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Between the Balancing and Hedging? Pakistan's Foreign Policy Behavior amid the US-China Power Struggle

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Keywords: Great Power, Balancing, Hedging, Strategic Dilemma

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Abstract

Amid the US-China power struggle, this paper examines Pakistan's foreign policy challenges, its economic and military reliance on both great powers. Using structural realism, the analysis considers how great power competition drives states to either balance against rivals or adopt a hedging strategy to prevent dependence on a single power. Focusing on a mixed-method approach, this study employs an integrative review technique to analyze the data. Findings indicate that Pakistan holds a distinct status as an All-Weather Strategic Cooperative Partner and an ironclad friend of China, while also aligning with the US as a major non-NATO ally. Additionally, the expanding strategic partnership between the US and India is likely to impact Pakistan's foreign policy. The paper presents two potential scenarios: one in which Pakistan adopts a balancing strategy, and another in which it pursues a hedging strategy. Ultimately, Pakistan's efforts to secure its interests involve striking a balance between power and maintaining neutrality through hedging, reflecting its strategic dilemma.

Keywords:

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Introduction

The United States (US)-China relationship is characterized by a complex mix of rivalry, cooperation, and tension, shaped by their respective national interests and global goals. Both countries vie for dominance across various areas such as the economy, military, and technology.

Anshu and Berman (2022) consider that the US's concern is about maintaining a unipolar world to prevent what it perceives as manipulative intentions from state-

controlled economies or predatory trade practices. In the economic realm, trade between the US and China has seen significant growth over the past few decades. Currently, China is a major destination for the US exports of goods and services, while the US is among China's top export markets. Nearly no trade existed between the two countries until about thirty years after China's independence. After prolonged negotiations with the US and other World Trade Organization (WTO) members, China became a WTO member in December 2001.



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President Bill Clinton stated that the integration of China into the global trading system would not only benefit the US but also stimulate economic growth and, eventually, democratic transformation in China. Bilateral trade between the two nations was experiencing growth before China's entry into the WTO. However, by becoming a member of the WTO, China guaranteed "permanent normal trade relations," which assured US and foreign companies that they could manufacture goods in China and sell them to the US.

The trade volume increased significantly, and the US' imports from China rose from approximately \$100 billion in 2001 to \$500 billion in 2022. However, President Biden's administration has taken strong steps to challenge China's economic ambitions. It has upheld around \$360 billion in tariffs and various sanctions initially imposed by President Trump on Chinese entities involved in human rights abuses in the autonomous region of Xinjiang and the special administrative region of Hong Kong. Furthermore, it has introduced extensive export restrictions preventing Beijing from accessing advanced technology, and banned certain US investments in sensitive sectors that lawmakers believe could bolster China's military growth. Both countries have also used tariffs and trade policies to protect their domestic industries, address trade imbalances, and promote fair competition.

De Castro (2017) argued that in the military sphere, the South China Sea has gained worldwide focus due to China's assertive actions, such as building artificial islands. In 2016, the Permanent Court of Arbitration supported the Philippines in a case against China, ruling that China's nine-dash line and land reclamation activities breach international law, specifically the United Nations Convention on the Law of the Sea (UNCLOS). However, China explicitly rejected this verdict, and on the other side, the US has used international law and regularly undertaken Freedom of Navigation Operations (FONPS) in the South China Sea within the ambit and under the claim of ownership as prescribed by China's nine-dash line claim (Pinto, 2018; Lee, 2017).

Both powers aim to assert their influence in the region, leading to escalated tensions, with the South China Sea becoming a key area in geo-strategic competition. Additionally, China, now the second-largest economy and benefiting from the post-World War II world order led by the US, still perceives this order as biased in favor of the US and its allies. This perception hampers China's efforts to pursue its goal of acquiring a global power status (Kim & Kim, 2023). This stems from China's concern about the apparent tension between China as an emerging power and the US as the leading superpower. China has engaged in competition with the US to become the main proponent of regional economic frameworks. In this context, China significantly

contributed to creating the Regional Economic Comprehensive Partnership (RCEP), which includes fifteen countries such as Association of South East Asian Nations (ASEAN) members, Japan, South Korea, Australia, and New Zealand in the Indo-Pacific Region (Zreik, 2024). In 2016, China had already established the Asian Infrastructure Investment Bank (AIIB) along with various founding members, and this bank has 110 approved members worldwide. This AIIB was perceived as a good alternative to the World Bank (WB) and other international organizations for development (Creutz, 2023). Additionally, both great powers compete in technology, especially in areas such as 5G and AI, and their ongoing rivalry in cybersecurity further intensifies the fight for technological dominance. Ideology also plays a crucial role: the US, as a proponent of liberal values, promotes and sometimes imposes a democracy-based political system on other nations, whereas the Chinese Communist Government consistently advocates for a non-interference approach (Aidoo & Hess, 2015). Although China has largely adhered to the established rules, it might prefer to reform rather than completely overthrow the global arrangements and institutions. Despite this pervasive optimism that China will rise peacefully and integrate within the existing rules-based order, realist scholars envision China as a potential revisionist state that would maximize its power, destabilize the regions, and alter the international order. The US-China competition has been taking the form of different dimensions, such as economic and technological fields, as well as security and ideological spheres. Moreover, the role of international institutions and multilateral frameworks in managing competition and fostering cooperation also needs to be examined. The US policy lacks inclusiveness in dealing with China, and it is important to have a real, direct, and noticeable engagement with China where necessary actions are taken to protect the norms and safeguard the interests of the US. However, being a dissatisfied and emerging great power, China wants to acquire global hegemony despite the changing conditions of stability and cooperation (Zhao, 2016). The US-China relations in the 21st century have evolved with a unique complexity, marked by a blend of rivalry, conflict, and cooperation. Examining the repercussions of the escalating rivalry between the US and China holds particular significance within the already volatile South Asian security landscape. In the backdrop of great-power competition between the US and China, the role of other regional powers, such as India and Iran, has also become critical and has influenced the strategy of Pakistan. Pakistan is stuck in the middle of this intensifying competition, and being a rational state, it has been trying to balance the demands and expectations of the US and China (Shaikh, 2021). The effective and encompassing international diplomacy of Pakistan is

essential in order to influence and maximize the interests under this new geopolitical contest between the great powers (Hassan, 2022). By reconciling internal and external factors, Pakistan can develop a well-integrated and smart strategy that addresses national interests without triggering a power shift.

The escalating US-China strategic rivalry has placed significant pressure on small and middle powers, compelling them to align their interests. Pakistan, as a middle power and neighbor to China, is no exception. Being a longstanding partner of China, especially through the China-Pakistan Economic Corridor (CPEC), Pakistan maintains an All-Weather Strategic Cooperative Partnership and an ironclad friendship with Beijing. At the same time, Pakistan has also enjoyed good relations with Western countries, notably alignment with the US as a major non-NATO ally during the Cold War and the Global War on Terror (GWOT). These engagements often obscure Pakistan's strategic decision-making. The rapid escalation of tensions between the US and China creates a complex and critical situation for Pakistan. For example, the US-China trade war, South China Sea disputes, Taiwan Strait issues, Indo-US strategic relations, and other geopolitical developments further complicate Pakistan's foreign policy calculations. Therefore, this paper aims to analyze Pakistan's foreign policy choices amid the evolving strategic competition between the US and China.

Research Methodology

The study employs an integrative review technique, focusing on quantitative as well as qualitative data to analyze and understand Pakistan's historical and contextual position within the Sino-US strategic rivalry. It combines primary data, obtained from official government reports, with secondary data, including various books, research articles, and dissertations, to provide a comprehensive view of the phenomenon. The collected data has been analyzed and organized thematically in line with the study's objectives.

Theoretical Framework- Structural Realism

Realism appears to be the most suitable approach for understanding the current US-China competition. Since International Relations became an established academic field, this theory has evolved and branched into several subtypes, including classical realism, structural realism, and neo-classical realism (Lomia, 2020). Structural realism or neo-realism is further divided into two variants, *defensive realism* and *offensive realism* (Hamilton & Rathbun, 2013). However, this paper excludes the classical realism and neo-classical realism and aims to theorize and apprehend the phenomenon through structural realism. For the reason of extensive understanding, it is necessary

to first understand that structural realism (Waltz) has derived its foundation from classical realism (Morgenthau), which considers that the pursuit of power is deeply rooted in the rational and selfish nature of human beings. Since humans are responsible for running state affairs, their selfish nature is reflected in their foreign policy. Moreover, power plays an immense role in shaping, controlling, and maintaining the order. Nevertheless, Kenneth Waltz (2010) in his book, *Theory of International Politics* (1979) amended the argument of classical realism and stated that anarchy exists at an international level, and it is the structure that primarily determines the behavior of states, not human nature. Similarly, John Joseph Mearsheimer, based on structural realism, has developed his theory of offensive realism and termed structural realism as a defensive theory (Snyder, 2014). Waltz, the leading proponent of defensive realism, and Mearsheimer, the leading advocate of offensive realism, both argue that their respective theories remain the most effective ways to understand international politics. Structural realism emphasizes three main principles: the organizing principle, the unit of analysis, and the distribution of capabilities. Waltz states that the organizing principle is anarchy, not hierarchy, as the international system lacks a central authority, which compels states to depend on self-help for their survival. The second principle suggests that all states in an anarchic system operate similarly, regardless of internal politics, with a focus on maximizing security, power, and economic interests. The third principle pertains to how capabilities are distributed, indicated by whether the system is unipolar, bipolar, tripolar, or multipolar.

Waltz believed that a global system lacked regulation, and no higher authority existed to enforce rules or resolve disputes, which fosters interstate conflicts. As a result, states rely on self-help to compete and aim to preserve regional peace and stability. Additionally, the balance of power acts as a solution to global security challenges, with states working together through partnerships to maintain international stability alliances (Nexon, 2009). While in the context of US-China competition, the anarchy has been playing a key role in shaping their behavior. In the absence of a higher power or central authority, a self-help system becomes the only viable option as states have to stand and defend on their own. The US, ever since its inception, has behaved as a world hegemon affecting political, economic, and military domains across the world. Nevertheless, China's principal factors of fast-paced economic development and military revolution are the elements that challenge the unipolar global moment. Power politics is based on seeking higher power and security, fostering military armament, developing defense technologies, and above all, forming military and economic partnerships. The US and China, both great powers, appear with their own forms of balancing deeds

to guarantee security and stability for maximizing their interests. For instance, the Quadrilateral Security Dialogue (QUAD) and the Indo-Pacific Strategy are some initiatives introduced by the US, whereas China takes the other way and uses its economic and diplomatic ties to enhance its respective sphere of power (Chaudhury & Estrada, 2018). This type of power struggle creates challenging circumstances for Pakistan, with significant economic and political repercussions amid increasing geopolitical rivalry. According to structural realism, states adopt balancing or bandwagoning strategies to ensure survival in the anarchic international system (Schweller, 1994). Nevertheless, there is yet another strategy, hedging, to steer through the power struggle, especially amidst systemic competition (Adil et al., 2024). Apropos, Pakistan must navigate carefully, balancing the interests of the US and China on opposite ends of the spectrum, and strive to avoid involvement in conflicts that could worsen regional instability or threaten its sovereignty. Under the shadow of US-China competition, Pakistan works to prevent over-reliance on either power, which is a prudent strategy for managing coercive diplomacy from the great powers. Additionally, as a rational state, Pakistan seeks to maximize its benefits by engaging both great powers in economic and military spheres.

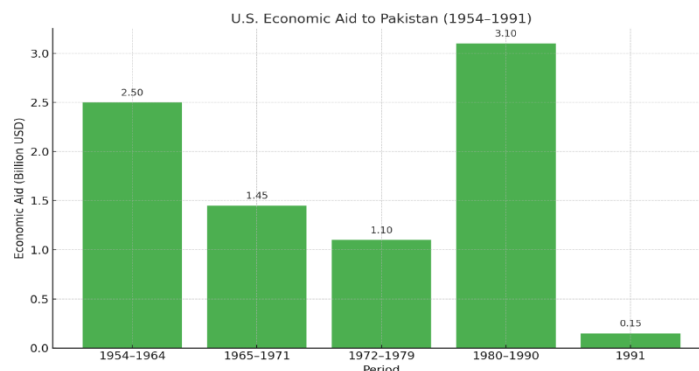
Pakistan's Economic Engagement with the US and China

Pakistan maintains a compound economic engagement with both the US and China, each demonstrating a distinct set of opportunities and challenges. The section below encapsulates the complex nature of economic relationships to build the foundation to understand

Pakistan's policy options in the vibrant US-China competition.

The US and Pakistan's Economic Engagement: The US and Pakistan have had a complex history of relations. After the establishment of Pakistan in 1947, the country found itself under the overarching Cold War, shaping the foreign policy of countries across the world. Pakistan, with a low level of economic development and security concerns, relied upon the US to counter the threat from India as well as to sustain itself economically (Khan, 2019). Pakistan enjoyed good bilateral relations with the US in the early decades as the US aimed to maintain and sustain its sphere of influence in South Asia, while Pakistan's major concern was to counter India for the sake of its survival and economic growth. In the first decade after independence, Pakistan received economic aid for development and food security, including wheat shipments from the US. While in the same decade, Pakistan also signed a Four Point Program launched by Truman, aiming to promote technical assistance in agriculture, health, education, and private investment. Moreover, in the 1960s, under the Indus Water Treaty, the United States Agency for International Development (USAID), along with the World Bank, also helped Pakistan to build major infrastructure, including Mangla Dam and Tarbela Dam. Nonetheless, during the Afghan War from 1980 to 1990, the US provided \$3.1 billion in economic assistance and £2.19 billion in military aid to Pakistan. Interestingly, after the end of the Cold War, particularly from 1991 to 2000, the US dropped aid to just \$429 million in the economic domain, while \$5.2 billion in military assistance (Center for American Progress, 2025).

Figure 1

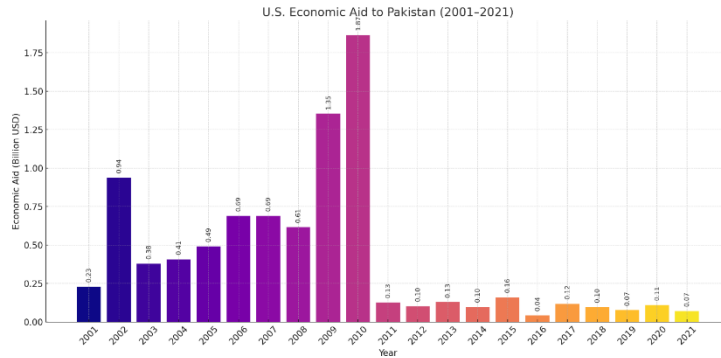


Source: Compiled by the Authors by collecting data from various channels, including The Center of American Progress and Congress.gov

However, during the GWOT, the US again provided huge economic support to Pakistan after the invasion of Afghanistan in 2001, until the withdrawal of the US

troops in 2021. The following chart illustrates the volume of aid provided to Pakistan by the United States.

Figure 2

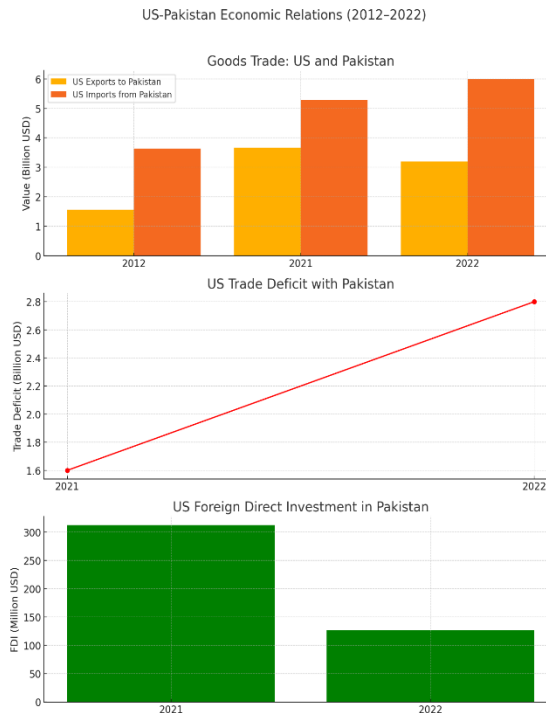


Source: Compiled by the Authors by consulting multiple channels such as Wren Elbai, Center for Global Development, 2011; Dawn News, 2018; The News International, 2025.

Along with the conventional economic support, the US and Pakistan also signed a treaty named the Trade and Investment Framework Agreement (TIFA), focusing on resolving issues and enhancing bilateral trade, which was signed between the two countries in 2003. Furthermore, the US and Pakistan in 2004 started to negotiate a Bilateral Investment Treaty (BIT), but the agreement was never signed due to the reservations of Pakistani stakeholders within the government (International Trade Administration, 2025). Pakistan has consistently regarded the US as its primary destination for exports, with imports of Pakistani goods exceeding \$5 billion in 2021,

significantly outpacing all other nations (Emerging Pakistan, 2022). For the past two decades, the US has been a prominent investor in Pakistan. During the latest fiscal year, the US experienced a 50 percent growth in its direct investment in Pakistan, reaching the highest level in more than ten years (U.S. Department of State, "U.S. Relations With Pakistan, 2024). Significant investments from the US prioritize consumer goods, agriculture, energy, business process outsourcing, and communications. The figure highlights US-Pakistan economic relations from 2012 to 2022, showing trends in goods trade, trade deficit, and foreign direct investment.

Figure 3



Source: Emergingpakistan.pk, Dawn- Compiled by Authors; 2025

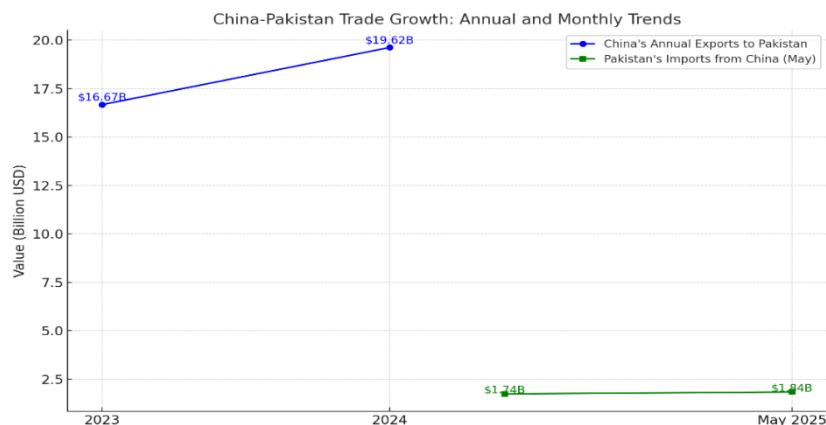
In 2022, the value of goods exported from the US to Pakistan was \$3.2 billion (United States Trade

Representative, 2025). This amount represents a decrease of 12.7 percent (\$460 million) compared to the previous

year, but it is an increase of 106 percent compared to 2012. In 2022, the US imported goods from Pakistan worth a total of \$6.0 billion, which is an increase of 13.5 percent (\$713 million) compared to 2021, and a 65 percent increase compared to 2012 (U.S. Department of State, 2024). In 2012, the US exports to Pakistan were notably lower compared to later years, and imports were also fairly modest. By 2021, both exports and imports had grown, indicating an expanding trade relationship. In 2022, the US exports to Pakistan decreased from the previous year. Moreover, in 2022, the US experienced a goods trade deficit of \$2.8 billion with Pakistan, representing a significant 70.5 percent surge (\$1.2 billion) compared to the previous year (Kronstadt, 2005). In 2022, the amount of foreign direct investment (FDI) from the US in Pakistan was \$127 million, which represents a significant decline of 59.3 percent compared to the previous year. Nevertheless, Pakistan remained a major beneficiary of the US foreign assistance from 2001 to the second Obama Administration. During this period, Pakistan received approximately \$14.6 billion in military reimbursements from the Pentagon. However, in 2018, the Trump Administration began a widespread suspension of security aid related to terrorism, which has mostly continued until now. The Biden Administration has formally requested, and subsequently, Congress allocated slightly higher amounts of economic and development assistance for the fiscal years 2022 and 2023, with a 25% increase for the former and a 6% increase for the latter, compared to the previous year. Since mid-2022, the US has allocated over \$200 million towards flood relief, disaster resilience, and food security assistance for Pakistan (U.S. Department of State, 2024). To sum up, the US remained an important economic partner and a vital source of foreign investment for Pakistan.

China and Pakistan's Economic Engagement: On the other hand, Pakistan enjoys the status of All-Weather Cooperative Partnership and an ironclad friendship with China, characterized by deep strategic, political, and economic cooperation. Although in the 1950s, Pakistan joined the West against the Soviet Union, it opted for a friendly and cautious policy towards China. In 1963, China and Pakistan succeeded in concluding a border treaty, which enhanced the mutual trust between the two countries, as it became a defining moment in China-Pakistan relations. Furthermore, in 1964, the first major bilateral trade agreement was signed between the two countries, and in the same year, Pakistan began its flights to China, and even the Chinese used Pakistan International Airlines (PIA) to travel overseas. However, the 1970s marked a turning point in enhancing the economic and strategic cooperation between the two neighboring countries. In the early part of this decade, Pakistan served as a bridge for establishing the US-China diplomatic relations, and during the 1971 war, China diplomatically supported Pakistan. In 1977, Pakistan, along with the assistance of China, established a Heavy Mechanical Complex (HMC) at Taxila. However, when we compare Chinese economic and development aid to the US, we found that only during the 1980s, the US gave Pakistan about \$ 8 billion in grants, while China gave only a few hundred million through 1991. Moreover, China was more interested in providing technical assistance and concessional loans rather than formal grants like the US. However, over time, Pakistan got closer to China than the West, and China's focus became more strategic and infrastructural. In 2024, China continued to be Pakistan's top trading partner, with trade expanding further. China's exports to Pakistan totaled \$19.62 billion, reflecting a 17.7% rise from the previous year's \$16.67 billion (Embassy of the Islamic Republic of Pakistan).

Figure 4



Embassy of Pakistan in Beijing, Compiled by Authors; 2025

The increasing economic connection between China and Pakistan is reflected in both annual and monthly trade

data. China's exports to Pakistan rose by 17.7%, from \$16.67 billion in 2023 to \$19.62 billion in 2024.

Moreover, Pakistan's imports from China in May alone grew by 6.3% year-over-year, increasing from \$1.74 billion in May 2024 to \$1.84 billion in May 2025. This sustained growth highlights a deepening economic dependency, with China becoming Pakistan's top trade partner. A key driver of this trend is CPEC. While CPEC, a prominent undertaking of the Belt and Road Initiative (BRI), offers Pakistan a range of connectivity and infrastructure projects valued at approximately \$62 billion (Mehmood & Jamali, 2019). CPEC, a flagship project of BRI, is a great initiative aiming to enhance economic cooperation and facilitate greater integration among South Asian nations. The BRI initiative was introduced by China in 2013 to support the Eurasian countries with respect to trade, infrastructure, communication, and connectivity. In 2015, 51 agreements and Memorandums, valued at \$46 billion, were signed between China and Pakistan. In the Chinese context, the core objective of CPEC is to decrease the duration and expenses associated with the transportation of goods and energy imported by China from the Middle East through the Strait of Malacca and the South China Sea (Paszak, 2021). The initiative also aimed to establish numerous special economic zones (SEZs), which were designed based on similar zones in China that provide incentives for investment and are intended to stimulate swift economic expansion (Shi, 2016). By the conclusion of the 2010s, the program had attained several accomplishments for Pakistan, specifically in relation to infrastructure and the generation of electric power capacity (Majeed et al., 2023). Apropos, China's economic engagement with Pakistan is majorly driven by the BRI's flagship project, CPEC.

Pakistan's Defence Cooperation with the US and China

Pakistan's defence cooperation with the US and China points to the complex nature of relationships, every so often characterized as strategic balancing acts. For instance, China is the main arms supplier to Pakistan, whereas US-Pakistan relations, which have historically been close allies, have experienced fluctuations in their defense cooperation. This section focuses on Pakistan's defence cooperation with the US and China to understand the influence on the former's foreign policy.

US and Pakistan's Security Engagement: In the early 1950s, Pakistan aligned itself with the United States' strategic interests by joining its allied organizations, becoming a member of the Southeast Asian Treaty Organization (SEATO) and the Central Treaty Organization (CENTO) (Bhattacharya, 2016). After the end of the Cold War, the intensity of the economic and security relations observed declined, yet the September 11, 2001, attack increased the significance of Pakistan, and consequently, the GWOT strengthened US-Pakistan relations in the shape of a major non-NATO ally. The US

withdrawal from Afghanistan in 2021 led to decreased cooperation between the two countries. The ongoing bilateral cooperation is limited to specific areas, with a primary emphasis on counterterrorism and maintaining stability in the region. Significantly, US-Pakistan relations seem to be quickly thawing, with President Donald Trump's warm welcome for Pakistan's Army Chief, Field Marshal Asim Munir, pointing to a possible strategic recalibration (*The Guardian*, 19 June 2025). Earlier, there have been numerous military-to-military interactions, including the Commander of the US Central Command (USCENTCOM) visiting Pakistan twice in 2022, the US Secretary of Defense hosting Pakistan's Chief of Army Staff at the Pentagon in October 2022, and a session of the US-Pakistan Counterterrorism Dialogue in March 2023 (U.S. Central Command, 2022; Myers, Ministry of Foreign Affairs, Government of Pakistan, 2023).

Since the resumption of International Military Education and Training programs in FY-2021, Pakistan has been receiving funding ranging from \$3 million to \$4 million per year for these programs (Congressional Research Service, 2023). In September 2022, the Biden Administration announced a sustainment package for Pakistan's F-16 fleet, potentially costing Pakistan up to \$450 million (Siddiqui, 2022). The Indian government vehemently objected to the announcement, prompting the US Secretary of State to publicly assert that the military equipment being provided is not new in terms of aircraft, systems, or weapons. The US Secretary of State further argued that the US has a responsibility to support the military equipment it exports and that this initiative would enhance Pakistan's ability to address terrorism threats originating from within Pakistan or the surrounding region. The two parties have maintained security connections, albeit on a relatively limited level (India Today, 2025). In February 2023, a group of representatives from various Pakistani agencies traveled to Washington to participate in the second phase of the US-Pakistan Defense Dialogue. The main objective of this dialogue was to discuss and enhance bilateral cooperation in the areas of defense and security. In recent media reports, it was stated that Islamabad has approved the signing of the Communication Interoperability and Security Memorandum of Agreement (CIS-MOA) with Washington (*Ministry of Foreign Affairs of Pakistan*, 2025). This decision followed a series of visits to Pakistan by General Michael Erik Kurilla, the commander of US Central Command. The CIS-MOA, which was signed in 2005 and lasted for 15 years, is again being reinstated after a three-year break (Khan, 2023). This, along with the other defense interactions mentioned earlier, demonstrates the mutual desire of both parties to continue some level of security cooperation. Moreover, Afghanistan also serves as an important element in the enhanced or decreased security cooperation between the

two countries. After pulling out of Afghanistan, the US continues to be worried about terrorist organizations establishing a presence once again in the country under Taliban rule. Although the Taliban has made commitments to prevent the use of Afghan territory for hostile actions against other nations, there are significant doubts regarding the group's determination and ability to fulfill these assurances. Moreover, Pakistan has seen the growth of staggering terrorist violence because of Tehreek-e-Taliban Pakistan (TTP). Pakistan has repeatedly urged the Taliban government to put an end to TTP's activities, but the country appears unwilling to take preventive measures against the organization. This has had adverse effects on security in Pakistan along the western borders of the country. The rationale for Washington's concern regarding the US-Pakistan cooperation on security is rooted in the rising threat of terrorism from Afghanistan (Ullah et al., 2023). Therefore, Afghanistan has remained a critical factor in influencing the US-Pakistan bilateral relations.

China and Pakistan's Military Engagement: China and Pakistan maintain an exceptionally stable relationship, and China proactively addresses Pakistan's security and economic requirements, considering Pakistan as an indispensable ally. For instance, recently, the US reduced military and economic assistance to Islamabad and strengthened strategic collaboration with New Delhi. China has promised to enhance military and economic cooperation with Pakistan and provided Pakistan with four state-of-the-art frigates (Lalwani, 2022). Despite the presence of political instability and a worsening security situation, China has explicitly supported Pakistan, politically and economically. The Chinese and Pakistani militaries have grown closer due to geopolitical changes in South Asia, which have been influenced by intensified competition between the US and China, deteriorating relations between China and India, and the withdrawal of US forces from Afghanistan in 2021. There is a growing trend among countries' armed forces to collaborate by sharing equipment, participating in advanced joint exercises, and fostering closer interaction through staff and officer exchanges. Beijing has emerged as the primary provider of Pakistan's traditional weaponry and strategic systems, as well as the dominant supplier of Pakistan's advanced offensive strike capabilities. China has expressed its commitment to collaborate with Pakistan's military in order to enhance and broaden their shared interests, as well as to collectively safeguard peace and stability in the region. In this regard, Pakistan's military alignment demonstrates a clear preference for China, both domestically and internationally. This preference is based on China's ability to serve as an internal and external balancer against India in the region. Pakistan's civil and military elite acknowledge and value China as an emerging global power. Moreover, Pakistan has diminished its reliance on the US for military aid by

forging a stronger alliance with China, which offers alternative options for both conventional and non-conventional defense capabilities. China has been the primary supplier of Pakistan's fighter aircraft since 1980 and is expected to maintain this trend with the production of the advanced fourth-generation JF-17 block III. Additionally, China has recently sold and transferred the 4.5-generation fighter J-10CP to Pakistan, which is considered to be equal in capacity to the modern US F-16 (Curtis, 2009). Pakistan initiated the acquisition of the JF-17 in 2007 as a nimble military aircraft with a design resembling that of the US F-20 Tigershark. The design and development of the JF-17 were primarily carried out in China through a collaborative effort between the two countries. Pakistan has procured around 125 JF-17s and plans to acquire a total of 170 to 250 of these aircraft by 2025, and new aircraft are expected to replace the older fighter planes currently in use (Annual Report to Congress: Military Power of the People's Republic of China, 2009).

Pakistan Foreign Policy Option: Between Balancing and Hedging

Structural realism asserts that ideology plays a minimal role in shaping foreign policy. In the case of Pakistan, this perspective suggests that its alignment choices are driven primarily by systemic pressures rather than ideological preferences. The ongoing competition between the US and China, serving as the main causal factor, continuously pressures Pakistan to safeguard its survival, enhance security, and maximize benefits in pursuit of its national interests. Pakistan faces a strategic dilemma as the US-China rivalry intensifies globally. The core issue is the challenging decision between aligning with the US or China, which ultimately increases the costs associated with Pakistan's foreign policy choices (Boni, 2021). Thus, under the US-China competition, the foreign policy behavior of Pakistan can be analyzed while understanding the interplay between balancing and hedging, which is directly and indirectly influenced by the Indo-US strategic cooperation. Since the US-China power struggle is still evolving, there will be two scenarios in which Pakistan cautiously and rationally chooses either a hedging strategy or a balancing act.

Scenario 1: Growing Indo-US nexus Compels Pakistan to Balance

Scenario 1 hypothesizes that *"the higher the level of Indo-US strategic cooperation, the more likely Pakistan is to follow a balancing strategy by deepening its engagement with China."* As Washington solidifies its strategic alliance with New Delhi, Pakistan has shown reservations and increased its alignment with Beijing. For the last few years, the US has not only explicitly aligned itself with India but also publicly denounced Pakistan for its alleged involvement in terrorism. Moreover, the US Indo-Pacific Strategy

Report explicitly states that the US will depend on five South Asian partners - India, Sri Lanka, Maldives, Bangladesh, and Nepal, while Pakistan was excluded (He & Li, 2020). Meanwhile, the newly formulated White House version designates India as a "net security provider" with whom the US aims to progressively enhance its defense partnership. The growing understanding of similar values, interests, and goals between the US and India is reflected in the strategic alliance between the two nations (Jabeen & Alvi, 2023). Some defense agreements serve as clear examples of this, such as the General Security of Military Information Agreement (GSOMIA) signed between the US and India in 2002, the Logistics Exchange Memorandum of Agreement (LEMOA) in 2016, the Communications Compatibility and Security Agreement (COMCASA) in 2018, the Industrial Security Annex (ISA) in 2019, and the Basic Exchange and Cooperation Agreement (BECA) in 2020 (Ali, 2020). This move shows a significant change in Washington's approach towards South Asia, especially towards Pakistan. As India-US relations reach a significant turning point, Pakistan's reaction to the competition between these two major powers is becoming more evident. Although Islamabad has consistently rejected the concept of engaging in "bloc politics," it seems to be shifting its focus towards Beijing. Pakistan has become increasingly influenced by China over the past decade, to the extent that it is now at the top of the list of countries most affected by China's influence (Ali, 2020). The US showed its reservations on CPEC, but Pakistan has consistently rejected the US criticism (Jia, 2017). Moreover, Pakistan notably rejected two consecutive invitations to participate in the US' Summit for Democracy, purportedly due to the inclusion of Taiwan and the exclusion of China (Hathaway, 2022). However, Pakistan did attend similar events focused on "Democracy" and "Shared Human Values" in Beijing (PR Newswire, 2023). India is being perceived as a primary security threat by Pakistan, and with the lens of structural realism, in order to ensure its survival and security, Pakistan might opt for a balancing strategy and reinforce its alliance with China. However, Pakistan's balancing strategy may create significant challenges to improving US-Pakistan ties, as witnessed in President Trump 2.0.

Scenario 2: Stagnant or Weakening Indo-US Relations Let Pakistan Hedge

Scenario 2 supports the hypothesis that "the lesser the cooperation between the US and India, the more likely Pakistan is to adopt a hedging strategy." Broadly speaking, the convergence of interest between the US and India led to cordial ties between the two countries, largely focused on countering China. Nevertheless, any drift in Indo-US ties could decrease the latter's influence in South Asia. For instance, if the US and India cooperation is

compromised, because of divergent interests, tariff issues, trade disputes, India's neutrality, and implicit support to Russia, then Pakistan may have more space and options to hedge and not take the side of either the US or even China. In this scenario, Pakistan, maintaining complex but strategic relationships with both the US and China, may recalibrate its foreign policy options to build cordial ties with the two rival countries while focusing on securing its national interests. Moreover, Pakistan could come up with a comprehensive approach by diversifying its relations with other nations, including the European Union, Russia, and middle powers like Turkey and Saudi Arabia. Due to the comprehensive cooperation with both great powers, including the US and China, Pakistan is buffered and does not face a significant number of tasks in terms of relying on only one country, which would undermine its sovereign and shifting status in international relations. Pakistan's diversification-oriented economic policy shelters some hedge against potential economic shocks that might result from changing politics in the sphere of geopolitics or in the trading relationships of important countries. Although hedging allows Pakistan to preserve some strategic flexibility and autonomy, it has its own limitations; for example, China may demand explicit alignment, and the US may put more pressure and sanctions on Pakistan. Therefore, the hedging appears as a risky strategy that offers Pakistan opportunities as well as challenges in managing its relationship with the US and China, especially under the intense strategic competition.

Conclusion

Pakistan's foreign policy approach amid US-China rivalry heavily relies on the broader regional context, where, currently, the US has strengthened defense relations with India. Increased US-India cooperation could force Pakistan to choose sides and align more closely with China. As India's partnership with the US deepens, regional power dynamics shift in India's favor, threatening Pakistan's influence and strategic position. India's substantial military presence in the region, reinforced by the US support, could create power imbalances, raising concerns over Pakistan's military security. This may trigger an arms race in South Asia and further elevate the strategic importance of CPEC for Pakistan. Conversely, if the US assures Pakistan's security and limits India's expansion ambitions, Pakistan might adopt a more neutral stance, balancing relations between the two powers. This strategic hedging involves maintaining close US ties for security and technology access, while strengthening economic and infrastructural links with China for regional influence. Navigating this complex geopolitical landscape requires flexibility, pragmatism, and a nuanced understanding of global shifts, allowing Pakistan to protect its sovereignty and national interests.

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