

Pakistan and the Gulf Region

Historical Perspective and Future Trends

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Pakistan and the Gulf Region: Historical Perspective and Future Trends

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Religious affinity, geographical proximity, Pakistan's strategic location and its lead role in promoting the Islamic states' political and strategic interests as well as continuous efforts by the Pakistani expatriate population to develop infrastructure and other institutions have made it a natural ally of the neighboring Gulf States. Pakistan despite its economic and social problems in recent years remains a close partner. The Gulf countries have both the geo-strategic as well as geo-political interest in Pakistan. Pakistan maintains close military ties with all Gulf States. It provides extensive support, arms and training for the military machines of these countries. The recent Arab spring and subsequent incidents have given a chance for Gulf countries to come closer to Pakistan. On the economic side, Pakistan enjoys formalized bilateral and multilateral relations on trade, security and economic development. It also benefits through remittances coming from its diaspora in the Gulf and also through the Gulf investments towards development projects in Pakistan. The two are huge trade partners. The Strategic Dialogues between GCC and Pakistan, the multilateral Free Trade Agreement and implementation of the Framework Agreement for Economic Cooperation remain top agenda items. The Gulf today is establishing its role as a unified powerful regional bloc and Pakistan stands as a strong, trusted and credible support with most cordial and brotherly relations based on the aspiration and sentiments of their peoples, shared history, religion and cultural affinities.

Introduction

The Gulf region in the Middle East has long been one of the most volatile parts of the globe. Wars, coups d'état, rapid shift of alliances and alignments, numerous Intra-Arab and regional conflicts, constant interventions by the super powers have rocked the region since the discovery of oil. The recent "Arab spring" has opened new doors for a silent revolution. This has shattered confidence of the ruling families of the Gulf and has made them realize the need for support from old and trustworthy friends.

Keeping in view the above, the rulers of this region formed a political and economic union named the Gulf Cooperation Council (GCC), consisting of six regional countries i.e. Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates on May 25,

1981. The aim of this collectivity is to promote coordination and cooperation between member states in all fields to achieve unity².

The Gulf region for the last four decades has been passing through a critical phase. The Gulf wars and crumbling of the Soviet Union had created new uncertainties. The fissures within the GCC and the difficulties in Saudi Arabia's relations with the US in the post 9/11 period have added to the uncertainty and fragility of this region of vital importance to Pakistan³. The US-led Western moves to promote democracy, particularly through the Broader Middle East and North Africa Initiative have made the rulers of the region recognize that the status quo is no longer the option. This is evident from a comment by a Dubai leader that "those who refuse to change will be changed"⁴.

Pakistan since its inception as an independent state has always cherished the goal of establishing cordial relations with the Islamic World⁵. Pakistan's relations with the GCC countries form an essential pillar of its foreign policy. This relationship has historical, cultural, religious, economic and strategic bases. Since Islam has been the core ideology of Pakistan therefore, it was natural that Pakistan sought to have closer ties with Muslim "brothers" rather than the Hindu neighbors⁶. Pakistan and the Gulf States have shown marked awareness of each other's security concerns over the years. After the 1971 debacle, the rediscovery of Islamic roots offered Pakistani elite a chance to move nearer to public that has always remained closer to Islam than its leadership⁷. Moreover, GCC region is economically important for Pakistan as it provides employment opportunities for more three million Pakistani expatriates, who have played a vital role in the development and progress of the Gulf counties.

West Asia and Central Asia are the two ends of the axle on which Pakistan's foreign policy wheel should turn⁸. Pakistan, therefore, needs more vigorous efforts to solidify the existing bilateral relations and interact with the countries of the Gulf particularly Saudi Arabia, Qatar and UAE on an equal footing with emphasis shifting from "receiving" to "giving". In the chapters to follow an in-depth analysis of Pakistan's political, economic and defense relationship with GCC countries has been carried out with special reference to economic and security objectives.

Pak-Gulf Relations – Historical Perspective

Pakistan's strong attachment to the Islamic ideology has prompted it, since its inception, to espouse the causes of Muslims all over the world⁹. Pakistan has always made conscious efforts to see the Ummah as a political and economic entity to ward off threats to its

security. "Indeed the 1973 constitution imposes an obligation on the Pakistan Government to develop closer relations with other Islamic countries"¹⁰.

Pakistan's relations with the Gulf countries have been defined by strong historical, cultural and religious ties based on shared political and security interests as well as economic interdependence. In addition, Pakistan's unique geo-strategic location is linked to several key concerns of the GCC states including a number of foreign policy and security issues. An insight into the chemistry of Pakistan's relationship with individual GCC member states is given below.

Kingdom of Saudi Arabia

People of Pakistan have always felt a special reverence for Saudi Arabia as the land where Islam grew. Saudi Arabia considers Pakistan a leading non-Arab Muslim state. Pakistan has maintained cordial ties with most Arab countries, but Saudi Arabia and the UAE are by far the most significant¹¹. Close geographical proximity, historic trade ties, religious association and the economic facilitation have developed trust-worthy relations based on mutual respect. More than 1.5 million Pakistanis are working in Saudi Arabia¹².

The identity of Pakistan and Saudi Arabia's views on major regional and international issues is exemplary. Saudi Arabia and Pakistan are leading members of the Organization of the Islamic Conference (OIC). Saudi Arabia has always supported Pakistan on the issue of Jammu & Kashmir and encouraged both the countries to start confidence building measures. Both countries were at same wave-length at the time of Afghan War and remained close allies fighting against communism during 1980s. During the 1990-1991 Gulf War, Pakistan, on Saudi request, sent troops to protect the Islamic holy sites in Saudi Arabia. Saudi Arabia rescued Pakistan in May 1998 (nuclear test) and promised to supply 50,000 barrels per day of free oil to help Pakistan cope with likely economic sanctions in the aftermath.

Saudi Arabia is among the 15 top export partners of Pakistan with which bilateral trade volume has gone above US\$ 4 billion per annum and is likely to be further increased in the years to come.

United Arab Emirates

Pakistan and the UAE have always enjoyed close fraternal relations which had taken roots even before the UAE came into existence¹³. His Highness Sheikh Zayed bin Sultan Al-Nahyan, Ruler of Abu Dhabi visited Pakistan many times. His friendship with President

Ayub Khan led to an exemplary bilateral relationship between Pakistan and UAE. During his visit, Sheikh Zayed was accorded honors reserved for heads of sovereign states which included a 21 guns' salute and guard of honor by three segments of the armed forces- the first such experience for him ¹⁴.

General Ayub Khan during this period solicited through his influence, an invitation from the Shah of Iran for Sheikh Zayed to visit Tehran as relations between Abu Dhabi and Iran were tense and almost non-existent ¹⁵.

Mr. Zulfikar Ali Bhutto further strengthened the relationship with Sheikh Zayed both at personal and official levels. The warmth and activity both at personal and state level relations diminished in Zia's era and regained their warmth during General Pervez Musharraf's rule. The relations continue to be friendly after President Asif Ali Zardari took oath of the office in 2008. UAE is appreciative of Pakistan's role in the international campaign against terrorism ¹⁶.

The relationship between the two countries is steadfast and growing due to personal rapport between the leadership of the two countries. Efforts are underway to institutionalize this relationship beyond personal contacts and to make it mutually beneficial.

More than 1.2 Million skilled and semi-skilled Pakistanis are working in the UAE fortifying Pakistan's foreign reserves by sending regular remittances. Pakistan was one of the biggest recipients of UAE aid in the wake of 2005 earthquake, IDP's of Swat and 2010 flood devastations. According to the UAE Foreign Aid Report (2009), the UAE government and donor organizations granted DH 9 billion (US\$2.45bn) in foreign aid in 2009. The UAE committed grants of worth AED 998.5 million (\$270 million) through Abu Dhabi Fund for development projects. The report reveals that AED 183.1 million was spent on humanitarian assistance, almost one third of the total aid.

Qatar

Qatar strives to maintain balance between Pakistan and India as insurance for the stability and security in the Gulf. Various high-level visits have been exchanged between Pakistan and Qatar from time to time. Recently, Pakistan's Prime Minister Syed Yusuf Raza Gilani paid an official visit to Qatar in February 2012. Qatari Emir reassured Prime Minister Gilani that the interests of Pakistan would never be compromised. During the visit, several agreements and MOU were signed mainly on import of Liquefied Natural Gas (LNG), security cooperation, customs and hydroelectric power development.

From the Qatari side, the Emir of Qatar paid an official visit to Pakistan in April 1999. He had previously visited Pakistan in 1991 as Heir Apparent and Defense Minister. Qatar's Foreign Minister Sheikh Hamad bin Jassim bin Jabor Al-Thani last visited Pakistan on December 27, 2002 as the Emir's Special Envoy¹⁷.

In Feb 2012 a Qatari delegation, headed by Minister for Energy Dr. Muhammad Bin Saleh Al-Saadh visited Pakistan. Both sides emphasized the need to keep up the momentum of progress, including the exchange of high-level delegates in the fields of energy, hydro-power generation, agriculture, infra-structure and aviation, to harness the full potential existing between the two brotherly countries¹⁸.

Further, the presence of around 52,500 strong expatriate Pakistanis in Qatar and their active involvement in the economic activities has strengthened links between the two countries.

Oman

Oman's location has great strategic importance for Pakistan as it is its closest Arab neighbor in terms of physical distance. Oman remains strategically important to Pakistan and links the Arabian Peninsula to Pakistan. High level visits have been exchanged between the two countries from time to time. General Musharraf visited Oman in June 2000 in his capacity as Chief Executive of Pakistan. An agreement on Delimitation of Maritime Boundary between the two countries was signed during the visit. Sultan Qaboos visited Pakistan in April 2001. This was the only time he ever came to Islamabad for a bilateral visit¹⁹. An agreement to establish a Pakistan-Oman Joint Investment Company (POIC) with a capital of Rs. 1.5 billion to be shared equally was signed. The Sultan donated an amount of US\$ 3.6 million for establishment of IT Chairs in Pakistan.

The present government has paid special attention to the relations with Oman. Prime Minister Gilani's visit ensured the establishment of a joint business council between the Chambers of Commerce and Industries of Oman and Pakistan. In recent years, the number of Pakistanis in Oman, the amount of remittances being sent home and even volume of bilateral trade has doubled. Reinvigorating bilateral relations would certainly help in further expanding economic and trade cooperation.

Today, Oman relies upon Pakistan more than ever. Oman has security and defense needs, and has to build alliances with its neighbors. Oman is home to over 175,000 Pakistanis, the majority of them working as laborers. The military relations between Pakistan and Oman are much deeper and are continuing to grow. Oman is part of the Pakistani sphere

of influence. The visit of Prime Minister Gilani was a manifestation of the growing Omanese-Pakistani alliance which will benefit the entire region.

Kuwait

The existing relations between Kuwait and Pakistan are exemplary, honorable and model of mutual trust. These are based on common interest, mutual respect and co-operation in all spheres of life. Kuwait perceives Pakistan as a strategically important Muslim country. The principled position adopted by Pakistan during the Gulf conflict was appreciated by the Kuwaiti leadership. After the withdrawal of the Iraqi forces from Kuwait, Pakistan army units played an important role in de-mining operations. The Pakistani government supported the coalition against Iraq's invasion of Kuwait and sent 11,600 troops²⁰.

The Government of Kuwait was among the first countries to extend assistance of US\$ 100 million for the victims of the earthquake of October 2005²¹. The Chairman of the Kuwaiti Red Crescent Society in January 2006 offered to build two state-of-the-art hospitals in earthquake hit areas²².

There has been a frequent exchange of high level visits between the two countries. The Emir of Kuwait visited Pakistan in September 1980 soon after assuming office. General Pervez Musharraf visited Kuwait in November 1999 in his capacity as Chief Executive, and again, as President from 3-4th December, 2005 while Prime Minister Shaukat Aziz attended funeral of the Late Amir Jabar al Sabah on 17th January 2006²³.

The visit of the Emir of the State of Kuwait to Pakistan in 2006, the visits of President Zardari and Prime Minister Gilani in 2011 to Kuwait, and exchange of delegations at various levels are the pleasant reflection of the wishes of the two countries to take these relations yet to the wider horizon.

Kuwait hosts over 160 thousand Pakistani community. Pakistani work forces including Doctors and other professionals actively and constructively are rendering their services for the development of Kuwait. Kuwait maintains constant interest for the growth and development in Economic, Trade and Investment fields with Pakistan.

Bahrain

Pakistan and Bahrain enjoy fraternal relations owing to shared interests and common concerns. Common faith, culture and shared values have strengthened relations between the two countries²⁴. The presence of around 45,000 Pakistanis with a noticeable

representation in the security and defense forces of Bahrain is a manifestation of close relations. Almost half of the police force of Bahrain comprises of Pakistani expatriates. Diplomatic relations between Pakistan and Bahrain were established in June 1971. Bahrain is appreciative of the consistent support expressed by Pakistan for its sovereignty, territorial integrity, security and progress. Bahrain expressed its solidarity in 1998 on Pakistan's demonstration of nuclear capability²⁵.

President Zardari visited Bahrain in August 2011 on the invitation of King Hamad Bin Isa Al Khalifa. They agreed upon further promoting the existing Pakistan-Bahrain bilateral ties through enhanced economic interactions, promotion and facilitation of business community, providing mutual support to meet each another's requirements, and taking advantage of the shared perceptions on a host of issues and work hand in hand for the stability and peace of the region²⁶.

Strategic Importance of Pakistan

The strategic importance of Pakistan is unique. China with its fastest economic growth rate of 9% is developing its southern provinces because its own port is 4500 km away from Sinkiang but Gawader port is 2500 km away. Pakistan offers to CARs the shortest route of 2600 km as compared to Iran (4500 km) or Turkey (5000 km). Land locked Afghanistan now at the phase of Reconstruction, finds its ways through Khyber Pass. Gawader port with its deep waters attracts the trade ships of China, CARs and South East Asian Countries²⁷.

Pakistan – GCC Free Trade Agreement

Free trade zones between some countries are working very efficiently, like that of UAE, GCC; European Free Trade Association (EFTA), parallel to European Union and Comprehensive Investment Area (ACIA) of The ASEAN are, too, a good example of prudent leadership and management²⁸. Pakistan and the Gulf Cooperation Council enjoy privileged relations at political, economic and social levels. Millions of Pakistani expatriates are working in the GCC. Their earnings contribute substantially to the foreign reserves of Pakistan. More than 250 social welfare projects of the UAE and generous humanitarian assistance of the Saudi Arabia and rest of the GCC states to the government and most affected people in flood hit areas of Pakistan are the prime examples of trustworthy and time-tested relations with Pakistan.

On the part of Pakistan it is keen on developing special economic zones for investors from all the GCC states especially Saudi Arabia and United Arab Emirates. Pakistan's agriculture

sector has the potential to cater to the food requirements of the GCC region, which spends over \$200 billion on farm imports. According to Board of Investment Pakistan (2009), the government of Pakistan received investment commitments of more than \$30 billion from the GCC investors in Pakistan's agriculture, livestock and dairy sectors. Major groups from GCC in general and the UAE in particular are willing to avail the opportunity and commit significant investment in Pakistan's agriculture sector. Pakistan and GCC are still in process of negotiating the Free Trade Agreement, hopefully, it is expected that this agreement can be finalized soon.

Pakistan and GCC Security Bloc

Being the sixth largest army in the world and sole nuclear Muslim state, Pakistan has proposed to GCC states the setting up of a formal 'security bloc' to combat any external or internal security threats in the region²⁹. The creditable policy initiative also stresses the need to have a strategic partnership which will also ensure food safety, further economic integration and the security of the countries which will be part of the security bloc.

Saudi Arabia

Since the beginning, both the countries have maintained close military ties. Pakistan has provided extensive support, arms and training for the military of Saudi Arabia. Pilots of the Pakistan Air Force flew aircraft of the Royal Saudi Air Force to deter any raid from South Yemen in 1969. In the 1970s and 1980s, approximately 15,000 Pakistani soldiers were present in Saudi Arabia.

Iran-Iraq war changed Saudi security environment and both countries started to negotiate about limited Pakistani troop deployment. After prolonged negotiations it was agreed to deploy a limited Pakistani contingent on Saudi soil. In 1982, a formal agreement was signed and Saudi Pakistan Armed Forces Organization (SPAFO) headquarters was established at Riyadh. Pakistani troops were stationed at Tabuk and Khamis Mushayet. An armored brigade group was stationed at Tabuk from 1982 to 1988. In 1990s, need for Pakistani troops became obsolete in view of presence of large number of U.S. troops in Saudi Arabia in the aftermath of First Gulf War.

United Arab Emirates

In May 2006, Pakistan and the United Arab Emirates (UAE) signed a Defence Cooperation Agreement to further boost the existing military relations. Contents of Agreement

involved matters of mutual interest and ways to enhance the existing cooperation in the field of defence³⁰.

Saudi Arabia and Iran Relations

Saudi Arabia and Iran established diplomatic relations in 1928. Relations were marked by exchange of high level visits which eventually led to a peaceful resolution of the islands of Farsi and Arabic. The unique feature of agreement is that it only designated the territorial water to the islands but it did not designate the continental shelf to either island³¹. In 1968, when Great Britain announced to withdraw and vacate from the Gulf, Iran and Saudi Arabia took the primary responsibility for peace and security in the region. During the 1970s, Saudi Arabia's main concerns over Iran were firstly, Iran's modernization of its military and its military dominance all over the region; secondly, Iran's repossession of the islands of Big Tunb, Little Tunb and Abu Moussa in 1971 which challenged the United Arab Emirates claims over the Islands. But the relationship between Iran and Saudi Arabia was never as friendly as between the years 1968 and 1979³². After the Iranian Revolution in 1979, Khomeini and other Iranian leaders openly attacked and criticized the character and religious legitimacy of the Saudi regime.

Saudi Arabia and Iran have aspiration for Islamic leadership. Iran is skeptical of Saudi Arab's pro US policy and the latter is concerned about former's expansionist interests, especially in post-Saddam Iraq and the quest to build its own nuclear arsenal³³. The difference of political ideologies and governance also divided both countries. Energy is a third source of tension between Saudi Arabia and Iran and the two differ on their position regarding pricing of oil in global market³⁴.

To most Saudis, though, the Syrian conflict is not just about Syria. It is also about Saudi Arabia's sworn opponent: Iran. Saudi Arabia is also apprehensive of Iran's nuclear program³⁵.

Saudi Arabia-Iran tensions and Role of Pakistan

During June 2011, it was reported that Pakistan tried to mediate tensions between Iran and Saudi Arabia following the GCC deployment of forces to Bahrain. President Zardari was reportedly mediating talks between Saudi Arabia and Iran to patch up their strained relations focusing on improving bilateral relations and strengthening cooperation in various fields. It was also reported that President Zardari's major goals was to normalize Saudi-Iranian relations to the level that existed before the Kingdom sent troops to Bahrain. It also pointed out that Rehman Malik acted as the special envoy of Zardari in this

respect. President Zardari travelled to Iran while soon after this visit, Interior Minister Rehman Malik travelled to Saudi Arabia³⁶.

Pak-Gulf Defence and Security Cooperation

For more than four decades, the Gulf region has witnessed super powers' competition, regional rivalry, conflict and an insatiable desire for strong defense. Since the beginning of Iran-Iraq war in September 1980, the entire Gulf region was affected seriously and each one of the GCC States felt threatened. Prior to the war, the Islamic revolution in Iran also posed a serious challenge and created deep fears among the monarchies in the region. It is believed that the Gulf region of the 21st century is likely to remain susceptible to the same challenges and uncertainties that bedeviled it throughout the twentieth century. This perception was in fact a major reason for the formation of the GCC in 1981.

Pakistan-Gulf defense relationship is almost as old as their political and diplomatic contacts. Most of the GCC states depended heavily on Pakistan's assistance in raising their defense and security forces. This defense relationship was mainly evolved because of the decision of the then Gulf leadership to have a clean break with the colonial past and their mistrust on capabilities of Indian, Jordanian, Egyptian and Sudanese forces. The economic cost was another major factor for engaging Pakistani trainers. In fact, Pakistan played a significant role in formation of the defense establishment in various countries of the Gulf.

There is long history of security relations between Pakistan and several Gulf countries. In 1970s and 80s, many Gulf countries flushed with oil money bought state of the art equipment but local population lacked technical skills³⁷. The recent Arab spring and subsequent incidents and their basic motives have given a chance for Gulf countries to come further closer to Pakistan. Pakistan through its military and bilateral cooperation has always tried to shield these countries from various external and internal threats.

The following narrative of defense cooperation between Pakistan and the individual GCC States explains depth of their defense relationship:-

Pak- Saudi Arabia Defense Cooperation

Mutual Cooperation Programme between the Armed Forces of the two countries commenced in 1967 on a limited scale. However, in March 1979, Saudi authorities requested for military manpower assistance. Consequently, a Protocol Agreement with Saudi Arabia was signed on 14 December which was revised recently to widen its scope and to include provision of cooperation in defense production, defense science and

technology and to raise its present level to Joint Defense Collaboration. Under the Mutual Cooperation Programme, Pakistan provides military training to Saudis on a large scale. Intelligence agencies of Pakistan and Saudi Arabia enjoy close relationship going back over two decades. Currently, main focus of cooperation is Arab extremists. Details of this cooperation are usually not made public and both countries prefer to work behind the scenes.

A three-week long joint exercise (AL-SAMSAAM-IV-2011) inclusive of latest trainings between Pakistan Army and Royal Saudi Land Forces was held in September/ October 2011.

Pak-UAE Defense Cooperation

Pakistan Army has been training UAE military troops since 1968. The mechanism was formalized in mid-1970's through signing of a protocol. Pakistan's overwhelming role in establishing and operating the Abu Dhabi Air Force was resented by some Arab states. Pakistanis have been prominent as advisors and trainers in various fields of activities in the UAE. Its Air Force was at one time like an extension of the Pakistan Air Force.

Pakistan is supporting UAE in training of army, navy and air force. A lot of UAE's military installations are manned by Pakistani personnel. Cooperation in the field of defense was institutionalized in June 1994, with the establishment of the Defense Consultative Group. The Group aims at increasing defense cooperation through joint military production, military exercises, training and intelligence sharing.

Pak-Qatar Defense Cooperation

Defense cooperation between Pakistan and Qatar was formalized through a MOU signed in December 1983 and subsequently replaced by a Protocol in 1985. Pakistan provides training facilities to Qataris in its military training establishments apart from exporting arms and ammunitions.

During July 2010, Pakistan and Qatar signed two MOUs on Defense Cooperation. Given the geo-strategic and economic needs the two countries are looking expansion and diversification of defense cooperation³⁸.

Pak- Oman Defense Cooperation

The main feature of our military cooperation with Oman has been deputation of our Armed Forces personnel to the Sultan's Armed Forces (SAF). Around 212 Omani officials have been trained in the various military training institutions in Pakistan since 1993. POF has sold various types of armaments and ammunition to Oman from 1972 to 1994 in small quantities. However, a declining trend was noticed thereafter.

Oman has been recruiting from specific Baluch communities to man its state security forces since 1960s. A Pak-Oman Joint Programmer Review Group (JPRG) was formed in 1985. This is a formal forum to hold meetings regularly in Pakistan and Oman once every two years.

Pak-Kuwait Defense Cooperation

Pakistan's defense cooperation with Kuwait dates back to 1968. It essentially covers military training and deputation of armed forces personnel. In August 1990, there were nearly 700 deputations from Pakistan armed forces in Kuwait. After the end of the first Gulf War in 1991 Pakistan army engineers were engaged in the projects of mine clearance in Kuwait. Well over 200 Kuwaiti armed forces personnel have been trained in the training institutions of Pakistan, as well. The large scale presence of American Forces in Kuwait has negatively impacted upon Pak- Kuwait bilateral defense relations. During this visit in 2011 to Kuwait, President Zardari called for institutionalizing defense cooperation through training and military exchanges³⁹.

Pak- Bahrain Defense Cooperation

Military cooperation with Bahrain commenced in 1971, covering mainly the fields of military training and provision of deputations for the Bahrain Defense Forces. At present there are no deputations in Bahrain mainly due to employment of retired Pakistan Armed Forces personnel on contract basis by Bahrain Defense Forces (BDF).

Defense cooperation with Bahrain has been institutionalized in the form of Joint Programme Review Group (JPRG) formed in 1985 which holds its meetings every year alternately in Pakistan and Bahrain.

Many Pakistanis along with other foreigners serve in Bahrain's police, National Guard and armed forces. Bahrain saw large scale protests recently against ruling dynasty. Government needed more man power to control the situation. GCC under the leadership

of Saudi Arabia sent about 4000 soldiers mostly Saudi troops to Bahrain. Bahrain's Foreign Minister Khalid Bin Ahmed al Khalifa visited Islamabad in March 2011 and Commander of Bahrain's National Guards Lieutenant General Sheikh Mohammad bin Isa bin Salman al-Khalifa visited Pakistan in December 2010 and June 2011. Defense cooperation between two countries was the main subject during the talks.

Pakistan's Relations with Iraq & Iran

Iraq - Iraq and Pakistan established diplomatic relations in 1947. Iraq was the first Arab country to recognize Pakistan. In 2003, prior to the outbreak of the second Gulf War, the government of Pakistan announced it was opposed to any action against Iraq. Pakistan was under pressure by the public to vote against the war although some had been considering a vote for the war. After the war ended however Pakistan had indicated that it was willing to send troops to Iraq for peacekeeping, if the Iraqi people wanted it. Iraq's ambassador to Pakistan said he considers Pakistan a Muslim "superpower"⁴⁰.

Pakistan has strongly supported Iraq's territorial integrity and does not support Kurdish separation. Over the years, the relationship between Iraq and Pakistan has developed further and Pakistan played an important role in the recent years in development of Iraq. Pakistan was one of the first countries which opened its Diplomatic Mission in Baghdad after the America withdrew its forces.

Iran - Apart from being a neighbor, Iran is the only country with which Pakistan has "had age-old relations, based on cultural, ethnic, and spiritual links". Pakistan shares over 900 kilometers common border with Iran. Traditionally Pakistani frontiers with Iran have always been peaceful, safe, and secure.

Iran was the first country, which recognized Pakistan upon its emergence as an independent country in August 1947. Since Iran had its security concerns from the expansionist designs of former Soviet Union and an uneasy relationship with Arab world, therefore, emergence of a non-Arab Muslim country on its neighborhood provided her reprieve and reinforced its security. Whereas, Pakistan, otherwise agonized of Indian aggression and hostile Afghanistan, took Iran as its strategic partner that was amply demonstrated by Iran during 1965 and 1971, Indo-Pak wars. It also militarily assisted Pakistan in the initial days of its independence.

First Pakistani Premier Mr. Liaquat Ali Khan visited Iran in 1949 and Iranian Shah reciprocated that in 1950. Along with Turkey, Pakistan and Iran established Regional

Cooperation for Development (RCD), an inter-governmental organization for socio-economic development in the member countries in 1964.

Following the Islamic revolution in Iran in 1979, Pakistan was the first country, which recognized Revolutionary Iranian Government and made high level visits as a good will gesture. During Iran-Iraq war, Pakistan made hectic efforts to negotiate a deal between two Islamic countries to end the war. Pakistan also persuaded Saudi Arabia and other Gulf countries to normalize their relations with Iran that at times was viewed with suspicion by these countries. Unfortunately, both countries developed minor divergences over the interim setup in Afghanistan upon withdrawal of Soviet Union and later on the issue of the support to Taliban by Pakistan and Northern Alliance by Iran and India. Considering these differences, Iran did not support Pakistan on the issue of Kashmir UN resolution on Human Rights in 1996. It was a serious setback to Pakistani efforts and India which had already developed its relations with Iran, got an opportunity "to fish in trouble waters," for its own strategic interests. Thereafter, Indian spying agency RAW, made inroads into Balochistan and other parts of Pakistan for causing internal destabilization, which is continuing unabated even today.

On its part, Pakistan, however, continued maintaining its brotherly relations with Iran. After fourteen years of delayed negotiations over the Iran–Pakistan–India (IPI) gas pipeline project, Pakistan and Iran have finally signed the initial agreement in Tehran on May 24, 2009. The project, termed as the peace pipeline by officials from both countries, has been signed by President Zardari and President Mahmoud Ahmadinejad of Iran on the side-lines of the tripartite summit on Afghanistan security in Tehran⁴¹.

Pak-Gulf Economic, Trade and Commercial Relations

Generally all GCC countries except Bahrain are heavily dependent on oil and gas exports. Their almost complete dependence on oil resources, accounting for 95 percent of their incomes, has prompted intensive efforts to develop other sectors and diversify their economies⁴². However, not much progress has been achieved in this direction. The governments in the GCC countries are cognizant of the challenges facing their economies, and have initiated policies aimed at intensifying important changes in macro-economic objectives and priorities. This is illustrated by adjustment strategies of Kuwait, Oman and Saudi Arabia which share elements like elimination of budget deficit, promotion of private sector, and formulation of manpower and income policies for productive absorption of a rapidly increasing labor force in those countries⁴³. The general agreement in form of industrial development in the Gulf oil states is that since oil is non-renewable resource, they must create alternative source of national wealth well before the oil wealth runs

out⁴⁴. The unprecedented rise in the oil prices has however generated enormous financial resources which are being diverted towards development activities creating more job and business opportunities. The present status of commercial relations with GCC states is given in the table as appendix I. A brief overview of Pakistan's economic relations with individual GCC states is as follows:-

Saudi Arabia

Unfortunately the bilateral trade and economic relationship with Saudi Arabia is not commensurate with our close political relations. Although our exports to Saudi Arabia have shown a steady progress in recent years yet those are very small as compared to total Saudi imports. The range of goods and commodities being exported is also rather limited.

Pakistan's major exports to Saudi Arabia comprise mainly of conventional products including Rice, ready-made garments, cotton fabrics, synthetic fabrics, made up textiles, tents and canvas, fruits and vegetables, spices, towels, carpets and rugs, sports goods, fish and fish preparations, handicrafts, leather manufactures and printed matters etc. Imports from Saudi Arabia mainly comprise crude petroleum, polythene, plastic molding powder, aluminum waste, urea, dates, copper wire and rods, ships and boats, ether and its derivatives, chemicals machines, paper waste, parts of aircraft and sulfur. The balance of trade is heavily negative for Pakistan which is due to large scale of import of petroleum products from Saudi Arabia⁴⁵.

Saudi investments in Pakistan would also appear to be miniscule in the context of its total investments abroad. Major sectors of Saudi investments include transport, construction, chemicals, cement, electronics, financial business, communications and trade⁴⁶.

United Arab Emirates

Pakistan and UAE have a joint Ministerial Commission, headed on the UAE side, by their Deputy Prime Minister and Minister of State for Foreign Affairs and Pakistan side by the Foreign Minister. The Joint Commission last met in Abu Dhabi in 1997. The 9th meeting of JMC was expected in March 2004 in Islamabad on the occasion of the visit of Sheikh Hamdan bin Zayed Al-Nayhan, the Deputy Prime Minister and Minister of State for Foreign Affairs. However, the meeting could not materialize. President of UAE during his visit to Pakistan on December 27, 2005 accepted our proposal to host the next JMC session⁴⁷.

The balance of trade between Pakistan and UAE has not been in our favor owing to heavy imports of petroleum and petroleum products. Pakistan's major exports include rice, fruits and vegetables, fish and fish preparation, textile related products etc⁴⁸.

Major import items include chemical material and products, machinery and its parts, ships and boats, gold, iron and steel and manufactures thereof, manufactures of non-ferrous metals, motor vehicles, ores and concentrates of iron and steel, synthetic fabrics, paper and paperboard, besides petroleum and petroleum products.

Qatar

Pakistan and Qatar initially established a Joint Economic Committee (JEC) in April 1984 to institutionalize and promote economic cooperation between the two countries. The Committee's first meeting was held in March 1985. Thereafter, it became dormant for over 14 years and was ultimately converted into a Joint Ministerial Commission during the Emir's visit to Pakistan in April 1999. The first meeting of the Joint Ministerial Commission was held on 2002 May 1999 in Doha⁴⁹.

Major Exports to Qatar from Pakistan include rice, fish, fruits, vegetable, textiles and leather goods. Major Imports from Qatar are Petroleum, fertilizer and chemicals. The balance of trade with Qatar is negative for Pakistan.

Oman

Pakistan and Oman established a Joint Investment Company (POIC) in 2001. The Company has played a role in the development of Gwadar and Textile City projects.

The Pak-Oman Economic Cooperation Committee was established in 1994 between the Federation of Pakistan Chambers of Commerce and Industry and Oman Chamber of Commerce. It is another business forum for mutual cooperation⁵⁰. The 4th Session of the Pak-Oman JMC was held on 10 March 2003. The Omani side was thanked for \$100 million development assistance announced by Sultan Qaboos during his visit to Pakistan in April 2001, to cover development assistance to Balochistan, establishment of two chairs in Pakistani universities and investment through Pak – Oman Investment Company. The Pakistani side also appreciated the Omani decision of awarding consultancy to M/s National Engineering Services Pakistan (NESPAK) for extension of the Gwadar airport.

Kuwait

The bilateral Trade Agreement concluded in July 2002, established a broader framework for the promotion and diversification of commercial and economic relations, proposing frequent exchange of visits, participation in trade and industrial fairs, and cooperation between the Chambers of Commerce and Industry. However, its proposals have not translated into deepening of relations amongst the private sector establishments of the two countries.

Pakistan's exports to Kuwait mainly consist of rice, foodstuff, textiles, leather products, pharmaceuticals, electrical machinery, tents, fresh fruits and vegetables. Imports from Kuwait consist of considerable amounts of petroleum and petroleum products, iron/steel scrap and chemicals.

Kuwait has rendered financial help to Pakistan on various occasions. Following the May 1998 nuclear tests, when US\$ 250 million were provided to the State Bank of Pakistan as a balance of payment support. Kuwait has also donated US\$ 100 million for the 8th October earthquake victims in November 2005.

Over the past three decades (since 1976), the Kuwait Fund for Arab Economic Development (KFAED) has provided assistance worth US\$ 208.95 million for ten projects, which have since been completed. In early 2005, KFAED approved a \$33 million funding for the Lyari Express Way. The projects currently being financed in Pakistan by the Fund are valued at US\$ 245 million.

The Karachi-based Pakistan-Kuwait Investment Company (Private) Limited, which was set as a joint venture in 1978, operates Al-Meezan Investment Bank, while the Kuwait Investment Authority has 100 percent ownership of the Sheraton Hotel in Karachi.

Bahrain

Pakistan-Bahrain Joint Economic Commission (at the level of senior officials) was established in January 1983 to promote relations in the economic, commercial, technical and cultural fields. Agreements, MOU's and other programmes are dealt with through JEC meetings held alternatively between the two countries.

The annual trade between Bahrain and Pakistan has reached to US\$ 250 million. Bahrain is seeing Pakistan with a potential for agricultural investments and dairy related industry,

whereas Pakistani business community is interested in Bahrain's booming property market, banking and trade.

The balance of trade with Bahrain is negative for Pakistan. A huge potential exists for marketing Pakistani products in Bahrain if proper marketing strategies are adopted⁵¹.

Analysis of Pakistan-Gulf Relations: Future Trends

As discussed in the earlier chapters, Pakistan's relations with the GCC countries are based on centuries old mutual trust and confidence that have stood the test of time. This bond has further been strengthened by Pakistan's unequivocal support for Muslim & Arab causes at the United Nations, OIC, NAM etc.

A mutual understanding has always existed amongst Pakistan and the GCC States on almost all international political issues like Israeli-Palestinian conflict, Indo-Pak relations, the Gulf War (1990-1991) and the War on Terror. Pakistan has played an important role in the GCC States with respect to training of Armed Forces personnel as well as in terms of the presence of Pakistani military advisers in the GCC countries. The economic ties between the GCC states and Pakistan have grown over the time and have culminated in a series of agreements and treaties establishing commissions to promote trade and investment in the region.

Pakistan's economy is under pressure due to the War on Terror escalating for last many years. Since 2006, the War has spread like a contagion into settled areas of Pakistan that has so far, cost the country more than 35,000 citizens, 3500 security personnel, destruction of infrastructure, internal migration of millions of people from parts of northwestern Pakistan, erosion of investment climate, nose diving of production and growing unemployment and above all brought economic activity to a virtual standstill in many parts of the country. Pakistan had never witnessed such devastating social and economic upheaval in its industry, even after dismemberment of the country by direct war. During the last 10 years the direct and indirect cost of war on terror incurred by Pakistan amounted to \$ 67.93 billion or Rs.5037 billion.

Political Relations

The fraternal bond created on the basis of Islam is a key factor in Pakistan-GCC relations. Pakistan and the GCC states as members of the OIC have jointly promoted each other's causes and strengthened cooperation among Islamic countries. Furthermore, Pakistan has actively supported the right of Palestinian self-determination on all international forums.

In turn, the GCC states, especially Saudi Arabia, have clearly shown their support for Pakistan in the dispute with India over Kashmir. Their position has been consistent and steadfast with regard to the Kashmir Issue. Furthermore, the GCC has strongly encouraged & supported Pakistan in its recent peace-building efforts with India.

The Iraqi invasion of Kuwait (1990-1991) was an important epoch in GCC-Pakistan relations. Pakistan played a constructive role during the Gulf War. Pakistan has emerged as a key player in the post-Sept 11 periods and in the War on Terror. The cooperation between the GCC countries and Pakistan with respect to the conflict in Afghanistan and counter-terrorism is also noteworthy.

Pakistan has historically followed a policy of non-interference in the intra GCC disputes. It pursued a prudent policy during the entire Iraq-Kuwait crisis based on principles of the UN Charter and the international law. During the Iraqi occupation of Kuwait and the subsequent operation "Desert Storm", Pakistan took a principled stand in the Security Council, supporting the sovereignty and territorial integrity of both countries while calling for implementation of the UN Security Council resolutions on the Gulf crisis. This positive role was acknowledged by Kuwait and other GCC countries.

Although Pakistan enjoys friendly relations with all the GCC countries but smaller countries like Bahrain, Qatar, Kuwait and to some degree Oman, feel that Pakistan pays more attention and importance to Saudi Arabia and UAE. While Pakistan seems justified in manifesting greater importance to Saudi Arabia and UAE, owing to the special nature of their relationship and cooperation, this impression needs to be rectified by closer high level interaction with the other GCC countries.

Another important factor which is diluting relations between Pakistan and GCC States is over emphasis on Muslim brotherhood – the phrase no more appeals to the public especially the elite and business community in the Gulf. There is also a need to realize the importance of other actors in the Gulf States, particularly India. Pakistan should not always be seen countering the Indian influence in an overt manner. Such a policy has proven to be counterproductive. The foreign policy formulators in Pakistan should accept the emerging realities in the Gulf region and try to develop relations with the leadership and the elite on ground realities rather than rhetoric. The new leadership in many GCC countries is no more fascinated by merely religious and cultural affinities. They need to be dealt with pragmatically as Pakistan is still the most important actor in the region and trustworthy friend equipped with modern technology and strong military.

Conclusion

In the foregoing perspective, Pakistan may continue to solidify existing bilateral relations with Gulf countries and interact on an equal footing. Bilateral relations may be built on institutional basis and be further strengthened by more frequent exchanges at functional level and with increased interactions between private sectors. Pakistan needs to change the impression of being at the receiving end by transforming aid into trade and strengthening commercial and trade contacts. Sincere efforts are required by the Pakistani leadership to attract investment from GCC businessmen for joint defence venture and joint ventures in food and agriculture.

Being the sixth largest army in the world and geographical proximity, Pakistan may initiate proposal for a security block to combat any external or internal security threats in the region. The creditable policy initiative may also stress the need to have a strategic partnership to ensure food safety, further economic integration and the security of the countries which will be part of the security bloc.

Pakistan has to maintain equilibrium between the GCC countries and Iran to ensure political understanding, economic development and stability in the region. It has to act maturely to benefit from the energy resources of the Gulf region and to maintain its political ascendancy as a conduit between GCC and Iran. Pakistan's political stability shall remain a key factor in its foreign relations at regional and international level.

"My message to our brotherly Muslim States is one of friendship and goodwill. We are all passing through perilous times. The developments in Palestine and Kashmir should serve as an eye opener to us all. It is only by putting up a united front that we Muslims can make our voice felt in the counsels of the world".

Muhammad Ali Jinnah (founder of Pakistan) August 7, 1948

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Appendix I

Trade between Pakistan and Gulf Countries (Value in 'Million' US Dollars)

	TRADE	BAHRAIN	KUWAIT	OMAN	QATAR	K.S.A.	U.A.E.	IRAN	IRAQ
July - Dec, 2011- 2012	EXPORT	30.000	42.100	89.900	55.200	186.600	920.500	69.000	26.000
	IMPORTS	59.900	1760.600	164.300	142.500	2390.000	4346.100	106.000	2.100
	BALANCE	-41.786	- 1717.900	-74.400	-87.300	- 2203.400	- 3425.600	-37.000	23.900
2010- 2011	EXPORT	85.400	94.900	165.800	122.000	427.500	1808.300	161.900	97.400
	IMPORTS	320.500	3330.500	197.900	191.200	4546.600	5488.700	572.400	2.500
	BALANCE	-235.100	- 3235.600	-32.100	-69.200	- 4119.100	- 3680.400	- 410.500	94.900
2009- 2010	EXPORT	64.900	87.100	138.600	119.800	393.100	1720.400	207.200	100.200
	IMPORTS	261.900	2403.400	222.700	143.100	3385.600	5029.100	100.200	25.600
	BALANCE	-197.000	- 2316.300	-84.100	-23.300	- 2992.500	- 3308.700	107.000	74.600
2008- 2009	EXPORT	76.293	115.666	223.316	150.172	455.634	1470	187.104	36.034
	IMPORTS	88.179	2,244.19	89.099	65.791	4,272.03	3192.3	506.939	0.1
	BALANCE	-11.886	- 2,128.53	134.217	84.381	- 3,816.40	-1722.3	- 319.835	35.934
2007- 2008	EXPORT	76.61	120.884	223.748	137.193	380.08	2,078.22	218.56	19.838
	IMPORTS	91.3	3,001.24	94.721	713.964	3,609.68	3,412.61	551.748	0.038
	BALANCE	-14.69	- 2,880.36	129.027	- 576.769	- 3,229.60	- 1,334.39	- 333.188	19.8
2006- 2007	EXPORT	53.687	84.361	63.636	60.103	289.118	1,385.08	167.545	33.478
	IMPORTS	171.321	1,729.16	79.326	589.509	3,492.17	1,748.46	405.628	0.245
	BALANCE	-117.634	- 1,644.80	-15.69	- 529.406	- 3,203.05	-363.378	- 238.083	33.233
2005-	EXPORT	45.845	72.593	55.838	42.405	329.262	1,312.84	188.077	17.357

2006	IMPORTS	53.954	1,702.88	70.311	486.748	2,994.63	1,694.98	450.084	0.271
	BALANCE	-8.109	- 1,630.29	-14.473	- 444.343	- 2,665.37	-382.14	- 262.007	17.086
2004- 2005	EXPORT	42.425	79.462	49.444	33.829	325.796	1,095.49	147.108	79.494
	IMPORTS	58.539	939.913	38.592	152.565	2,478.46	1,701.87	242.087	-
	BALANCE	-16.114	-860.451	10.852	- 118.736	- 2,125.66	-606.382	-94.979	79.494

APPENDIX 2

Detail of Pakistani Expatriates in GCC Countries and their Home Remittances, (In Million US Dollars)

Countries	No of Pakistani Expatriates	Financial Year		Share in Growth
		FY 09 -10	FY 10-11	
Bahrain	45,000	153.2	151.3	-0.02
Kuwait	160,000	432	445.1	0.17
Qatar	52,200	24.9	34.8	0.12
Saudi Arabia	1,500,000	1,559.50	1,917.90	4.6
Oman	175,000	227.8	287.3	0.8
U.A.E	1,200,000	1,688.60	2,038.90	4.5
Total	3,132,200	4,086.00	4,875.30	10.17