the Logic of Alignment in East Asia," *Security Studies* 24, no. 4 (2015): 696-727. Quoted in Darren J. Lim and Rohan Mukherjee, "Hedging in South Asia: Balancing Economic and Security Interests Amid Sino-Indian competition," *International Relations of the Asia-Pacific* 19 (2019): 2.

[45] Kuik Cheng-Chwee, "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China," *Contemporary Southeast Asia* 30, no. 2 (2008): 163.

[46] Ken Roberts, "China is No. 1 Trade Partner Again Thanks to (Wait For It) US Exports," *Forbes*, February 25, 2021, https://www.forbes.com/sites/kenroberts/2021/02/25/china-is-no-1-trade-partner-again-thanks-to-wait-for-it-us-exports/?sh=3b438db6a262

[47] Cheng-Chwee, "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China," 162.

[48] "Pakistan to Remain on FATF's Grey List," *News International*, March 4, 2022, https://www.thenews.com.pk/latest/938656-fatf-retains-pakistan-on-grey-list-once-again

compulsions. With China, the fear that resonates in Pakistan relates to asymmetric interdependence whereby the larger economy (China) procures benefits compared to the smaller economy (Pakistan) and the loss of policy autonomy. This was evident when the former advisor to ex-Prime Minister Imran Khan on commerce, textiles, industrial production and investment stated in September 2018 that the previous government had negotiated sheepishly with China and the China-Pakistan Economic Corridor (CPEC) should be renegotiated and put on hold for a year.[49] Thus, if returns maximisation is the goal towards which Pakistan's foreign policy is directed, as evidenced in the state's National Security Policy[50] which prioritizes economic security, it is imperative that efforts are made towards constructive economic engagement with both the United States and China, as opposed to a singular focus on the latter only.

Hedging is also a preferable policy option given the heightened complexity of the Kashmir conflict after India's August 2019 measures.[51] Imagine if Pakistan were to choose one great power (China) over the other (US) as the China-US rivalry takes shape. This would imply in a policy sense that one great power (US) would block the other great power's (China) move as Pakistan pursues its international diplomacy that calls for the urgent need to resolve the Kashmir conflict. This would be a big negative. In the hedging scenario whereby Pakistan maintains its leverage with both China and the US, the diplomatic initiative over Kashmir retains potency, as both superpowers are expected to remain engaged on the thorny Kashmir question. As to the question of Pakistan's leverage, this is most likely to be reaped not from its geo-strategic location or the conventional deference to traditional security but the prioritization of economic security and what it can offer to the international community with respect to its economic potential. This requires, as the hedging strategy suggests, that

[49] "Pakistan Mulling over Reconsidering CPEC: Financial Times," *Geo TV*, September 10, 2018, https://www.geo.tv/latest/210539-pakistan-mulling-over-reconsidering-cpec-financial-times

[50] Rabia Akhtar, "Pakistan's new National Security Policy: A Step in the Right Direction," *Atlantic Council*, January 20, 2022, https://www.atlanticcouncil.org/blogs/southasiasource/pakistans-new-national-security-policy/

[51] Happymon Jacob, "Toward a Kashmir Endgame? How India and Pakistan Could Negotiate a Lasting Solution," *USIP Special Report*, no. 474 (2020): 3-18.

Pakistan's ruling elites make determined efforts towards political stability and prioritise economic gains.

Conclusion

Korolev argues that intensifying US-China rivalry makes hedging a difficult proposition for smaller powers and resultantly, bandwagoning is emerging as the preferred policy choice. He hypothesises that the room for hedging shrinks when great power competition intensifies while the space for hedging increases when great power competition is low.[52] Referring specifically to the early 2000s when the US-China conflict dyad was less severe, Korolev asserts that the Southeast Asian states managed to satisfy their economic and security needs by hedging between China and the US. However, challenges to the Southeast Asian states hedging strategy will increase as the China-US conflict dyad intensifies.[53]

The present article has argued that the convergence-divergence dialectic of China-US, Pakistan-China and India-US relations imply a more nuanced reality, which provides room for the optimisation of the hedging strategy. Thus, Pakistan needs to focus on the greys of international politics and refuse the blacks and whites. Strategists evoke fears/threats with regards to their rival states but a prudent foreign policy requires the avoidance of ethnocentric frameworks seeing one pole of power as essentially good as opposed to the other. The optimal strategy for Pakistan is an autonomous interest-based foreign policy which cherishes and supports peace and stability in the South Asian region and is focused primarily, if not exclusively, on non-traditional security imperatives. If it sides with the US, it puts its traditional friendship and partnership with China at risk. If it sides with China, it risks alienating the US with its control and domination of international financial institutions whose support is critical if Pakistan is to take its economic leap forward.

Pakistan cannot do much about the Indo-Pacific region as it takes the shape of a great power rivalry between the US and China. Systemic

[52] Alexander Korolev, "Shrinking Room for Hedging: System-Unit Dynamics and Behaviour of Smaller Powers," *International Relations of the Asia-Pacific* 19 (2019): 2.
[53] Korolev, "Shrinking Room for Hedging: System-Unit Dynamics and Behaviour of Smaller Powers," 15.

pressures from an anarchic international system and distribution of capabilities are elements that Pakistan does not control nor the weaponised interdependence at play between the US and China. What it can control is to mediate systemic pressures by engaging in a hedging strategy that maximises its quest for economic security by leveraging its relationship with both the US and China to its advantage. A second challenge is putting its internal house in order and advancing political stability. Although terrorism is invoked as an argument for Pakistan's economic losses, political instability has been a far more potent challenge. Political stability is instrumental in achieving economic development, growth and prosperity which then provides the building block of the hedging strategy that is autonomous with respect to great powers and open to the rest of the world.