DOI: 10.71317/jgst.2.9(s2).2026.638
Journal of Global Social Transformation
Journal homepage: https://rjsaonline.org/index.php/JGST

# CPEC and Pakistan's Strategic Autonomy in a Multipolar Order: Between Bilateral Dependence and Foreign Policy Diversification

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**ARTICLE INFO**

**Submission:**
July 24, 2026
**Revised:**
August 15, 2026
**Accepted:**
September 03, 2026
**Available Online:**
September 19, 2026

**Keywords:**
CPEC, Pakistan, China, strategic autonomy, hedging, foreign-policy diversification, multipolarity, economic dependence

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**ABSTRACT**

Since 2015, CPEC has added a new economic dimension to Pakistan-China relations. The role of infrastructure projects, energy collaboration, connectivity, investments, and institution-building through coordination between the two states has brought Pakistan closer to China while also bringing the issue of economic imbalances and strategic autonomy into question. This paper tries to find out how CPEC has affected the freedom of choice of Pakistan in its foreign policy or how Islamabad has maintained flexibility by broadening its external connections. With the use of a qualitative case study methodology along with descriptive economic data, the research examines the bilateral agreements of Pakistan and China, documents related to the planning process of CPEC, Pakistan's National Security Policy, Pakistan's economic and trade relations, data related to debt, documents published by the IMF and the World Bank, and scholarly works about strategic autonomy and hedging over the period of 2015-2026. The analysis reveals considerable imbalance in Pakistan's economic and diplomatic ties with China but cannot confirm the notion of exclusive China-oriented dependency. At the same time, Pakistan has significant economic and diplomatic ties with the USA, European Union countries, the Gulf countries, and international financial institutions. In this regard, the author proposes the concept of constrained diversification as the maintenance of many external partnerships in spite of ongoing structural dependency and the low level of domestic economic capability.

## Introduction

Alterations in the global balance of power have created dilemmas for states that do not possess great-power attributes but want to maintain space for independent action. Increasing competition between the US and China has occurred alongside increasing relevance of regional and middle powers, flexible alliances, connectivity policies, and economic statecraft. Contemporary scholarship points out that there is an international environment in which many countries try to increase their options by relying on overlapping, not exclusive relations, despite the fact that the shift towards multipolarity is yet to be completed (Dworkin et al., 2026; Patrick, 2026). Pakistani strategic discourse is no exception in this respect. According to the National Security Policy 2022-2026, the development of several centers of economic and military power and trend towards more multipolar international order can be identified as key aspects of the current strategic environment. Moreover, economic security becomes the core of the country's national-security concept by emphasizing the role of domestic economic potential for international pursuit of national interests (National Security Division, 2022).

The particular case of Pakistan is a particularly appropriate one to analyse the connection between economic dependence and strategic autonomy. The China-Pakistan cooperation predated the Belt and Road initiative (BRI) by many years, but the economic dimensions of that partnership have increased exponentially due to the implementation of the China-Pakistan Economic Corridor. In his state visit in April 2015, the Chinese and Pakistani leaders raised their relationship from the level of Strategic Cooperative Partners to an All-Weather Strategic Cooperative Partnership. Pakistan described friendship with China as the cornerstone of its foreign policy, and the two countries followed the "1+4" approach of economic cooperation, which included CPEC, Gwadar Port, energy, transport, and industrial cooperation (Ministry of Foreign Affairs [MOFA], 2015).

The developmental expectations that surrounded CPEC have been quite considerable. In an article written right after the 2017 Belt and Road Forum, Chawla (2017) viewed Pakistan's high-level involvement as a sign of commitment towards the project, and stressed on its economic, social, cultural and strategic importance. However, he has also noted the concerns that exist about route selection, economic feasibility, transparency and implementation of the project. Hence, his work is not useful as a testimony of the outcomes of CPEC but rather a sign of the expectations that surrounded the project at that time.

Ten years down the line from when CPEC was accelerated, the more important issue than asking whether the corridor is strategically important is answered by how the institutional intensity of China-Pakistan relations and their collaboration can be seen, together with the fact that the corridor is being upgraded into CPEC 2.0. A more important issue would be to assess whether the increased relation between the two countries has increased Pakistan's ability to make foreign policy decisions. There is evidence in the literature for both sides of the argument. There are gains from increased infrastructure, power generation, connectivity, and capital from China that could increase Pakistani autonomy. However, there is also concern about trade imbalances, focused investments, financing, and institutional dependency that would increase the vulnerability of Pakistan as a smaller economy to its larger partner (Afzal, 2020; Elharathi et al., 2020; Husain, 2018). More recently, Zulfiqar et al. (2025) directly examine CPEC in connection to Pakistan's autonomy amidst US-China competition and find that CPEC increases opportunities and constraints on Pakistan's foreign policy. This article builds on that analysis beyond the confines of a US-China competition paradigm. The relations of Pakistan with the rest of the world go beyond what that paradigm implies. Although China's importance to Pakistan in trade, investment, infrastructure, and military cooperation cannot be underestimated, the US remains an important export destination and partner in diplomacy, while the EU is an important trading partner, while the Gulf countries play a key role in providing finance, energy, and investment.

The primary research question in this regard would be:

How much has CPEC enhanced or restricted Pakistan's strategic autonomy and how has Pakistan tried to cope with the growing economic asymmetry with China through foreign policy diversification from 2015-2026?

This paper seeks to show that while CPEC has entrenched Pakistan's asymmetric yet strategically important relationship with China, it has not led to exclusivity. Pakistan has rather tried to maintain multiple relationships in other economic and diplomatic spheres. This approach is thus analysed in this paper as "constrained diversification" of foreign policy."

## Strategic Autonomy, Hedging, and Constrained Diversification

Strategic autonomy can generally be defined as the ability of a country to make significant policy decisions without such decisions being dictated by any other party. This does not mean that one is independent of any form of interaction. Modern states exist within the context of international trade, capital flows, alliances, energy sources, technological ties, and institutions. The critical issue then becomes whether dependence is such that it eliminates alternative options for the decision-maker. There have been many theoretical frameworks put forward in the discussion on hedging. Goh (2005), for example, in his work on how Southeast Asian states have reacted to the rise of China, questioned the theory of balance and bandwagoning. States may rather choose engagement along with preserving alternative options and ensuring that none becomes a dominant power. Kuik (2008) has provided such an approach in a more systematic way. Hedging includes actions taken to avoid clear balancing or bandwagoning decision in case of uncertainty. Instead of relying on one major power, states can engage economically with such a power while implementing steps aimed at minimizing the risk of over-reliance (Kuik, 2008).

These theoretical approaches are important for Pakistan, yet their use has some restrictions. Pakistan is not engaging with other powers as an insurance in case of potential security threat from China. It is a case of strategic partnership that is much deeper than mere hedging. Pakistan also does not try to be equidistant from Beijing and Washington. The question is about management of asymmetry within a strategic partnership for a weaker state.

Elharathi et al. (2020) highlight that the strategic decisions of Pakistan have been constantly shaped due to its domestic economic weakness, regional security concerns, the country's relationship with India, and the need for handling its relationship with China and the US. This study is relevant as it recognizes that strategic autonomy results from the interplay of external and domestic factors and not simply the result of diplomacy. The increasing reliance on geo-economics by Pakistan is also linked to its economic alliance with China. Jahanzaib and Ahmed (2024) state that CPEC has turned out to be an integral part of Pakistan's geo-economic transformation, even though security has continued to play a role in the country's foreign policy. Zulfiqar et al. (2025) have included the issue of strategic autonomy within the debate surrounding CPEC. The focus of their analysis is on Pakistan's strategic position via the lenses of the Indo-Pacific and US-China rivalry and how CPEC provides Pakistan with economic benefits but at the same time reduces some elements of Pakistan's diplomatic flexibility. Such approach illustrates the failure of presenting the corridor in a simplistic way as either a source of autonomy or total dependence. This approach raises the issue which calls for further examination - if there are any options for Pakistan beyond China-US relationship for its economic and diplomatic bargaining position. The recent scholarship on middle powers stresses the significance of such diversification. Patrick (2026) underscores the increased diplomatic room for maneuvering for those states which try to maintain flexible foreign policy. According to Dworkin et al. (2026), flexible alliances, alternative connectivity and diversified external relations constitute one of the defining characteristics of a multipolar system. However, multipolar advantages are not available equally. The states that have strong economy and institutions benefit from competition among bigger states more than those who experience repeated financial difficulties.

This notion of constrained diversification is different from traditional hedging in three important ways. To start with, it does not necessitate an approximate balance between rival great powers. Even while being close to China strategically, Pakistan can retain other vital partnerships. Secondly, diversification occurs at various levels of functionality. One partner could offer infrastructure investments, another partner could be a huge export market for the country, another partner could offer energy and remittances, and finally, international organizations could offer stabilization funding. Finally, diversification does not in itself end dependency. A state could have many partners but still be dependent on all of them due to lack of economic capacity domestically. These four interrelated aspects are used to assess strategic autonomy as follows: trade concentration; investment and foreign finance; diplomacy diversification; and maintaining substantial ties with several external parties.

## Methodology and Sources

This research uses qualitative case design complemented by descriptive economic analysis. The primary period of analysis is 2015-2026, starting from the creation of CPEC in 2015 and going up to CPEC 2.0 and the growing focus of Pakistan on economic diplomacy diversification. The documentary sources include Pakistan-China statements and agreements, Long Term Plan for China-Pakistan Economic Corridor (2017-2030), China-Pakistan Action Plan (2025-2029), National Security Policy of Pakistan (2022-2026), Ministry of Foreign Affairs papers, Pakistan Economic Survey (2025-26), Finance Division papers on the debt issue, State Bank of Pakistan information on investments and remittances, IMF reports, European Commission reports on trade relations, and World Bank report on BRI transport corridors. Primary statistical data and documents are analysed using scientific literature on strategic autonomy, hedging, CPEC, and foreign policy of Pakistan (Goh, 2005; Kuik, 2008; Chawla, 2017; Husain, 2018; Elharathi et al., 2020; Afzal, 2020; Zulfiqar et al., 2025). The analysis differentiates between policy intent and empirical result. The statements by the Pakistanis and the Chinese about their priorities and commitments are not seen as sufficient on their own to prove that these goals have been reached. Nor is economic concentration automatically taken to mean political dependence. Instead, the question is raised whether there are increased switching costs, decreased access to other sources of finance or commerce, or restrictions on substantive ties with others. Another division is made regarding financing for CPEC. There are various kinds of economic ties through which CPEC is being pursued, including foreign direct investment, project finance, business deals, government borrowings, and infrastructure investment. Lumping all of these into one pool of "Chinese debt" would misrepresent, rather than explain, Pakistan's real vulnerabilities (Husain, 2018). In the research, no effort has been made to create a measure of strategic autonomy numerically. Instead, the economic concentration is triangulated with diplomatic behaviour in order to see whether the greater ties with China have affected the ties with others.

## CPEC and the Deepening of Pakistan-China Interdependence

The 2015 joint statement between Pakistan and China set out the context in which CPEC gained its subsequent strategic significance. Both governments have put CPEC at the core of the "1+4" economic cooperation formula and associated it with Gwadar, energy, transport connectivity, and industrial cooperation. The statement included several other aspects of relations between Pakistan and China, such as maritime, military, technology, multilateral coordination, and trade, indicating that CPEC was a part of much wider bilateral relations (MOFA, 2015). The Long Term Plan for China-Pakistan Economic Corridor (2017–2030) expanded the list even further. Connectivity, energy, trade, industrial cooperation, agriculture, tourism, livelihood, and financial cooperation were defined as major fields for cooperation in the long term (National Development and Reform Commission of China & Ministry of Planning, Development and Reform of Pakistan, 2017). CPEC was thus seen as not just a set of roads and energy projects but rather a framework for economic cooperation in a wide range of fields.

The contemporary account by Chawla (2017) reflects the optimistic tone of politics associated with this period. The presence of Pakistan's prime minister and the chief ministers of all four provinces in the 2017 Belt and Road Forum for international cooperation was seen as evidence of CPEC's national political importance. Nonetheless, the same news article highlighted disagreements over corridor routes, the project's feasibility, transparency, and implementation. Thus, the combination of optimism regarding development and worries about implementation was evident from the very beginning. In turn, the economic potential of CPEC was also less automatic than some of the strongest claims made by politicians. According to Husain (2018), there were considerable opportunities associated with the project related to investments in energy, infrastructure, industry, and the reduction of transport restrictions; however, he emphasized that these benefits would not appear without any conditions. It would be necessary to conduct domestic reforms, increase productivity and exports, develop institutions, and make efficient special economic zones if CPEC helped enhance Pakistan's ability to pay for its foreign commitments rather than to impose new ones. Better infrastructure could lower the cost of movement and trade, provide access to markets, and encourage investment, but how much it would do this would depend on additional measures in relation to transparency, debt sustainability, trade facilitation, governance, and good project selection (World Bank, 2019). Recent empirical studies have provided a more nuanced view of the developmental achievements of CPEC. Iqbal and Wang (2026) point out that there were significant achievements in terms of energy and infrastructure connections, but there was not enough upgrading of industry via the Special Economic Zones. The discussion about CPEC is also quite complex because of different views on the nature of this project – either as a revolutionary developmental program or as an instrument for excessive Chinese domination. Sharif and Mansoor (2025) demonstrate that both views do not reflect the complexity of the process of interaction of China and Pakistan.

CPEC has since proceeded to take a step towards a second, more comprehensive phase. Economic cooperation in the bilateral Action Plan from 2025 to 2029 is now contained within a broader context involving politics, technology, security, and society. Contemporary Pakistani-Chinese documents have increasingly been using a description of CPEC 2.0 based on the dimensions of industrialization, innovation, green growth, livelihoods, agriculture, mining, special economic zones, and regional connectivity (Government of the People's Republic of China & Government of the Islamic Republic of Pakistan, 2025). Of significance in relation to the issue of autonomy is the joint statement released in May 2026 by Pakistan and China. While the two governments continue their cooperation on Gwadar, transport infrastructure, industrialization, and CPEC 2.0, third party involvement in CPEC has now been encouraged by both sides as long as it is on terms mutually agreed between Pakistan and China (MOFA, 2026a). In other words, CPEC has created two contradictory outcomes for Pakistan. On one hand, Pakistan has received infrastructure and investment from a major global player in addition to the development partnership. However, on the other hand, it has deepened Pakistan-China relations in terms of institutions, technology, commerce, and finance. The degree of either increasing or decreasing strategic autonomy of Pakistan will depend on whether or not Pakistan has alternative partnerships.

## Economic Dependence and the Limits of Strategic Autonomy

### Trade: Strong Integration but Unequal Functions

The trade statistics serve as another clear illustration of economic imbalance. In July-March FY2026, Pakistan exported about US$1.945 billion worth of goods to China, which constitutes 8.4% of total merchandise exports. Imports from China amounted to about US$14.038 billion or 30.0% of Pakistan's imports (Ministry of Finance, 2026a). There was another picture regarding trade with the USA. The United States received about US$4.634 billion worth of goods exported by Pakistan during July-March FY2026, which constitutes 19.9% of the total export of Pakistan, and imports from the USA were about US$2.133 billion (Ministry of Finance, 2026a). This difference is significant from analytical perspective. Pakistan does not "depend on China" in equal way. China is very significant as an import source, while USA is much more significant as an export destination. According to the Pakistan Economic Survey 2025–26, the predominance of imports from China is largely due to machinery, raw materials, intermediate goods, and capital goods employed in production and investments (Ministry of Finance, 2026a). Therefore, a trade imbalance in a bilateral relationship need not necessarily imply a situation of strategic subordination. The importation of capital goods could help build the future capacity of production. However, there is vulnerability created by the concentration because of the limited availability of alternatives or if the domestic economy is unable to convert the imported factors into increased productivity and exports. Dependence would take on significance because of the cost involved in substituting the dominant supplier rather than just because the magnitude of imports is significant. This has been the case with CPEC, which has evolved in a split international economic setting where Pakistan depends significantly on China for certain kinds of imports and other markets for exports.

**Foreign Direct Investment and Long-Term Economic Linkages**

FDI shows more clustering around China. As per State Bank of Pakistan figures, net FDI inflow from China is estimated at US$1.205 billion in FY2025, while net FDI inflow in aggregate terms is US$2.477 billion. In July-April FY2026, net FDI from China is estimated at US$740 million while net FDI in aggregate is about US$1.409 billion (State Bank of Pakistan [SBP], 2026). Thus, China has accounted for approximately 50 percent of the total net FDI during the above periods. This represents a considerable clustering.

Investment dependency is different from regular trade clustering, as infrastructure and energy projects establish long-term dependencies. Physical investments, supply chains, technologies, finance, and operations cannot be substituted as easily as regular commercial imports. CPEC may hence raise Pakistan's productive capacities along with economic costs of a breakdown of the relationship with China. That is precisely why the normative debate on "CPEC as opportunity" versus "CPEC as dependency" is inadequate. It is possible for the very same investments to create development opportunities and dependencies at the same time.

Institutional arrangements within Pakistan are also relevant here. In his discussion of the issues of lack of transparency in certain aspects of CPEC funding and its implementation, as well as of public discourse about CPEC, Afzal (2020) highlights the importance of transparency for strategic autonomy. Transparency does not indicate Chinese political influence per se. Weak oversight means that the smaller country lacks the ability to properly evaluate the projects, negotiate their terms, estimate their costs, and make decisions. Thus, asymmetry is caused by the difference in material power between China and Pakistan, as well as by the domestic institutional capacities of Pakistan. The domestic institution weaknesses also determine the outcomes of CPEC implementation. Samad (2025) focuses on the problems of institutional weakness, lack of transparency, political competition, and uneven policy-making, showing that part of the problems associated with CPEC result from the domestic factors of Pakistan itself.

**Debt and Finance: Dependence Is Not Exclusively Chinese**

Special care needs to be exercised when analysing the external debt data as there has been confusion regarding CPEC investments, Chinese bilateral loans, commercial loans, deposits, and Pakistan's external debt in general within public discourse. According to the Finance Division of Pakistan, the total amount of Pakistan's external public debt as of the end of December 2025 stood at US$92.873 billion. This included US$43.518 billion of debts to multilateral creditors, US$24.309 billion of debts to bilateral and Paris Club creditors, US$10.157 billion of IMF claims, US$6.300 billion of Eurobonds and Sukuk bonds, US$6.834 billions of commercial loans, and US$1.755 billion of others (Ministry of Finance, 2026b). Such a composition does not allow for any statements about Chinese financial domination. The same holds true for liquidity support, in which the Finance Division documented the rollover of a US$1 billion deposit from China's SAFE in July 2025 and US$3 billion in Saudi deposits in December 2025 (Ministry of Finance, 2026b). Pakistan was also pursuing an Extended Fund Facility program supported by the IMF, which was agreed to in September 2024. In May 2026, the IMF conducted the third review of the EFF program and the second of the Resilience and Sustainability Facility (International Monetary Fund [IMF], 2026). It involved fiscal policies, state-owned enterprise reforms, the viability of the energy sector, reserve build-up, competition, and structural reforms. Thus, Pakistan cannot claim that it has been able to break away from reliance on financial institutions centered around Western countries via CPEC. Neither can the country's financial vulnerabilities be viewed as solely China-centric.

Multiple external dependence would be a much more convincing explanation. This is important with regard to strategic autonomy. The presence of several financiers will lessen the extent to which each financial partner is able to dominate the supply of external finance, but reliance on several sources of external finance does not mean independence. A country that requires ongoing finance is going to encounter limitations and bargaining constraints from several partners at once. Strategic vulnerability of Pakistan is due to the limited ability of the country to produce enough revenues.

## Foreign-Policy Diversification Beyond China

**The United States**

The continued relationship between Pakistan and the United States offers valuable empirical evidence to disprove the theory of CPEC creating exclusivity in relations. In terms of economics, the United States was the largest exporter of Pakistani merchandise exports during July-March FY2026, receiving 19.9 percent of total exports (Ministry of Finance, 2026a). The diplomatic and strategic interaction with the United States also continued. On May 29, 2026, the Deputy Prime Minister and Foreign Minister of Pakistan, Ishaq Dar, held talks with US Secretary of State and National Security Advisor Marco Rubio in Washington. As per Pakistan's version of events, both sides talked about deepening economic and trade ties as well as counter-terrorism and security cooperation (MOFA, 2026b). It does not mean that Pakistan is equidistant from Washington and Beijing. In terms of depth of strategic relations, the relationship between Pakistan and China is deeper. What US engagement proves is that even with the improved relations with Beijing, Pakistan has still been able to sustain substantive interactions with the US. This is the fundamental point for constrained diversification. Strategic autonomy does not imply equal engagement with competing states.

### Saudi Arabia, the UAE, and the Gulf

Gulf is another significant pillar of Pakistan's international economic relations. According to SBP figures, the total amount of remittances received by workers from Saudi Arabia was around US$9.345 billion during FY2025, whereas the amount of remittances received from the UAE was about US$7.829 billion. Other GCC states have contributed their share towards remittances (SBP, 2025). Remittances are vital for Pakistan because they represent foreign exchange inflows via a channel quite distinct from the Chinese trade and investment route. Furthermore, relations with Saudi Arabia have been increasingly focusing on investment and sectoral collaboration as well. In October 2025, Pakistan and Saudi Arabia entered into an Economic Cooperation Framework that includes energy, industrial, mining, IT, tourism, agricultural and food security sectors (MOFA, 2025). Consequently, the Gulf has been playing roles that cannot be played by China, namely, labour market linkage, remittance generation, energy relations, deposits, investment, and cooperation in politics and security.

### The European Union

The European Union also constitutes another essential element of the external environment of Pakistan. According to the European Commission, the EU constituted around 14.1% of Pakistan's total trade in 2025, while bilateral trade in goods was worth roughly €12.2 billion (European Commission, n.d.). Moreover, Pakistan continued to be the largest recipient of the special trading privileges of the GSP+ scheme of the EU (European Commission, n.d.). The GSP+ scheme is especially significant in that it shows that different economic connections entail different types of external conditionality. Preferential access to the European market by Pakistan is dependent on Pakistan implementing international agreements on human rights, labour standards, environmental protection, and governance. In other words, there are two sets of incentives and restrictions facing Pakistan arising from its connection to China and Europe, respectively. Pakistan-EU Strategic Dialogue Number 8 took place in Islamabad on June 1, 2026, covering issues such as politics, diplomacy, multilateral issues, trade, investment, and regional cooperation as per Pakistan-EU Strategic Engagement Plan (MOFA, 2026c). The fact that Pakistan is able to maintain good relations with China and, at the same time, have good economic relations with Europe is a good example of diversification.

### Multilateral Financial Institutions

The fact that Pakistan has consistently maintained ties with the IMF and multilateral development agencies is perhaps the most convincing proof that CPEC has not brought Pakistan into a China-specific economic world that is self-contained. In December 2025, there were US$43.518 billion worth of public external debts owed to multilaterals, besides US$10.157 billion worth of IMF claims (Ministry of Finance, 2026b). The World Bank and the Asian Development Bank played a significant role in Pakistan's relationships with multilaterals. The contradiction here is quite surprising. Dependency on IFIs limits the policy freedom of a country. However, the continued significance of these institutions suggests that China has not cornered Pakistan's access to external funds.

## From Hedging to Constrained Diversification

It is hard to sustain both the extremes in light of the empirical evidence. One extreme is that through CPEC Pakistan has become strategically autonomous as the dependence on Western organizations has been replaced by economic assistance from China. Pakistan is deeply integrated with international financial institutions, Western export markets, and the Gulf's financial and labour markets. There has been no displacement of these linkages through CPEC. The other extreme is that CPEC has turned Pakistan into a fully dependent entity only on China and having no other policy options for itself.

Yet, China is quite a unique case. It combines strategic partnership along with its immense share in Pakistan's imports, huge FDI, infrastructure building, military cooperation, and institutionalized economic planning. Pakistan, however, does not merely engage in balancing China against the United States. It does not even follow non-alignment in its classical sense. Pakistan's foreign policy portfolio is made up of diversified relationships with different functionalities. China provides infrastructure, investment, industry, and strategic partnership. The United States provides markets and continuing diplomatic and security engagements. Europe offers market access and trade linked to regulations. Gulf states offer remittances, deposits, investments, energy links, and employment opportunities. The IMF and development institutions continue to play an important role in macroeconomic stability and development finance.

Pakistani foreign policy discourse for 2026 offers concrete evidence of the fact that the policymakers have increasingly started to think about international affairs in multidirectional ways. In the Pakistan Governance Forum in February 2026, the Foreign Minister Ishaq Dar discussed a world of strategic bilateralism and minilateralism. He talked about deepening engagements with China through CPEC 2.0 along with renewed engagements with the US and widening engagements with Gulf, Central Asian, Turkish, Azerbaijani, and Southeast Asian partners (Dar, 2026). Rhetoric about official policy should not be conflated with policy success. In this situation, however, the official aim resonates well with real-world economic and diplomatic dynamics.

Constrained diversification provides a framework for understanding this through three hypotheses. First, diversification is not equivalent to equal relations. Pakistan's strategic relationship with China will always be stronger than that with any other great power. Second, diversification works. New partners do not have to replace the Chinese. They are valuable in ensuring that Pakistan retains economic or diplomatic options in certain areas. Third, diversification will still be limited by the domestic political economy of Pakistan. States that rely consistently on external funding have fewer escape routes even if they have several partners. The fundamental constraint on Pakistani strategic autonomy is thus not merely CPEC. It is the combination of CPEC-related asymmetry and economic vulnerability. In this context, this approach will also refrain from attributing any prescriptive value to China. The development of greater fiscal strength, export strength, better institutions, and foreign exchange earning capacity will enhance Pakistan's bargaining power vis-à-vis Beijing as well as Washington, Riyadh, Brussels, and the international financial institutions.

## Discussion: Strategic Autonomy in a Multipolar Order

The lessons from Pakistan's experience go beyond the specific CPEC partnership.

Standard IR typologies tend to make the assumption that there is a fairly clear choice between two alternatives – balancing and bandwagoning, alignment and nonalignment, autonomy and dependence. This becomes less valid when various parts of the state's external economy gravitate towards different geopolitically significant centers. The state in question would be dependent on one partner for infrastructure needs, another one for foreign exchange, yet another one for energy supplies and remittances, while international organizations serve as providers of financial stability. In such circumstances, the state's autonomy cannot be judged in terms of its closest ally. Contemporary theories of emerging multipolarity acknowledge the growing importance of multi-alignment, flexible alliances, and diversification of connectivity (Dworkin et al., 2026; Patrick, 2026). But here the experience of Pakistan comes to show that multiple partners do not automatically provide for strategic autonomy. The latter is contingent upon domestic economic power. Diversification can afford significant autonomy only insofar as other forms of relationship are sufficiently credible that the costs of disagreement with a given country are affordable for the state.

CPEC will thus give more autonomy to Pakistan if the benefits of increased production, exports, and economic capacity outweigh any costs associated with increased infrastructure, investment, energy needs, and connectivity. It will reduce autonomy if excessive concentration of investment and imports leads to greater foreign currency dependency and dependence in alternative forms of economic relationship. The strategic impact of CPEC on Pakistan is thus conditional rather than pre-set. Such a statement extends the significance of this case study even further. Indeed, for developing states in the Global South, strategic autonomy cannot mean equidistant relationship with the competing great powers. It can mean prevention of dependency in one sphere from becoming complete dependency in all spheres. In this situation, diversification does not mitigate dependency. It affords a limited room for manoeuvre within it.

## Conclusion

CPEC has changed the economic fundamentals of Pakistan-China relations since 2015. Cooperation has now broadened from infrastructure and energy to industrialization, investments, agriculture, technology, connectivity, Gwadar development, and the entire institutional architecture connected with CPEC 2.0. These changes have created a distinct asymmetry. China was providing 30 percent of Pakistan's total merchandise imports in the July-March period of FY2026. It continues to be an exceptionally important country for Pakistan in terms of foreign direct investment. Long-term arrangements for infrastructure and economy have increased the institutional depth of the relationship further. However, there is no empirical evidence to prove the assertion that CPEC has created exclusive Chinese economic and political dominance in Pakistan. The USA continues to be the largest destination for Pakistani merchandise exports; the European Union continues to be an important trade partner; Saudi Arabia and UAE are crucial for remittances and other financial transactions; and international organizations continue to play a significant role in external financing of Pakistan. The strategy of contemporary Pakistan can therefore be considered as constrained diversification rather than strategic autonomy or dependence on another single bilateral relation. Islamabad diversifies its partners and relations with other countries, despite the fact that there are very strict constraints in its economy. The above conclusion changes traditional views on how one should hedge. Pakistan is not in equidistance with both China and the US, and its diversification is not aimed at China. Instead, it tries to keep the flexibility of its foreign policy through making sure that its strategic relation with Beijing will not remain its sole economically significant foreign relation.

Ultimately, the determining factor of Pakistan's strategic autonomy cannot be found in a choice between China and other great powers but in improving the domestic economic conditions from which any foreign relation can be conducted. Thus, the key issue for Pakistan with respect to a multipolar world is not whether CPEC is an asset or a liability in the abstract. The key issue is whether Pakistan can translate the possibilities offered by CPEC into enough capability so that the relationship remains compatible with policy choice.

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