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## **Central Asian Republics-Pakistan Relations in a Shifting World: A Neoliberal Perspective**

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### **Abstract**

This paper delves into the multifaceted relationship between Pakistan and Central Asian States i.e. Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, focusing on trade, agreements and institutional cooperation, within the framework of neoliberalism. How neoliberal economic policies have influenced bilateral trade and economic cooperation between these nations? What are the primary challenges and opportunities for Pakistan and Central Asian States in strengthening their geo-economics relations? The study operates under the assumptions that neoliberalism, with its emphasis on market liberalization, privatization, and minimal state intervention, serves as a guiding principle for enhancing economic ties and overcoming traditional barriers to trade and investment. Employing qualitative analysis of policy documents, trade agreements, regional agreements and economic indicators, the research provides a comprehensive understanding of the dynamics at play. Key findings reveal that while CARs and Pakistan have successfully utilized neoliberal policies to bolster economic cooperation, challenges such as state intervention, protectionist measures, insecurity and political instability have hindered the full realization of neoliberal ideals. Despite these obstacles, significant opportunities for deepening economic integration in sectors like energy, tourism, agriculture, textile and digital infrastructure have emerged. The study suggests that decision-makers prioritize the practice and implementation of the already existing vision (i.e. Vision Central Asia, etc.) and agreements (e.g. TAPI, CASA-1000, TTAs, FTAs, etc.) among mentioned countries, encourage public-private partnerships in economic sectors, and strengthen both digital and physical infrastructure to facilitate trade and investment, particularly taking advantage of BRI. New along with existing policies, agreements and measures could significantly enhance the economic relationship between CARs and Pakistan, fostering mutual growth and regional stability.

**Key Words:** Pakistan, Central Asian Republics, Neoliberalism, Economic Cooperation, Challenges, Opportunities

### **1.Introduction**

The dynamic global environment requires Pakistan to take both challenges and opportunities while according to the economic relations with the Central Asia Republics (CARs), i.e. Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan (MoFA, 2024). The core component of this engagement is the principles of neoliberalism, advocating for the market

liberalization, privatization and reduction of the state intervention, which historically facilitated the cross border trade and the investments flow. Nonetheless, the fact that Pakistan and the CARs are each against the backdrop of unique geopolitical and economy necessitate having a careful understanding of how these neoliberal policies mirror on the practical cooperation in economy (Mubeen & Fatima, 2015; Keohane & Nye Jr., 2011).

Although, some opportunities are unlocked still a big number of constraints exists. It is argued that political instability in Pakistan, competition, the presence of protectionist measures and the varying level of economic development among the CARs themselves act as dampers to the economic relationship between Pakistan and the CARs (Zamaraeva, 2023). Also, other stumbling blocks including insufficient infrastructure and the absence of systematic laws and regulations are still stifling complete integration of the economies (Idrees et al., 2020).

Hence, the study poses questions as follows: How neoliberal economic policies have influenced bilateral trade and economic cooperation between these nations? What are the primary challenges and opportunities for Pakistan and Central Asian States in strengthening their geo-economics relations? These pertinent questions will be addressed theoretically and empirically.

This research aims to delve into the complexities of the Pakistan-Central Asian States' relationship through the lens of neo-liberalism, exploring how economic policies and diplomatic interactions have shaped their bilateral ties. The objectives include firstly, to analyze the impact of neo-liberal economic policies on their bilateral trade and economic cooperation. Secondly, identifying the challenges and opportunities in their economic relationship.

Through this research, the paper discusses the intricate dynamics of Pakistan-Central Asian States' relations, offering insights into how has influenced their economic interactions primarily. The discussion extends to the broader implications of their alliance for regional stability and economic prosperity, providing a nuanced understanding of their diplomatic partnership in the contemporary regional landscape (Akram et al., 2021).

## **2. Literature review**

The literature on Pakistan-CARs economic relations includes a wide range of themes, such as diplomacy, infrastructure contours, and transit corridors, including the BRI comparative region and its impact, with regional cooperation being the most prominent element.

A large part of the literature studies the geo- politics of Central Asia where Pakistan becomes an active participant. Strategic interests of Pakistan in Eurasia, it is argued, are the outcomes of New Delhi-based rivalry as well as PRC-anchored partnership (Kasi & Kasi, 2022; Mubeen & Fatima, 2015). This dynamic process traces becomes even more arduous through the economic and diplomatic policies of the external powers including the United States and Russia which is aspired to be the regional influential powers (Iuniushkina et al., 2021). The literature proposes the idea of Pakistan to harness its geographical closeness for a larger trade inflow as well as security of energy by using the CARs but instability in the political and security poses serious hurdles for this objective to be accomplished (Akbar & Khan, 2022).

CARs seek sea access, with Pakistan aiming to diversify its economy. Transit trade via Afghanistan faces challenges due to political unrest, prompting exploration of alternative routes through Iran and China (Khan, 2023a). Pakistan's strategic location connects South, Central, and West Asia, facilitating economic cooperation and positioning it as a hub for interregional activities (Khan, 2023b). Pakistan-China relations play a crucial role in the region, with both nations supporting each other and attracting other actors to benefit from their friendship (Kasi & Kasi, 2022). The competition for influence in resource-rich Central Asia post-Soviet Union collapse affects regional security, with Pakistan's evolving active role and policies in the region (Tanweer & Saud, 2022). In this dynamic landscape, a neoliberal perspective on Central Asian Republics-Pakistan relations would emphasize economic interdependence and regional cooperation.

Further, the literature includes both socio-economic facets of Pakistan-CARs interactions. It is not surprising that opportunities regarding trade relations, the economies of Central Asia are more oriented towards industrial sectors such as energy and textiles, etc. However, this very fact faces obstacles in further development of economic cooperation because of the non-tariff barriers, divergent regulatory frameworks and political tensions among neighboring countries (Khan, 2023b). It is also often accompanied by competition among neighboring countries (Yuyan, 2020). The studies call for vigorous diplomatic operations and policy coherence in carrying out collaboration at all economic levels.

The literature review underscores that while there are significant economic and strategic opportunities for Pakistan in Central Asia, realizing these opportunities requires navigating a complex array of geopolitical and infrastructural challenges. Enhanced regional cooperation, stable political relations, and integrated economic policies are essential for strengthening the economic ties between Pakistan and the CARs. Providing neoliberal lens to policy of free trade and commerce promotion, thus, paves the way for the development of stronger and profitable ties between Pakistan and Central Asian States that strongly needs to be examined in the shifting world more focused on economy rather than geo-politics.

### **3. Theoretical Framework**

The main purpose of this part is to critically explore varied International Relations (IR) theories and their attempts to explain why certain events in Pakistan-CARs relations take such as classical realism, neorealism, social constructivism, liberalism and neo-liberalism with the purpose of getting a theoretical framework that is used in this study.

According to classical realist theory, human nature is assumed to harbor interests like power and force by their nature. This point of view underscores the significance of power, security, and survival instincts, which are inherently present in the Hobbesian law of nature (Forde, 1995). Classical realists argue that the states are entities who pursue their interests, and security in such a fashion, that they use power for self-protection. The lens of this perception advocates for the central role of the sovereign state, national interests, and power in the operation of the international order (Schuett, 2010).

Neorealist theory encompasses the notion of power, national interests, strategic relations, influence, and geopolitical considerations which significantly affect or determine state behavior. Typically, it prioritizes military dominance and its robustness, however, with regards to the adversarial states having economic balance. The balance rather contributes to the structural deviation of anarchy not displaying on dealing with the economic stability (Copeland, 2012). In a nutshell, historically, Pakistan has been seeking CARs in terms of economic and energy partnership rather than purely defense ties. On the other hand, there has been a significant change in the recent exchanges among the countries mainly in the economy sector in which private sectors including private entrepreneurs as well as State-Owned Enterprises (SOEs) are considered as main actors (Khan, 2023b). In brief, the neorealism theory is only partially suitable as the foundation for the conceptualization of the Pakistan-CARs relationship from a state-centered viewpoint.

Another IR theory, social constructivism suggests that state actions are influenced by ideational factors like norms, identities, and beliefs, as opposed to purely materialistic elements (Wendt, 1999). Moreover, social constructivism not only constitutes but also a creation of state identities and their relationships with other actors through internal discourse and languages but also collective perceptions within the international domain. (Park, 2023). Social constructivism definitely gives a comprehensive view on norms and ideas effect on state conduct, nevertheless, plays a small role in economic and material factors in Pak-CARs relationships. The historical background, strategic priorities, and economic necessities of the mentioned nations have a profound impact on the modality of their bilateral relations and to the extent that does not answer holistically, such trend is not explained by the constructivist theory only.

While the classic liberalism and neoliberalism share the basic principles, the trade mark of the later is that it waits for the least intrusive role of the government in economy management. As a relic of the 18th and 19th centuries classical liberalism offers no governmental penetrations into the economic processes, promoting a hands-off approach and unlimited free market opportunities (Sally, 1998). Having said that, the fact that liberalism does not completely explain the intricate and dynamic nature of Pak-CARs interactions, which is besides their bilateral engagements based on compliance with international norms or cooperation within the framework of international institutional settings (Keohane, 2011), is clear. Moreover, historically, the mentioned countries have experienced limited economic/trade cooperation under free market mechanism.

Neo-Liberalism varying to realism, neo-realism and social constructivism portrays a turning point as far as the approach of economic policies and political relations is concerned. Neo-liberalism contains a new liberal thought with the values of free market capitalism, privatization, deregulation and the state reduced role in economic activities, influenced also the international trade and global finance via its significance (Harvey, 2007). The main idea of neo-liberalism is the implementation of appropriate market mechanism allowing them to function with a minimum of interference from the state which is justified in terms of the best possible utilization of resources and the innovation and economic growth. However, the opponents of neoliberalism proclaim that there are certain risks in it associated with income polarization, deterioration of social services levels and unwarranted focus on the economy at the expense of sustainability (Bessner & Guilhot, 2015).

Another main tenet of neo-liberalism is the complex interactions and interdependence among states, which has drastically altered the landscape of international politics, according to Robert Keohane and Joseph Nye. They acknowledged that the various and intricate transnational ties and dependencies between states and societies have grown, while the use of military force and power balancing have become less important but still play a vital role (Keohane & Nye, 1998).

Complex interdependence (Keohane & Nye, 2011) is characterized by three characteristics:

- a. Involving the use of multiple channels of action between societies in interstate, trans- governmental, and transnational relations.
- b. The absence of a hierarchy of issues with changing agendas and linkages between issues prioritized.
- c. The objective of bringing about a decline in the use of military force and coercive power in international relations.

Following Figure 1 highlights the main tenants of Neo-Liberalism:

**Figure 1: Main Contours of Neo-Liberalism**



(Source: Harvey, 2007)

From the point of view of the previous theoretical literature review, it is supposed that two theories namely realism and social constructivism have not enough capacity to explain change in the global international relations and likewise CARs-Pakistan economic and diplomatic affairs. Neo-liberalism emerges as a crucial framework for examining the application of various economic tools to achieve economic and strategic objectives amidst the intricacies of modern international affairs. Given that the contemporary shaping behind the CARs-Pakistan relations is, undoubtedly, the mutual interest in expanding commercial and diplomatic cooperation (which is discussed in detail in later parts).

The neo-liberalism theoretical approach is considered as powerful epistemology position that is capable of analyzing the factual data on the level of bilateral economic collaboration, including trade, energy projects and technology transfer. Such strategies are intended for the nations to attain the market connectivity in an era of variably developing international politics, specifically in the regions of South

Asia, where the economic fragility of Pakistan has been felt since long. Thereby, Pakistan has been actively cooperating with China (Fazal et al., 2023) to boost trade and energy relations under the BRI and the country has also sought commercial and energy cooperation with CARs (Khan, 2023b). Both states have surfed the wave of neo-liberalism adoption, hoping to draw in the enhanced commerce activities, liberalize their economies, and participate in the local and international trade negotiations and organizations (Macdonald, 2014).

#### **4. Methodology**

This research utilizes a qualitative methodology to examine policy documents, trade agreements and diplomatic interactions of the Pakistan and CARs as well as the trade statistics, economic performance indicators and institutional frameworks concerned with the bilateral connection of these countries. This account makes it possible to understand in holistically the whole complex web of economic interactions.

Qualitative approach is employed by having a systematic reading of the documents collected, focusing on issues like identifying themes, patterns, and key developments in the economic and diplomatic relationship between the two countries. The analysis aims at discovering the deep seated components of cooperation, the consequences of neo-liberal policies, and the manifestation of these states within the bilateral economic exchanges (Moravcsik,2014).

The primary data for this research is the formal documents, governmental data of Pakistan and CARs, trade agreements and diplomatic dealings between these countries. Secondary sources are also incorporated coming from different academic resources, research papers, the reports of international organizations, and news articles which explain these relations between Pakistan and CARs.

Trade data, economic indicators, and statistical data are studied to be used as a foundation to measure the economic side of the Pakistan-CARs relationship. This involves a review of the status of trade and the balance of trade mainly. The part of the analysis would also make the qualitative interpretation of the quantitative data and the wider bilateral relations within the context of the existing international trends (Ide & Mello, 2022).

#### **5. Economic Interactions**

There is an increasing cooperation between CARs and Pakistan's economic exchange, and aligning their efforts by means of a neoliberal framework, in which the liberalization and deregulation of commodity and capital intensity are emphasized. Such measures include reducing tariffs, the freedom to trade and improving of the business climate according to the neoliberal ideology which sees the role of the state as lessening and the private sector as a leading actor for growth. This overview deals with bilateral economic involvement, especially trade volume, agreements, and institutional arrangements (Keohane, 2011), also stressing the role of significant regional platforms such as the Economic Cooperation Organization (ECO), the Shanghai Cooperation Agreement (SCO), the Organization of Islamic Conference (OIC) and the BRI, etc.

Vision Central Asia (The President of Pakistan, 2023) also forms one of the core pillars of the country's policy that validates neoliberalism, and this policy outlines

the economic vision on how the country has to be engaged in Central Asia. It stresses the role of trade liberalization, investment, and regional integration which, as a neoliberal theory suggests, are the main pillars of this idea. As explains Vision Central Asia the "Pakistan aims to become a hub for trade and investment in the region, leveraging its strategic location and economic potential to promote economic growth and development" (MoFA, 2022). This statement clearly shows the neoliberal view in which market is leading and there is minimum state-led intervention in economic matters. Moreover, the policy, thus, stresses the role of "regional solidarity, trade liberalization and investment promotion" for the region to create economic prosperity (Prime Minister Office, 2021). This, again, exhibits a neoliberal concept of free trade, smoothly integrated market and minimum of trade obstacles.

### ***Azerbaijan***

The relationship between Azerbaijan's economy and Pakistan's has been guided through the approach of strategic alignments, pursuing their interests within the broader Eurasian and Central Asian region. The trade comprising the two countries showed a turnover figure of US\$28 million in 2022. In FY 2023, trade between two countries was recorded as US\$ 36.46 million (US\$ 12.09 million for exports and US\$ 24.38 for imports) (MoFA, 2024a). Nevertheless, there is still a lot of room for the growth of bilateral trade by both working together to diversify their economic interactions and removing the related trade barriers (Allahverdiyeva & Gojajev, 2023).

The two sides are in the process of negotiating Preferential Trade Agreement (PTA) and Transit Trading Agreement (TTA). The experts forecast that, after the signing of both these initiatives, the volume of trade between the two Asian states will dramatically grow and Pakistan's products will gain competitive advantage thanks to better terms (MoFA, 2024a). Trade relations between Azerbaijan and Pakistan are also supported through regional organizations that have a purpose to promote economic cooperation. Examples of there being the Economic Cooperation Organization (ECO) and member the Organization of Islamic Conference (OIC) (Qadri et al., 2020). Direct institutional mechanisms between Pakistan and Azerbaijan include Bilateral Political Consultation (BPC) and Inter Governmental Commission/Joint Ministerial Commission (JMC) (MoFA, 2024a), these act as a keystone in uniting both countries for discussing arrangements regarding the trade agreements, strengthening the economic cooperation, and improving investment protocols. Neoliberal proclivity of economic policies of both Azerbaijan as well as Pakistan has been ever rising (Harvey, 2007).

### ***Kazakhstan***

The trade relations are improving between Kazakhstan and Pakistan in a gradual growth. Trade balance between both the countries was US \$ 139.33 million during fiscal year 22-23 and was in favor of Pakistan. Exports to Kazakhstan reached US\$ 132.73 million, and imports amounted to US\$ 5.58 million (MoFA, 2024b). Both the countries set their goal to increase the trade volume to amount of 1 billion USD (Rafiq, 2023). Moreover, they have also agreed to extend the Trans-Afghan Rail Link to fully improve railway connectivity, which in turn will be used to boost transit, bilateral, and regional trade (Azad, 2024). Through Kazakhstan's ambition

to develop a portfolio of partners, from its traditional partners such as Russia and China to others like Pakistan (Tjia, 2022) the latter is seen as a strategic conduit to access the South Asian market. Pakistan views that, the rich oil reservoirs found in Kazakhstan can be of great support to Pakistan and the country is a market where mainly textiles and agriculture is exported and has vast potential (Rezaeinejad et al, 2023).

Likewise, institutions and coordination of related interests underline a fundamental aspect in these institutional arrangements. Both countries are part of ECO, SCO and BRI frameworks, which facilitate economic and security cooperation among members (Keohane, 2011). Moreover, the two sides have established various structured mechanisms for direct engagement which includes: BPC (Bilateral Political Consultations), IJC (Intergovernmental Joint Commission) on Trade, Economic, Scientific, Technological, and Cultural Cooperation and JBC (Joint Business Council) (MoFA, 2024b). The economic nexus between Kazakhstan and Pakistan embolden the liberalization and free trade that is being followed with prism of neo-liberalism (Harvey, 2007).

### ***Kyrgyzstan***

Since the trade relationship between the Kyrgyzstan and Pakistan is at its inception stage but has a huge potential of growth for the same reasons, that is, because of their mutual interests to become the leading countries in their respective regions financially. The bilateral trade volume between the two countries was US\$ 11.05 Million in FY 2022-23 (Pakistan's exports were US\$ 10.99 million, while its imports were only US\$ 0.069 million (MoFA, 2024c).

Institutional frameworks play a very important role in providing a good foundation for the countries connected by their economic cooperation, both ECO and OIC members being the two (Qadri et al., 2021). In addition, two direct institutional mechanisms specifically serve as a bridge between the two countries i.e. BPC (Bilateral Political Consultation) and JMC (Joint Ministerial Commission). These mechanisms equip them with tools to coordinate and cooperate in several fields that include agriculture, commerce, communication, defense, education, science and technology, energy, and investment (MoFA, 2024c). The approach between Kyrgyzstan and Pakistan is that of strong commitment to neo-liberal economic concepts, in which the trade liberalization is the main concern and the state intervention is kept down to the minimalist approach.

### ***Tajikistan***

With respect to trade, Tajikistan Pakistan's relationship is developing and it's positive for Pakistan. Pakistan-Tajikistan bilateral trade in FY 2022-2023 had totaling \$ 24.68 million in US dollars. Pakistan's exports to Tajikistan were significantly high (US\$23.63m) while Pakistan's imports were significantly low (US\$1.3m) (MoFA, 2024d). Nevertheless, the formal data does not provide the whole picture because over the border, informal trade is also happening.

The two countries, Tajikistan and Pakistan, signed the Agreement on Transit Trade between the Two Countries (ATPTT) in 2022 as a step towards strengthening regional connectivity and economic integration, which facilitates the transit of goods through the shortest, most optimal routes (MoCom, 2024; Ghumman, 2022). Economic interactions between Tajikistan and Pakistan become deeper thanks to



institutional support through the ECO and the Chinese projects like BRI (Rashid et al., 2021). Pakistan and Tajikistan have evolved relations through direct bilateral institutional arrangements; an Intergovernmental Commission BPC (Bilateral Political Consultations) and JBC (Joint Business Council) (MoFA, 2024d). Hence, between the two countries neo-liberalist approaches has been observed in their international affairs.

### ***Turkmenistan***

The trade between Turkmenistan and Pakistan, although volumetrically small, is important in terms of strategic projects, with Turkmenistan exporting natural gas and electric energy that proves crucial to the requirements of Pakistan's energy (Khetran, 2022). In year 2022, Turkmenistan exported to Pakistan \$8.77M. In the last 23 years the exports of Turkmenistan to Pakistan have risen annually in such a way in which they have reached US\$ 8.77M from the level of US\$ 5.99M at the year 1999. Pakistan export figures with Turkmenistan as of 2022 were \$1.27M (OEC, 2024). The commercial interaction is predicted to grow considerably by the completion of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline efficiency, which is to augment power safety and economic integration (Khetran, 2022).

These economic interactions are also ensured by institutional regimes and various bilateral activities. Pakistan and Turkmenistan are members of the ECO and the OIC providing an implicit way of commerce and diplomatic engagements (ARIC, 2024; OIC, 2024). Moreover, these two countries have also setup BPC (Bilateral Political Consultations) and Joint Inter-Governmental Commission (JIC) for ease of commerce and cooperation (MoFA, 2024e). Close partnership between Turkmenistan and Pakistan in the realm of economics is forged based on the neoliberal model i.e. trade liberalization, attracting investments and private sector role-up (Keohane, 2011).

### ***Uzbekistan***

The biggest consumer market in Central Asia is the country of Uzbekistan. The second biggest economy among CARs. The trade relationship between Uzbekistan and Pakistan great progress. The exports of Pakistan to Uzbekistan have gone up massively since 2003 with an increase at an annualized rate of 22.4% from \$3. 3M to \$153M. Due to the fact mentioned in the identical line the value of the exports of Uzbekistan to Pakistan made US\$134M in 2022 (OEC, 2024a). Trade continued favorable for Pakistan. Additionally, the two countries have reached a US \$1 billion with goods and services which they plan to exchange while undertaking a bilateral trade deal that will foster stronger relations between the two economic giants (Arab News, 2023).

Uzbekistan is the first CARs partner country Pakistan entered into a bilateral Uzbekistan-Pakistan Transit Trade Agreement (UPTTA) and bilateral Preferential Trade Agreement (PTA) on 17 of its commodities list (MoCom, 2024; MoFA, 2024f). Institutional frameworks for two countries are also very central in the development of bilateral relations as both countries are the members of OIC, ECO and SCO (OIC, 2024). Furthermore, the two countries arranged a (BPC) Bilateral Political Consultation; a (JMC) Joint Ministerial Commission and a Joint Security

Commission (MoFA, 2024f). The neoliberalism approach largely influences the economic policies between Uzbekistan and Pakistan which imply further reduction of the government's role, increasing trade liberalization, and fostering private sector development.

### ***CARs Regional Economic Engagements and Pakistan***

Quadrilateral Traffic in Transit Agreement (QTTA): After signing the agreement Pakistan, China, The Kyrgyz Republic and Kazakhstan are the QTTA members which is aimed at easing transit traffic, it is ensuring a convenient network of connections between Central Asia and the Gwadar Port of Pakistan at the Arabian Sea (MoFA, 2024g). The National Logistics Cell (NLC) is also responsible for the implementation of TIR (Transports Internationaux Routiers) which is facilitated through QTTA, a program that aims at encouraging road transport through secure and simplified customs procedures, the result being a shorter travel time that is economical and a border delay minimization process (NLC, 2024). QTTA is definitely in line with the positions of neo-liberalism substantiating its applicability.

Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline Project: The TAPI Gas Pipeline Project is intended to be natural gas pipe from Turkmenistan through Afghanistan up to the Pakistan and India. Pakistan is a beneficiary of the TAPI Project which will enhance country's energy security. The pipeline will transport up-to 33 billion cubic meters (bcm) [average 3.2 billion cubic feet per day (bcfd)] of natural gas per year over a 30 years' period. Whereas US\$ 10 billion is the development project cost as the feasibility study revealed. The countries are in Host Government Agreement (HGA) negotiations, which is one or more separate agreements between each of the respective states involved and the project investors (MoFA, 2024h). Thus, the data instills the upholding of neo-liberalist perspective showing clear examples of cooperation.

Turkmenistan-Afghanistan-Pakistan (TAP) Power Transmission Project: TAP power transmission envisages the 500 KV transmission line for energy export from Turkmenistan to Pakistan. The parties are obliged by the technical agreement about the expansion on the project of electricity exports. The Technical Working Group on TAP, is making efforts for the implementation of the project on the fast-track (MoFA, 2024i).

Central Asia South Asia (CASA) – 1000: CASA-1000 is a joint venture among Tajikistan, Kyrgyzstan, Afghanistan and Pakistan being implemented. It is planned to inject US\$ 1.2 billion into the project's execution. It foresees that the surplus electricity that will be generated in Tajikistan and Kyrgyz Republic will be transmitted to Pakistan (MoFA, 2024j).

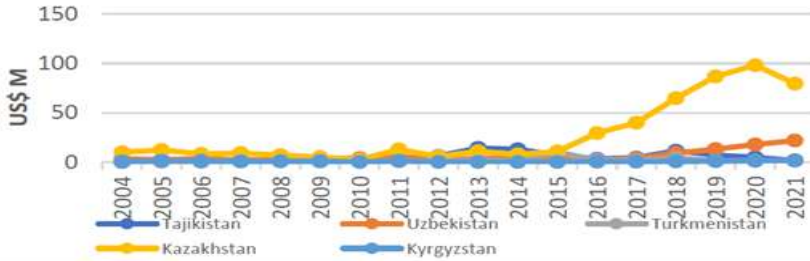
Trans-Afghan Railway Project (TARP): TARP is a multi-billion worth railway project which would link Uzbekistan's commodities to the ports of Pakistan and, similarly, Pakistan's investment with Central Asia and beyond. The proposed railway line would reduce travel time by an estimated 30% as compared to road transportation (MoFA, 2024k).

The TAP, CASA-1000, and TARP projects exemplify neoliberal tendencies, emphasizing regional cooperation and market-driven investments in infrastructure to enhance energy and transport connectivity between Central Asia and Pakistan, fostering economic integration and mutual growth.

**Trends of Export, Import and Balance of Trade between CARs and Pakistan**

Pakistan exports to the CARs as reflected in Figure-2 show that exports are either stagnant or increasing over the years mainly since 2015.

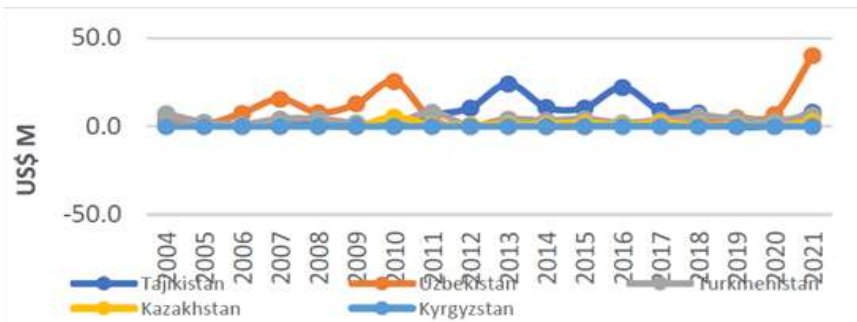
**Figure 2: Pakistan’s Exports to CARs**



(Source: (Khan, 2024))

Similarly, the volume of imports by Pakistan from the CARs as shown in Figure-3 also gives a look as imports in most cases are stagnant or increased.

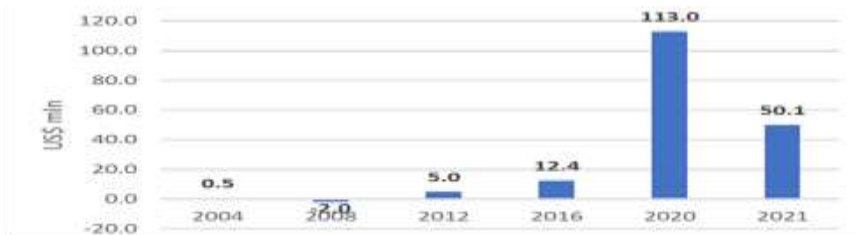
**Figure 3: Pakistan’s Imports from CARs**



(Source: ibid)

The Balance of Trade (BoT) remained favorable with respect to Pakistan as shown in Figure- 4

**Figure 4: Pakistan’s Balance of Payments with CARs**



(Source: ibid)

CARs and Pakistan's economic policies, influenced by neoliberalism, focus on reducing government intervention, liberalizing trade, deregulating sectors, and enhancing governance to spur growth and global integration.

## **6. Challenges**

Despite the fact that economic integration between Pakistan and the Central Asian Republic is based on neoliberal principles; the economic integration poses serious challenges. These problems originate from geopolitical, infrastructural or regulations environments, which are yet to mitigate to support formation of such integration.

*Geopolitical and Security Challenges:* First, it is necessary to take into account the geopolitical unbalance in the region that, especially due to the Afghanistan's situation, is the major obstacle to the economic integration of Central Asia. Due to security issues, political unrest and undermined infrastructure that characterize Afghanistan as a state at the crossroads of trade routes, its basic and good integration with economy is terribly impaired (Galistcheva, 2018).

*Competitive Regional Dynamics:* Pakistan contends with challenges of Russia, India, China, Iran and Turkey those have competitive and strategic roles in the region. One of the most challenging aspects of geopolitics for Pakistan is the race of these nations. They try to attract partners and investors and hence sideline Pakistan's initiatives (Zuridinov, 2023).

*Lack of Infrastructure:* Undermined and inadequate structures exit to develop required economical relationships. A seaport without domestic rail and road connectivity brings in more trade delay, hence higher transport cost which is beyond the reach of cargo handling logistics despite the establishment of Gawadar Port (Khan, 2023a).

*Regulatory Barriers:* Conflicting regulations, different layers of bureaucratic formalities, and lack of trade rules integration also syphon the mutual economic cooperativeness. In addition, there are protectionist measures among some of the CARs which clash with trade liberalization. The result of this is the stifling of free trade flow of goods, services, and capital among themselves and well as outer world (Cheong & Turakulov, 2021).

## **7. Opportunities for Deepening Economic Integration**

Coexistence of Pakistan and CARs could bring out different avenues for growing economic integration. It is mainly the strategic location of the countries, their natural bounties, and the developing global trade scenario which offer these chances.

*Geographic and Economic Advantages:* Being adjacent to warm waters Pakistan keeps the gate to the sea ports open for CARs (mostly land locked) in particular Gwadar Port allowing them a short-route access to their trade with other regions in the world (Khan, 2023a).

*Energy Resources:* CARs are an inexhaustible source of oil and natural gas reserve which Pakistan those can avail for its energy shortages. Initiatives such as TAPI pipeline and CASA-1000 further strengthen Pakistan's energy partnerships with Central Asia. Hence, there is a more likely probability of getting these projects completed faster thus it means there is potential in moving to new prospects (ibid).

**Infrastructure Development Projects:** Partnerships in infrastructural projects in forums such as Central Asia Regional Economic Cooperation (CAREC), BRI and others can boost the viability of the trade and eventually, economic growth of the bordering regions (ibid).

**Historical and Cultural Ties:** Efforts to maximize similar to historical, religious and cultural ties can help to develop ease of negotiating and functioning trade associations, which in turn may make the process of establishing trade relationship a much easier one (ibid).

**Strategic Use of Multilateral Platforms:** Joining regional economic entities such as the SCO, ECO and OIC is very important because they give the countries better chance to enhance its bilateral economics and politics further (Rauf, 2021).

**Utilization of Comparative Advantages:** Pakistan could leverage its comparative advantages in sectors such as tourism, agriculture, pharmaceuticals and textiles, which have demand in the Central Asian markets, to its benefit (Khan, 2024a).

**Increased Trade Diversification:** Besides the capability to diversify the trade which may be attained by the opening of trade corridors for logistic flow of the wide range of goods; often QTTA is means to achieve such an aim (ibid). Along, other partnerships can also be availed.

**Regional Integration Initiatives:** Engagement in the regional trade stability projects can remove trade barriers and foster a more united and strong economic space that will accommodate Pakistan and CARs (ibid).

**Tourism and Digital Infrastructure:** Collaborative efforts can focus on promoting cultural, historical and landscape tourism through joint packages and visa liberalization, alongside investments and cooperation in IT to enhance connectivity and economic integration.

## 8. Conclusions

This study has explored the multifaceted relationship between Pakistan and CARs, emphasizing the role of neo-liberal principles in shaping their economic interactions. The analysis revealed that relations have successfully leveraged neo-liberal policies to foster economic cooperation. The evolving economic landscape between Pakistan and the CARs presents a complex interdependence of opportunities and challenges, necessitating nuanced policy responses. The strategic importance of these relationships is underscored by the vast potential for energy cooperation, trade diversification, and infrastructural development.

The engagement within frameworks like the BRI, SCO, ECO, OIC, QTTA, TAPI, CASA-1000, TAP, etc. exemplifies the deepening diplomatic and economic integration that serve as a cornerstone for regional stability and prosperity. However, this partnership is also fraught with challenges such as geopolitical instability, especially surrounding Afghanistan's uncertain future, which could impede progress.

The integration efforts are further complicated by infrastructural deficiencies and regulatory disparities that slow the pace of economic collaboration. For Pakistan and the CARs, addressing these barriers means enhancing physical connectivity through

projects like railways and roads, which not only link markets but also promote socio-economic development across borders.

The success of such initiatives hinges on collaborative regional diplomacy and leveraging technological advancements to improve trade facilitation. The role of international agreements, regional cooperation frameworks and bilateral mechanisms is pivotal in navigating the geopolitical and diplomatic intricacies that shape these economic interactions.

Additionally, Pakistan should adopt clear economic policies promoting market liberalization and strategic state intervention to enhance partnerships with the CARs. Streamlining regulations, improving infrastructure, fostering public-private partnerships, and leveraging cultural ties will drive mutual growth and sustainable economic relationships.

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