**Pak-UAE Rising Ties**

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As Pakistan struggles with a financial crisis, the country’s leadership looks to the UAE for support. The civil and military leaders of Pakistan have traveled to the UAE to secure new loans and negotiate the terms and conditions of these loans. The leaders of both countries also exchanged their perspectives on various regional and global issues of mutual concern. High-level visits to the UAE occurred amidst a financial crisis and devastating floods. The Foreign Minister of Pakistan and other cabinet members accompanied the Prime Minister, who had just returned from Switzerland, where they were joined by the Chief of Army Staff.

This visit by the Pakistani leadership to the UAE, coming at the start of the New Year, underscores the importance of maintaining a steady growth in mutual understanding and cooperation. It highlights the need for regular dialogue at various levels in areas such as diplomacy and security. This engagement will allow both partners to maintain the momentum of their brotherly relationship. Sheikh Mohamad received Pakistan’s Chief of Army Staff at Qasr al-Shati Palace to discuss security cooperation with high-level Emirati officials, including the National Security Advisor, Deputy Prime Minister, and Minister of the Presidential court, also in attendance. This meeting shows a commitment to addressing security concerns and highlights the strategic importance of the relationship between the two countries, not only in terms of trade and investment but also in terms of national security.

This was Prime Minister Sharif’s third visit to UAE after assuming office in April last year. He met the ruler of Abu Dhabi, Sheikh Mohamed bin Zayed Al Nahyan to discuss the avenues of cooperation. Pakistan and the UAE agree to strengthen their cooperation in mutual investments, enable the integration of capital, and boost bilateral cooperation in other areas. Currently, the UAE is Pakistan’s largest trading partner in the Middle East and North Africa region, with a trading volume worth $8 billion. Furthermore, the UAE is the largest foreign investor in Pakistan.

Given the shared interests of both countries, there is significant potential for future cooperation. The operationalization of the Gwadar port in Pakistan will incentivize trade with the UAE by reducing logistics costs. The UAE can use this route to reach Central Asia and Afghanistan through the China-Pakistan Economic Corridor, promoting development and integration in the entire region.

In addition to meeting with the rulers of the UAE, Prime Minister Shahbaz Sharif also met with investment companies and representatives of Sovereign Funds to explore opportunities for foreign direct investment in Pakistan. These discussions on investment and business between the two countries are crucial as around 1.7 million Pakistanis are working in the UAE, contributing to its economy, and sending remittances back to Pakistan.

During the visit, The UAE deferred the payment of a $2 billion loan and agreed to provide an additional $1 billion, which will assist Pakistan in servicing its $13 billion debt by June of this year. The situation in Pakistan is dire, with foreign exchange reserves at a low not seen since 2014 and the International Monetary Fund imposing harsh loan conditions. The government of Pakistan is trying to secure more loans to help the country’s economy and its citizens. Still, as the world watches, one must question whether this is enough to solve the underlying problems or if it is just a temporary fix.

For over five decades, Pakistani workers, both white-collar and labourers, have been a vital part of the UAE’s economy, working in major sectors such as construction, transportation, and services. This longstanding relationship between the two countries provides unique leverage for the Pakistani leadership as they engage with the business and political sectors of the UAE. Additionally, the people of UAE and Pakistan share a common religion, Muslim identity, and bond of brotherhood.

The partners of Pakistan in UAE acknowledged the challenges faced by Pakistan with its economy, particularly the devastating floods in 2022, which caused damages worth $30 billion to the economy, including 37 million displacements and the destruction of 2 million housing units. Despite this, Pakistan received a significant response from international partners at the Climate Resilience Pakistan conference in Geneva, where pledges of up to $10 billion were made.

However, these donations cannot be used to service debt, which puts added strain on Pakistan’s economy. This is particularly concerning as Pakistan has over 220 million people and cannot be overlooked. The positive intervention and timely assistance of UAE authorities to Pakistan, in the form of $3 billion, is seen as a significant step towards stability. This amount represents one-quarter of the loan repayment, $13 billion, and is a vital lifeline for Pakistan’s economy and people.

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Furthermore, the ruling family in the UAE has a history of investing in socio-economic projects in Pakistan, including the announcement of further investments in August of last year. Pakistan requires heavy investments in its energy infrastructure, including gas and renewables, as well as in healthcare, agriculture, biotechnology, logistics, and financial services. By exploring these opportunities for cooperation and investment, both the UAE and Pakistan stand to benefit in the long term.

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