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Keywords: Balancing Diplomacy, Energy Security, Geopolitics, Pakistan Foreign Policy, Regional Stability, Strategic Autonomy, US-Iran Relations

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Pakistan's Foreign Policy Challenges and US-Iran Tensions



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Abstract

The conflict involving the United States, Israel, and Iran presents Pakistan with complex foreign policy challenges across diplomatic, security, economic, and domestic dimensions. Pakistan's geographic proximity and historical ties with Iran, alongside its strategic relations with the United States and Gulf states, create a delicate balancing situation. Pakistan has called for restraint, dialogue, and a peaceful resolution, urging the United Nations Security Council to play an active role, while also strengthening border security and issuing advisories for its nationals. This study analyzes the global implications of the conflict, including impacts on energy markets, geopolitical alignments, and regional security. It examines the challenges faced by Pakistan in balancing major power relations and managing economic and security pressures, and explores its potential mediatory role. The study concludes that Pakistan must pursue a balanced, pragmatic foreign policy focused on diplomacy, regional cooperation, and internal stability.

Keywords: *Balancing Diplomacy, Energy Security, Geopolitics, Pakistan Foreign Policy, Regional Stability, Strategic Autonomy, US–Iran Relations*

Introduction

The tensions between the United States, Israel, and Iran have deep historical and political roots, particularly since the 1979 Iranian Revolution. These tensions are driven by strategic rivalry, regional influence, and concerns over energy security. Iran's location near the Strait of Hormuz makes it critically important, as a major share of global oil and gas trade passes through this route. Any disruption in this region has immediate global economic consequences.

In 2026, these tensions escalated into direct military confrontation, followed by a fragile ceasefire and continued instability. The Strait of Hormuz has remained under pressure, with disruptions to shipping, rising oil prices, and repeated security incidents. Recent developments show ongoing naval deployments, attacks on commercial vessels, and competing military actions despite diplomatic efforts. At the same time, negotiations and peace proposals are under discussion, but mistrust between the parties continues to limit progress.

These developments have significant global implications, including volatility in energy markets, shifting geopolitical alliances, and heightened regional insecurity. For countries like Pakistan, the situation presents serious foreign policy challenges.

Pakistan operates in a complex strategic environment. It shares a border and historical ties with Iran, while also maintaining important relations with the United States, Gulf countries, and China. This creates a difficult balancing situation, where Pakistan must protect its national interests without straining key partnerships. At the same time, economic pressures and security concerns, particularly along its western border, add to the complexity.

This study examines the impact of US–Iran tensions on Pakistan's foreign policy in the context of recent developments. It analyzes the global implications of the conflict, identifies the key challenges faced by Pakistan,

and explores its strategic position in the evolving regional environment. The study highlights how Pakistan can maintain a balanced and stable foreign policy while safeguarding its security, economic interests, and diplomatic credibility.

Analysis & Findings:

Global Implications of the USA, Israel, and Iran Conflict

The USA and Israel jointly attacked Iran on 28 February 2026, which triggered sharp oil price spikes, with Brent crude jumping over 7–13% to ~\$78–82/barrel (see Annexure-A, Figure-1), threatening inflation in fuel and goods markets worldwide because oil supply erupted due to blockage of the Strait of Hormuz, blocked by Iran. Reactions from Iran have unleashed significant disruptions across the Gulf region. It is an extremely important maritime passage that connects the Persian Gulf with the Gulf of Oman and the Arabian Sea and passes 20 to 25 percent of the global supply through sea routes. LNG supply will also disrupt and affect Europe and Pakistan. About 20 million barrels per day, roughly 20% of global oil trade, flow through the Strait of Hormuz (see Annexure-A, Figure-2), and disruptions here risk long-term supply shocks (Mona.Yacoubian, 2026). This will increase shipping insurance and freight costs and will hurt global trade and supply chains, especially in energy-intensive industries. Moreover, the global stock markets would have crashed, especially in the Gulf countries. In addition, the stock markets would have experienced increased volatility with investors moving towards safer assets such as gold in the wake of the uncertainty created by the conflict and the major powers like the EU, China, and Russia contumeliously threatening the world with increased instability in the region and, hence, concerns over the geopolitical cracks and their implications (IndraStra, 2026).

Disruption of Global Energy Markets

Escalation has already led to the suspension of some crude and fuel transport, as major traders suspended movements through the Strait of Hormuz due to safety concerns. The benchmark crude oil prices, such as Brent and WTI, have risen significantly. Brent has risen by ~20% YTD (~\$73/b) and is likely to reach \$80-\$100 per barrel in the coming days and weeks. The conflict is now escalating with an additional geopolitical risk premium in oil futures, thus driving prices to rise even without an actual cut in supply. Iran is targeting Gulf energy infrastructure, such as LNG export capacity, which will further tighten supply and shock gas prices globally. The impact of rising fuel costs is such that it is bound to have a ripple effect on inflation and production costs worldwide. OPEC is agreeing to a modest output rise (~206,000 b/d) to offset supply concerns, but the extent of their spare capacity limits the potential for global relief. The instability of the energy markets might be used to fuel instability in other financial markets; investors might seek safe havens in times of uncertainty and might fuel inflation and slow down economic growth worldwide, impacting both advanced and emerging economies equally. Buffer stocks of non-Middle East production and inventories are available; however, any severe and/or prolonged blockage in any of these routes would highlight weaknesses in the global energy chain of supply (The Wall Street Journal, 2026).

Strategic Realignments in Global Politics

The war between the USA, Israel, and Iran has created new geopolitical alliances, which have forced regional as well as global players to shift gears in terms of their strategic policies due to the rise in tensions. The European countries like France, Germany, and the UK have come forward to criticize the military actions taken by the USA, which created a rift in the NATO alliance. However, they might also join the war in the future. Russia, China, and Pakistan have also expressed their interest in supporting Iran. Although the GCC countries have military bases of the USA in their countries, Iran has warned all those countries to avoid providing any kind of support to the USA or Israel, as they might suffer in the future. This war has also emphasized the importance of regional security structures, as Gulf countries are rethinking their security alliances due to the unstable situation in the region.

The EU and the UK have agreed to provide any logistic support to the USA or Israel. The current conflict has also resulted in the rise of China as a diplomatic counterbalance, urging de-escalation and stressing the importance of their own interest in stability and energy security because China uses nearly 80 pc of Iran's oil, and China doesn't want to stop their oil supply; hence, China will provide war technology to Iran. Russia and

China, disapproving the US interventionist policy, have issued a warning that the current conflict could draw in the great powers. Other countries, such as India, are facing the challenges of the realignment process by using their relationships with the West as well as the Middle Eastern states (The Chicago Council on Global Affairs, [2026](#)).

The expansion of international relations regarding this war has also brought to the fore the formation of new blocs, with some calling for neutrality and others seeking to strengthen relations with either the U.S.-led or non-Western bloc. The impact of this war on energy supplies also brings about an economic factor in this strategic shift. However, increased polarization over the conflict risks weakening longstanding international institutions, as countries prioritize bilateral security arrangements and alternative forums. Overall, the USA, Israel, and Iran war is accelerating a reconfiguration of global power balances and intensifying multipolar competition and prompting both regional and global actors to redefine their strategic alignments, especially their energy needs (CNA, [2026](#)).

Risk of Wider Conflict and Global Security Threats

The intensified US-Israeli strikes on Iran and its response of widespread missile and drone retaliation across the Gulf have sharply raised fears of a broader Middle East war overwhelming neighboring countries and civilian zones. The secretary of the UNSC and other global leaders warned that continued hostilities of Iran could ignite a series of events no one can control, which threaten regional and international peace (AlJazeera, [2026](#)). The supreme leader of Iran previously clarified that a US- and Israel-initiated war would extend beyond the borders of Iran and even into a wider regional conflict, which will underscore escalation risks. The current war began when the US and Israel jointly launched coordinated military strikes against Iran on 28 February 2026 and hit military sites across Iran, resulting in the death of the supreme leader, Ayatollah Ali Khamenei, which was a major escalation with enormous symbolic and strategic impact. In response to this action of the USA and Israel, Iran attacked with missiles and drones on Israeli territory, U.S. military bases in the Gulf, regional shipping and oil infrastructure, and Gulf Arab countries' areas where U.S. forces are stationed (Herbert Smith Freehills Kramer, [2026](#)).

Key Challenges of the Foreign Policy of Pakistan:

Balancing Relations with Major Powers

Pakistan faces domestic public outrage and protests against the U.S., complicating the ability to maintain cooperative ties with the USA while managing internal opinion and also condemning U.S.–Israeli strikes on Iran. Pakistan has called for de-escalation, which suggests that it has to move further away from the direct alignment with the war effort of the U.S. Pakistan has historical and cultural ties with Iran that put it in a difficult position since it would be viewed as taking sides if it were to support either side in the war, which could impact the relationship with Iran. This war would also put Pakistan in a position where it would have to balance its relationship with the U.S. on issues of security, such as counter-terrorism, without appearing to take sides against Iran or the Muslim world in general. Strategic dependence of Pakistan on both the U.S. and China would mean that it would have to be careful not to take sides that could put it in a position of losing the economic and strategic support of one or the other of these two world powers, and the regional stability that the war would create would also put pressure on our country's already vulnerable economy, in particular the cost of energy imports (Dawn, [2026](#)).

Pakistan is in a delicate balancing act in that it has to condemn US-Israel attacks on Iran, and at the same time, it has to condemn Iran's attack on its neighboring territory, i.e., GCC countries, even though it has to maintain good relations with its neighboring nation, Iran, without being isolated by the USA. At the same time, the leadership of Pakistan has to warn about regional security issues that could be detrimental to it in case of a wrong move in relation to major world powers. This creates a complicated situation in terms of security concerns in Pakistan, particularly in the context of the simultaneous tensions with the Afghan Taliban on the western border. Islamic nations and the general population may force Pakistan into a more assertive position in the region, limiting the options in terms of diplomatic flexibility. Pakistan can navigate the position of the Muslim nations and the Non-Aligned Movement without being entangled in the superpower rivalry and without compromising national security and economic interests, which is the major diplomatic challenge in the changing

geopolitical scenario of the war (Counter Current.Org, 2026). Pakistan's diplomatic balancing challenge among competing powers is illustrated in Annexure-C (Figure-7).

1.2.2 Regional Security Environment

Pakistan's 900 km long border with Iran (see Annexure-C, Figure-6) makes it vulnerable to the spillover of the conflict in the region. In the region of Balochistan, the threat of the spread of the militant movement and insecurity on the border is always there. Moreover, the threat of the escalation of the sectarian conflict is always there because the conflicts in the region of Iran may further ignite the fire of the sectarian conflict in the population of our country. This would further pose a threat to the security of the country, as the security forces of the country are already busy fighting against the threats of the enemy on other fronts like India and Afghanistan. The threat of the escalation of the regional conflicts in the region may further pose a threat to the energy security of the country because of the oil price volatility. For Pakistan, it is necessary to save its own soil from the external and internal threats. However, the diplomatic balance in the region makes it difficult for the country to remain neutral without hurting the sentiments of the other parties involved in the region (Basir, 2026).

Various reports showed that violent demonstrations erupted across Pakistan after the assassination of Ayatollah Ali Khamenei, with protesters trying to storm the U.S. consulate in Karachi and clashing with security forces, resulting in dozens killed and many injured, and widespread unrest also spread to Gilgit-Baltistan, Islamabad, and other cities, leading to army deployment and curfews as protesters set fire to buildings and attacked offices in anger over the strike. In response, the authorities-imposed section 144 and heightened security to curb further violence amid calls for solidarity with Iran while trying to restore public order. In the case of Pakistan, the country needs to prepare for economic shock absorption in light of the regional instability, which might lead to higher inflation and deficits in its balance of trade, as well as fiscal issues. Pakistan has to face the challenge of providing stability to the region while at the same time avoiding any conflict with the larger geopolitical tensions, which might negatively impact its own security and autonomy (Shah, 2026).

Economic Constraints

As a net oil importer, Pakistan would face higher import bills (see Annexure-A, Figure-3) if oil prices rise in response to the conflict; Brent crude oil prices have risen to near \$80 a barrel, eroding the gains in the country's precarious current account balance. Trade has already been affected by the suspension of flights and maritime routes to the Middle East, affecting exports. An oil price hike would further worsen the current account deficit of Pakistan and the local currency value. It would also fuel inflation. However, the disruption in trade may impact remittances from the Gulf countries (see Annexure-B, Figure-5), an important source of foreign exchange for the balance of payments. In addition, trade finance has become more expensive as global banks have tightened credit conditions in response to the risk of sanctions and geopolitical tensions (XU, 2026).

This may put the central bank in a tight spot where it has to increase interest rates or allow a fall in the currency, thereby increasing the inflation rate. Some of the media reports related to the UAE include that they demanded the amount borrowed by them and fueled the Taliban against Pakistan, and in such a case, the limited fiscal space would not be able to accommodate the increasing subsidies or social pressures resulting from the external environment. However, the exact amount has not been revealed at any forum, but it has been derived that the air operations, logistics, and defense preparedness of Pakistan in a cross-border war may cost tens or hundreds of millions of dollars in a short span of time (Akbar, 2026).

Besides, any disruptions in Gulf trade will have a major impact on major economies like the UAE and Saudi Arabia, which involve a trade and investment relationship worth billions of dollars. Pakistan's trade exposure to Gulf economies is illustrated in Annexure-B (Figure-4). In addition, any increase in freight rates, insurance rates, and risks will increase the cost of export for Pakistani exporters and compromise their competitiveness in international markets. Any prolonged conflict may derail Pakistan's economic reforms and put a strain on its growth trajectory. In addition, any closure of borders with Iran and a ban on food and medicine exports have halted all trade activities at major borders like Taftan, affecting local economies in Balochistan's districts along the Iranian border (Ismail, 2026).

The war may also increase the fuel import bill of Pakistan and prices, which will squeeze consumers and increase the current account deficit. Trade and freight costs have already risen significantly due to disruptions in the

Strait of Hormuz, which is a major export route for Gulf economies, and this has caused major shipping companies to reroute ships and impose war risks that have delayed Pakistan's exports and imports. In addition to this, energy imports of Pakistan are also facing higher costs and risks since most of these imports pass through these waters, and any disruptions can increase the oil bill and the trade deficit. It is estimated that potential monthly losses of up to around \$3 billion could occur if export revenues, remittances, and freight costs are all hit by prolonged shipping disruptions and regional instability in Gulf trade routes (The News International, [2026](#)).

Strategic Position of Pakistan in the USA, Israel, and Iran Conflict

Geographic and Security Considerations

As mentioned earlier, Pakistan is sharing a long 909 km border with Iran in Balochistan. This area is considered a porous terrain that poses challenges for monitoring militant movement and trafficking if regional conflict spreads more, and Pakistani youth may join Iranian youth against ground forces if Israel and the USA initiate a ground operation for regime change. The conflict has already prompted Pakistan to close several Iran–Pakistan border crossings, impacting trade and cross-border movement to mitigate security risks. Public and domestic pressures, including large protests, require Pakistan to show principled positions without compromising state relations with major powers (Afifa, [2026](#)).

Security fragility of Pakistan is heightened, with potential spillover of instability from Sistan-e-Baluchistan, a province of Iran, where ethnic and separatist linkages exist across the frontier. Pakistan is focusing more on safeguarding its strategic assets like Gwadar Port near the Persian Gulf energy transit routes. Pakistan is also focused and aware of balancing security on its western border with Afghanistan, where militant threats are active. This makes stability on the Western border difficult. Additionally, the closure of Iranian airspace and the usage of fewer flight routes in the region make alternative routes via Pakistan more secure. Its proximity to the Middle East puts Pakistan in a strategic location that is crucial for global powers. This puts immense pressure on its defense and foreign policy. Pakistan's security apparatus has to secure its country against terrorism and sectarianism because of its diverse internal security situation. environment and the potential of conflict to energize militant groups. In addition, border security infrastructure such as fencing and border patrols in Iran also assists in the enhancement of border security but needs to be constantly maintained to prevent infiltration in regional conflicts owing to the geostrategic position of Pakistan at the crossroads of South and West Asia, making it vulnerable to regional conflict processes that need to be effectively managed to ensure stability in the region. Overall, the balance demonstrates the effort of Pakistan in maintaining strategic neutrality while at the same time actively engaging in the condemnation of conflicts, diplomacy, and the maintenance of relations in the midst of conflicting powers (Iftikhar, [2026](#)).

Diplomatic Balancing Act

Pakistan has taken a neutral position by condemning unwarranted strikes on Iran and the killing of the leadership of the country while also advocating restraint in the UN Security Council. Pakistan has condemned the strikes on Iran and the subsequent missile and drone strikes on the Gulf nations while also maintaining cordial relations with Saudi Arabia, the UAE, Bahrain, Qatar, and Kuwait. The message of the Pakistani leadership advocating the resolution of the situation peacefully and respecting international laws while also positioning itself as a force advocating dialogue rather than the use of force and reaffirming support for the efforts of the mediators while praising the efforts of Oman in the talks process has aligned with the overall diplomatic efforts and not the military alliances. Pakistan has the task of maintaining cordial relations with Iran, being a neighbor and having common security concerns, and the Gulf nations, who have millions of Pakistani expatriates and are major economic partners (Shahjahan, [2026](#)).

The foreign policy approach of Pakistan is one that tries not to displease the USA at any cost and also tries not to be seen as favoring Iran. In this respect, the statements issued by Pakistan are not directly mentioning the USA but are still expressing displeasure at any unilateral action by the USA. Maintaining solidarity with GCC nations in the face of counterstrikes is a testament to Pakistan's foreign policy approach.

Energy and Economic Implications

Furthermore, being a net importer of oil, Pakistan is again at a higher risk of increasing fuel import costs if crude oil prices remain at higher levels due to instability in regions where oil prices have shot up. This is because Brent crude has increased by as much as 13 percent to \$82 per barrel due to Strait of Hormuz tensions. This would again add to the rising production costs, which would reflect in the already high prices. This would again add to the rising prices and negatively impact economic stability. Once again, it is emphasized that inflationary pressures may arise again, which would restrict the SBP from reducing interest rates because of rising energy costs that would add to the prices. In addition to this, there are disruptions in air routes due to regional instability. The Middle East is one of the prominent destinations for migrant workers from Pakistan, and the prolonged conflict may adversely affect remittances, which are crucial for foreign exchange earnings (Naveed. Siddiqui, 2026). An unstable market in the region may negatively influence investor sentiment, and foreign direct investment may be deterred, especially when global risk sentiment is already low. Projects such as developing infrastructure in the energy sector or a gas supply deal may be delayed due to the unstable conditions in the region, and the war may further complicate the existing fiscal and economic issues of balancing higher import costs, inflation, trade, and financial issues, thereby making economic recovery more fragile for Pakistan.

Role as a Mediator

The ongoing conflict in the USA, Israel, and Iran has further intensified tensions in the Middle East, thus threatening stability in this region and, in turn, global economic security, which is located geographically at a crossroads of South and West Asia, and a nation like Pakistan is privileged to possess a strategic location and a history of diplomatic influence to remain a neutral intermediary in this volatile conflict. However, the basis of credibility of a nation like Pakistan is that it enjoys a neutral policy, having cordial relations with Iran on one hand and cooperative relations with both the USA and Gulf states, but on the other hand, it does not enjoy a diplomatic relationship with Israel. Thus, the duality of our nation is capable of opening back-channel communications, conveying, and facilitating dialogue between Iran and the USA (Mian, 2026).

The advantage that Pakistan has is that through its subtle diplomacy, it can minimize mistrust between the two nations and de-escalate any further tensions by hosting or arranging peace talks and confidence-building meetings. Pakistan can benefit from experiences shared by Oman and other regional players that have remained neutral in negotiations and can provide a conducive environment for talks. Pakistan can also partner with other neutral nations and international organizations like the UN & OIC that can help in enhancing the effectiveness of any mediation process.

Also, Pakistan may stress common Islamic and regional values as well as support humanitarian aid and the establishment of safe corridors for civilians and build confidence and demonstrate commitment to peace without appearing to take sides with a particular group. Public diplomacy initiatives by Pakistan, such as hosting conferences on conflict resolution and regional stability in academic and policy circles, may also contribute to the development of a climate conducive to negotiations. Working with the international powers that support the diplomatic option, such as China, Russia, and Turkey, would further enhance the position of our country as a neutral and credible mediator and needs to be done in a manner that we do not offend any major world power (The Times of Israel, 2026).

Moreover, through such advocacy for restraint, ceasefire, and dialogue-based resolution of conflicts, our leadership can also improve its image in the international arena while making a positive contribution to regional stability, which not only ensures regional peace in the Middle East but also safeguards its own interests in the region. The strategic position and neutral role of Pakistan can also provide it with a powerful bargaining chip to act as a mediator between the USA, Israel, and Iran in their ongoing conflict and make a positive contribution to its resolution through such means as back-channel diplomacy and negotiations and through collaborative efforts and humanitarian work.

Discussion

The consequences of the conflict between the USA, Israel, and Iran have major global implications, including the disruption of the flow of oil through the Strait of Hormuz, increases in energy prices, and the specter of a worldwide economic slow-down and instability, and it has also significantly impacted the global power balance,

increasing the rivalries between the major world powers and compromising the multilateral nature of international relations. As far as Pakistan is concerned, the major challenge in the sphere of foreign policy would be maintaining a delicate balance in its relations with the USA, Iran, and the Gulf States without getting strategically aligned with any of the two rival camps, and in the sphere of economic issues, it would include the vulnerability to the consequences of the increase in the prices and restrictions on the import of oil due to the sanctions by the USA on the Iran-Pakistan gas pipeline project, and strategically, Pakistan would take a neutral and balanced stance on the issue and even act as a mediator between the USA and Iran on the ceasefire issue. The transmission of economic shocks from conflict to domestic instability is illustrated in Annexure-C (Figure-8).

SWOT Analysis

The foreign policy of Pakistan in the US, Israel, and Iran wars can be best characterized as strategic neutrality and risk management, but the success of such a foreign policy would be dependent on the balance between external and internal factors. The following are the internal and external factors, as the SWOT analysis showed in the below table, where Pakistan must follow strategic neutrality, economic resilience, and proactive diplomacy to navigate US–Iran tensions effectively:

| Internal Factors | |
|--|--|
| Strength | Weakness |
| Pakistan is sharing borders with Iran and connects South Asia, the Middle East, and Central Asia—giving it geopolitical relevance. Pakistan is maintaining diplomatic ties with both the USA and Iran, enabling a mediator role. Pakistan is actively involved in backchannel diplomacy and peace facilitation. A strong security establishment enhances regional influence. | Pakistan may face pressure to choose between the US bloc and Iran, creating strategic ambiguity. In terms of economic condition, dependence of Pakistan on Gulf energy and the IMF limits independent decision-making. Iran–Pakistan gas pipeline stalled due to US sanctions. Pakistan may face border instability with Iran, and sectarian sensitivities complicate policy execution. |
| External Factors | |
| Opportunities | Threats |
| Being a nuclear state and strong military power, Pakistan can enhance global standing by hosting or facilitating US–Iran dialogue. Pakistan has the potential to link Iran with the China–Pakistan Economic Corridor (CPEC). Pakistan can emerge as a stabilizing actor in the Muslim world. If tensions ease, Pakistan can access to Iranian gas can reduce energy crisis of Pakistan. | This war may trigger border instability, militancy, and refugee flows. The disruption in the Strait of Hormuz can sharply increase oil prices globally. US sanctions vs. expectations from Iran and Gulf states create diplomatic strain. Escalation could inflame domestic sectarian divides. |

Conclusion

This study revealed that the USA, Israel, and Iran war is presenting a complex situation for Pakistan, which has multiple dimensions, including geopolitical, economic, security, and domestic stability. As Pakistan is geographically adjacent to Iran, it faces direct risks of regional spillovers such as militancy, refugees, and border insecurity in Balochistan; it suits Israel and the USA to destabilize Balochistan because of its strategic location near the Persian Gulf and Gwadar Port. It can further expose Pakistan to potential disruption of key energy transit routes, making security and economic preparedness essential. This war would sharply increase oil prices because of its shortage, which may worsen the import bill of Pakistan; inflation will increase, and pressure on foreign exchange reserves will increase. This study also revealed that this will create security and diplomatic challenges for Pakistan, as it is difficult for Pakistan to balance its relations with the U.S. and Gulf countries

and avoid regional instability. Disruptions in the trade routes and remittances from Pakistani workers in Gulf states may negatively impact economic stability and growth in Pakistan.

This study further revealed that domestically, sectarian and political tensions will increase. Pakistan is already facing economic crises, and such war situations in Gulf countries fuel nationwide protests and public sentiment, which will amplify the risk of internal instability. Such situations complicate the governance and constrain the capacity of Pakistan to respond decisively to foreign policy challenges. War in the Gulf between the USA, Israel, and Iran and involvement of GCC countries would not only be a distant geopolitical crisis for Pakistan but also a direct economic shock. It is a test of diplomatic acumen for Pakistan and a security concern. In the context of a foreign policy perspective, this current study found that Pakistan is dealing with a very sensitive diplomatic tightrope, and thus maintaining neutrality while keeping good relations with the US, Israel, the Gulf States, and Iran is a very sensitive task, especially because Pakistan recently offered the USA and Iran to host peace negotiations and is engaging in shuttle diplomacy by acting as a messenger between the US and Iran to bring the warring nations closer by promoting dialogue instead of conflict. Pakistan is using its diplomatic relations with the US, Israel, the Gulf States, and Iran, along with its policy of neutrality, to broker peace. The credibility of Pakistan with Iran and other major Muslim countries, along with its influence in the region, offers a unique opportunity for Pakistan to emerge as a mediator between the warring nations. By acting as a facilitator of dialogue, Pakistan is in good books with major global powers like China, Russia, and the USA, and by promoting humanitarian efforts in Iran, Pakistan can emerge as a force for de-escalation and bring the warring nations closer by promoting trust and confidence between them.

The conclusion of this study is that, for Pakistan, a response to the war between the USA, Israel, and Iran must include vigilance, economic strength, internal stability, and its potential role as a mediator, and it is only through a wise use of this potential role as a mediator that its international image, internal stability, and economic strength could be positively affected. This study has revealed that, for Pakistan, successfully dealing with all these challenges will require strategic foresight, balanced foreign policy, and a wise response to all internal and external challenges.

RECOMMENDATIONS

Based on the above analysis, the following are some short-, medium-, and long-term recommendations for Pakistan to manage this situation internally and externally:

| Short-Term Recommendations (0–6 months) | |
|---|--|
| Factor | Explanation |
| Strengthen Border Security and Monitoring | Pakistan can deploy additional forces, surveillance systems, and coordination along the Iran–Pakistan border to prevent militant spillover and smuggling. |
| Crisis Diplomacy and Public Messaging | Pakistan needs to maintain a neutral diplomatic stance publicly, condemn violence, advocate restraint, and manage domestic sentiment to reduce protests and sectarian tensions. |
| Energy and Economic Risk Mitigation | Pakistan needs to implement temporary fuel subsidies, diversify imports where possible, and ensure strategic petroleum reserves to buffer immediate energy shocks. |
| Medium-Term Recommendations (6–24 months) | |
| Mediation and Regional Diplomacy | Pakistan needs to proactively offer itself as a venue for confidence-building talks and facilitate back-channel communications between Iran, the U.S., and Gulf states. |
| Economic Diversification and Resilience | Gradually, Pakistan needs to reduce dependency on Gulf remittances and oil imports by developing alternative trade partners, renewable energy projects, and supply-chain alternatives. |
| Domestic Stability and Governance | Pakistan needs to strengthen mechanisms to manage sectarian and political tensions, including inclusive dialogue platforms, community engagement, and rapid-response governance units. |

| Long-Term Recommendations (2–5 years) | |
|---------------------------------------|---|
| Strategic Regional Partnerships | Pakistan also needs to develop stronger and diversified alliances, which can help to maintain a balance of power with major countries such as the U.S., China, the Gulf states, and Iran. |
| Infrastructure and Energy Security | There is a dire need for Pakistan to invest in its own internal infrastructure to meet its energy needs and develop alternative routes for trade to avoid the impact of regional conflicts. |
| Institutionalized Mediation Capacity | Pakistan also needs to develop permanent diplomatic and conflict resolution frameworks to establish its role as a mediator in regional conflicts. |

Strategy Matrix

| Timeframe | Recommendation | Department / Agency Responsible | Expected Outcome |
|---------------------------|--|--|---|
| Short-Term (0–6 months) | Strengthen border security and monitoring along Iran–Pakistan border. | Ministry of Defense, Frontier Corps, ISI | Prevent militant spillover and smuggling and enhance border control |
| | Crisis diplomacy and public messaging maintaining neutrality | Ministry of Foreign Affairs, PM Office | Reduce domestic protests, manage sectarian tensions, and maintain international credibility |
| | Energy and economic risk mitigation (fuel subsidies, strategic reserves) | Ministry of Energy, Ministry of Finance | Cushion against immediate energy shocks and stabilize inflation and supply chains |
| Medium-Term (6–24 months) | Facilitate mediation and regional diplomacy. | Ministry of Foreign Affairs, Strategic Planning Division | Build Pakistan’s credibility as a neutral mediator and reduce regional conflict escalation. |
| | Economic diversification and resilience (alternative trade partners, renewable energy) | Ministry of Commerce, Ministry of Energy | Reduce dependency on Gulf imports/remittances and strengthen economic stability. |
| | Strengthen domestic stability and governance mechanisms. | Ministry of Interior, Provincial Governments | Mitigate sectarian violence, enhance rapid-response governance, and promote social cohesion. |
| Long-Term (2–5 years) | Build strategic regional partnerships with major powers. | Ministry of Foreign Affairs, PM Office | Maintain strategic autonomy and balance influence between the U.S., China, Iran, and Gulf states. |
| | Invest in infrastructure and energy security. | Ministry of Energy, Ministry of Planning | Reduce vulnerability to regional conflicts and ensure reliable trade and energy supply |
| | Institutionalize mediation and conflict-resolution capacity. | Ministry of Foreign Affairs, Policy Research Institutes | Position Pakistan as a credible regional mediator and strengthen long-term diplomatic influence. |

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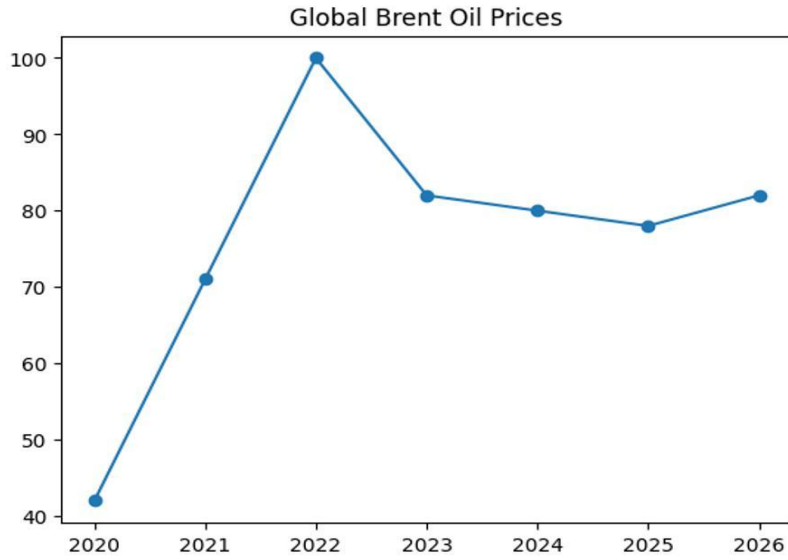
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Annexure – A

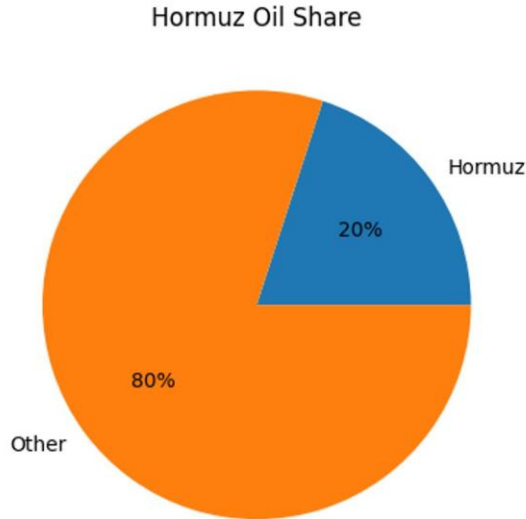
Figure 1
Global Brent Oil Price trend (2020-2026)



Source: World Bank Commodity outlook (2026)

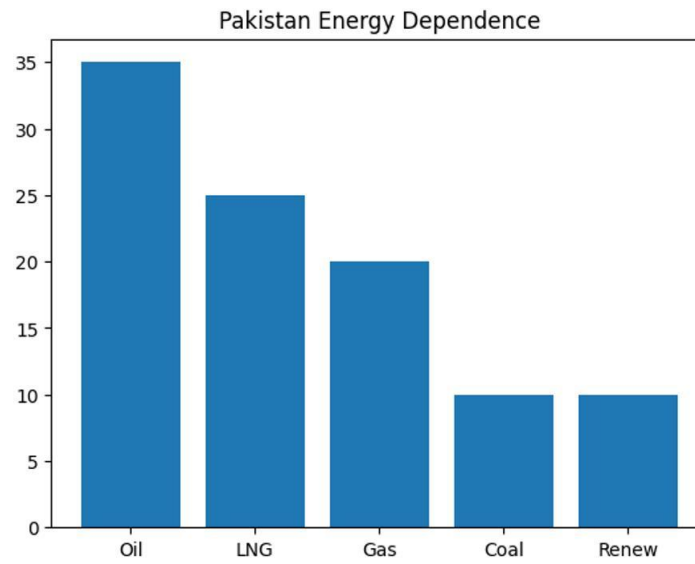
Figure 2
Global Oil Supply through Strait of Hormuz

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Source: U.S Energy information Administration

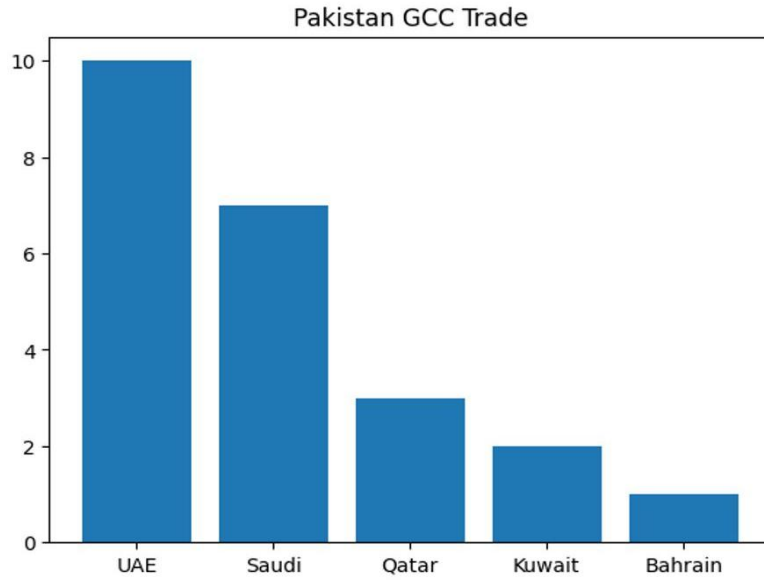
Figure 3
Pakistan Energy Import Dependence



Source: Pakistan economic survey (2025)

Annexure – B

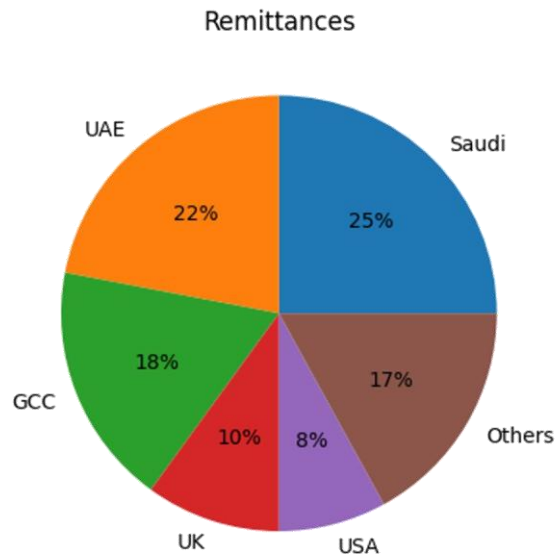
Figure 4
Pakistan Trade with GCC Countries



Source: State Bank of Pakistan

Figure 5
Pakistan Remittance Sources

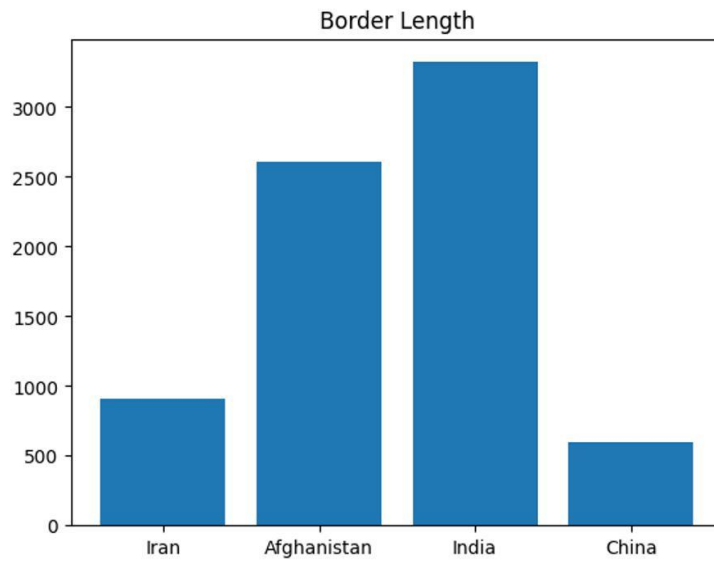
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Source: State bank of Pakistan

Annexure – C

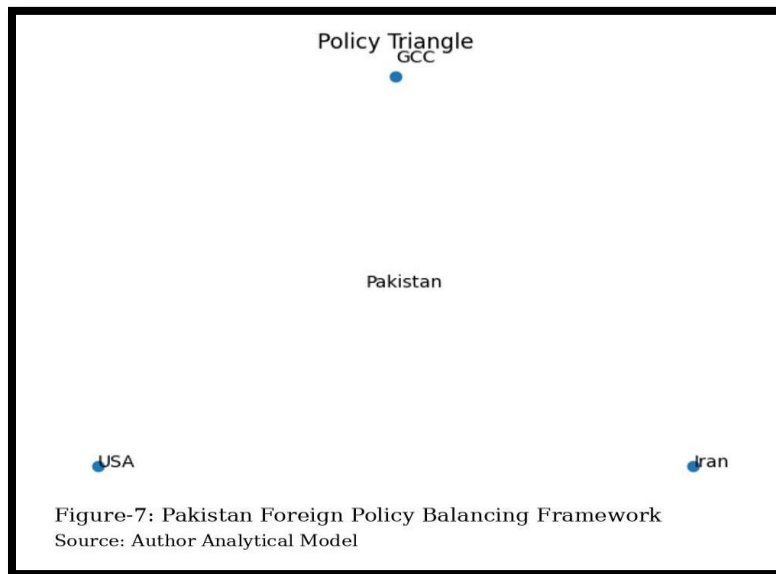
Figure 6
Pakistan Border Length Comparison



Source: Pakistan Bureau of Statistics

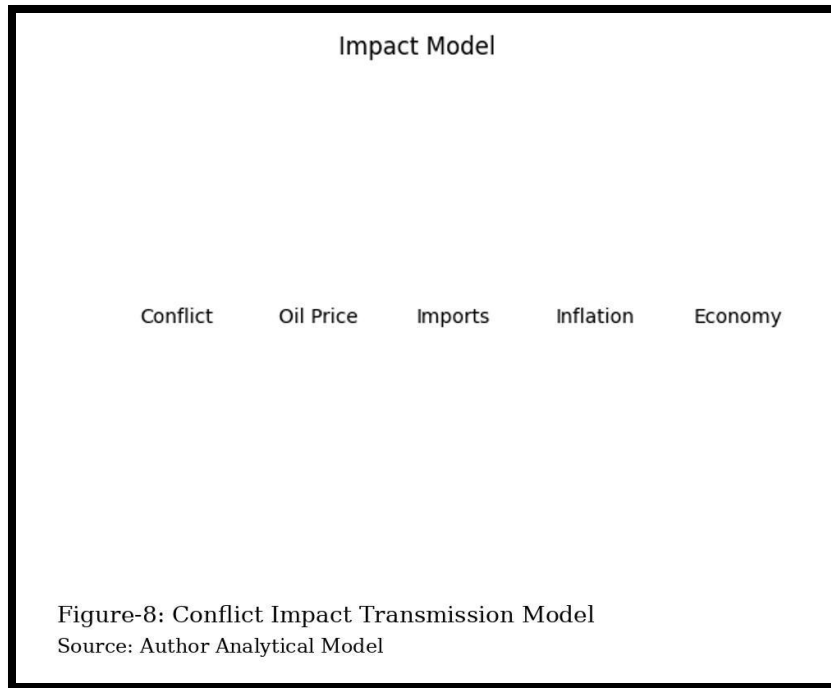
Figure 7
Pakistan Foreign Policy Balancing Framework

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Source: Author Analytical Model

Figure 8
Conflict Impact Transmission Model



Source: Author Analytical Model