**Tech-Based Strategic Collaboration**

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Pakistan launched its first National Security Policy (NSP) in January 2021, switching its emphasis from geopolitics to geo-economics. After failing to prioritise these goals because of terrorism, Pakistan has rekindled its interest in industrialisation and regional connections. With financings in Special Economic Zones and Special Technology Zones, there is a strong push toward industrialisation that has the potential to lead to a policy change away from great-power rivalry. The NSP relies on the presumption that Pakistan will not support China or the US in rivalry or skirmish, even though it does not discuss great-power competition directly. ?

Establishing itself as a centre of tech-based collaboration for top tech firms, such as the US and China, is one way Pakistan might avoid great-power competition. The current federal government’s unclear policies, the unpredictability of the world economy, and Pakistan’s reluctance to implement a sustainable economic plan make it more difficult for Pakistan to attain this aim. ?

Imran Khan and Abdul Razak Dawood’s previous PTI administration tried to integrate Pakistan into the international supply chain. Breakthroughs have been made in two areas: domestic assembling and production of electronic devices, particularly cellphones, and the emergence of successful start-ups, expanding I.T. exports, and freelancer skills. ?

Pakistan, which has typically been a net importer, generated nearly 22.12 million handsets last year while importing just 9.95 million. Most companies in their production facilities are Chinese handset producers, including Vivo, Itel, Infinix, and VGO Tel. In 2021, the industry grew by as much as 122 per cent compared to 2020. The South Korean technology giant Samsung has also established a T.V. manufacturing facility in Karachi and joined Lucky Motor Corporation, a Pakistani automaker, to construct Samsung smartphones. With its joint venture partner, AirLink Communications, another Chinese smartphone manufacturer, Xiaomi, started manufacturing cell phones in Pakistan. Xiaomi wants to export phones out of Pakistan by investing $500 million. ?

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Despite recent populist anti-American statements from ex-premier Imran Khan, Pakistan’s trade with the US is increasing due to a clear emphasis on geo-economics and an expanding industrial and export centre. The US is one of Pakistan’s most prominent economic allies, with $6.6 billion in annual bilateral commerce. Additionally, the US showed interest in boosting its Foreign Direct Investment (FDI) in Pakistan by $1.5 billion between 2018 and 2020 in sectors like healthcare, thermal and renewable energy, and information and communications technology. Pakistan tries to avoid being categorised into one geopolitical “bloc” by strengthening its economic ties with the United States. ?

The continued growth of international trade and investment suggests that these investments might be scaled up to support tech-based collaboration, particularly in Special Economic Zones. SEZs and Technology Parks created as part of the China-Pakistan Economic Corridor would be included in this partnership. Although the technological zones are being established in collaboration with China, competitiveness will be hampered by Pakistan’s unwillingness to accept investment from non-Chinese companies. Maintaining international investment in SEZs and STZs will encourage diversity. To enable a business-friendly climate, Pakistan must first remove obstacles to investment. ?

The United States began a technological detachment under President Trump, lessening reliance on China for technical services. Under President Biden, this approach is most likely to remain in place. Smaller states may simultaneously fill this production gap and function as a check between the United States and China. Pakistan is compelled to adopt a similar approach to avoid becoming entangled in great-power competition because of developing economic links with China, a consistent export surplus with the US, and a background of diplomatic convergence with both states. Additionally, as the NSP emphasised, Pakistan is abandoning its long-standing policy of using its geopolitical position to influence world affairs. ?Pakistan’s decision-making is also influenced by other factors, such as consumer affordability of less efficient technology and the potential to pull technology production facilities with various choices from international partners. In addition to current collaborations with European and Asian companies, the shifting production and entrepreneurial landscapes provide Pakistan with a chance to expand its reach to China and the United States. ?

Businesses in Pakistan should expect positive returns from industries that boost exports. Traditional enterprises can transform to increase exports and support current value-added products, including those in the textile, pharmaceutical, surgical, and sports sectors. Pakistan should work with American and Chinese companies to create cell phones and supply-chain components in the short term to counteract continued inflation and the recession brought on by a decline in consumer demand. Additionally, US investment in tech-based and value-added agriculture, medicines, healthcare, and chip designing services will help Pakistan diversify its supply chain and may be a mutually beneficial partnership. ?

Pakistan has purchased military hardware from both China and the United States for its military. Despite increasing defence collaboration in arms acquisition between Pakistan and China, there is currently monitoring between the United States and Pakistan on the use of platforms and access to highly confidential information. This means that Pakistan can repeat similar lessons in the commercial sphere. ?Before enhancing its economic ties with China or even the US, Pakistan still has a lot to accomplish. The three variables that will offset the current trajectory are the continuous global liquidity constraint, the Pakistani government’s erratic economic policies, and banks’ unwillingness to clear payments for exporters to purchase components because of a forex deficit. ?

Haroon Sharif and other proponents of fostering a business-friendly atmosphere have advocated in favour of Pakistan’s International Financial Center setting up a shared official framework, a tax-friendly system, and a specific, isolated court system for international companies. While Pakistan has established a “single window” strategy under Pakistan Customs, the Pakistan Regulatory Modernisation Initiative changes for cultivating a business-friendly ecosystem have not yet been fully implemented. Additionally, Pakistan may foster a business-friendly environment by addressing issues like intellectual property theft, inadequate dispute resolution procedures, and data protection concerns-all discouraging FDIs-by adopting similarly competitive terms with US enterprises. ?

Pakistani officials must forge an impartial, long-term consensus to tackle these obstacles. This environment must be investor-friendly for a political leadership free of political ambitions to implement economic reforms. Even after the general election in 2023, the successor administration must be committed to this. Investors will exercise caution unless reforms are accelerated, and the genuine policy objective of refraining from engaging in great-power politics will become more elusive.

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