**Unique opportunity**

BY U Z A I R M . YO U N US 2021-03-24

A STRATEGIC and potentially transformative shift is occurring in Pakistan, as the country`s policymakers try to pivot away from geopolitics to geoeconomics. This must be encouraged, as it is important for the country`s socioeconomic development and economic stability. But for this shif t towards geoeconomics to be something more than just words, Pakistan`s policy and bureaucratic apparatus must be fully recalibrated.

At its core, this shift is being driven by necessity: to have sustainable growth and generate wealth, Pakistan needs to trade with the rest of the world and attract foreign direct investment to sustainably finance the upgradation of its economy.

Winning at geoeconomics, however, is more complicated than winning at geopolitics. Aligning with a superpower to fight a war is easier, since all you need to do is open up supply lines and manage relations at the state level. On the other hand, securing even a paltry $100 million investment for a manufacturing plant requires policy and bureaucracy to work in sync across areas ranging from taxation and power generation to land procurement and labour regulations.

Geopolitics is also a seller`s market there are limited options when it comes to gaining access to Afghanistan while geoeconomics is a buyer`s market where countries from Rwanda to Indonesia are competing for a finite pool of investment and trade dollars.

To achieve success at geoeconomics, Brand Pakistan must capture the imagination of the global business press and investment community. But Brand Pakistan is only as good as Product Pakistan, and the latter needs significant improvement if it is to win at geoeconomics.

To strengthen Product Pakistan, policymakers must focus on three things: development, diversity, and dependability.

Development is more than investments in infrastructure and human capital these are essential and a youth literacy rate of 75 per cent is a national disgrace. Beyond this, the unique economic advantages and disadvantage of each region in Pakistan must also be considered. Leveraging the country`s dairy and livestock potential requires investments in farmer education, breed development, and food safety; expanding technology exports requires expansion of internet access, reduced duties on technology hardware, and investments in tertiary education.

The world is changing rapidly in terms of diplomatic relations and technological innovation. In this environment, a geoeconomics strategy need to be both internally and externally diverse. Internally, policies that can drive growth need to be executed across sectors; this internal diversity can createseveral islands of economic success, fostering innovation and generating new jobs across sectors. Externally, trade and investment ties must be developed with all countries, including those with whom there are geopolitical and ideological conflicts.

Dependability is the most important part since no investor or business likes to do business in countries where the rule of law is weak and where policy can change on a dime. Becoming dependable requires more than political stability a concerted effort by policymakers to reduce policy volatility is essential for developing a reputation as a dependable investment and trade destination. Building a reputation as a dependable economic hub takes a lot of time and effort, but only one misstep, such as a change of tax policy, cancellation of a major mining deal, or arbitrary bans on technology platforms, can destroy this painfully crafted reputation. It also requires political consensus, as agreements signed by one government must be honoured by its successor, and there must be policy continuity.Pakistan has excelled at making the right strategic choices the country`s alliance with the United States in the Cold War and in the post-9/11 era, and long-standing strategic ties with China, deepened through the China-Pakistan Economic Corridor, are evidence of this. But it has struggled to fully lever-age these strategic relationships to extract transformative economic benefits.

Today, Pakistan has a unique opportunity to transform its economy. Competing countries like India have already pushed through significant reforms to take advantage of this moment; without a clear-eyed focus on reforms, Pakistan risks failing at its ambitious and much-needed pivot towards geoeconomics.

Geopolitics is like putting together a rock band, where you need four to five people to make good music. Geoeconomics, however, is more like putting together a symphony orchestra, where dozens of musicians, guided by a conductor, must perform in sync.

To succeed at geoeconomics, Pakistan`s policy, bureaucratic, and economic institutions need to perform like a well-trained symphony orchestra, or risk f ailing at this ambitious and much-needed reorientation of the state and its international outlook.  The writer is a senior fellow at The Atlantic Council and host of the podcast Pakistonomy.

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