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From Petrodollars to Goeconomic Power Evolution of Saudi Foreign Policy in Pakistan

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ABSTRACT

The paper will examine how the foreign policy of Saudi Arabia towards Pakistan changed in adopting a more diversified and goeconomic approach as compared to the traditional petrodollar-oriented policy. Initially tied to financial assistance, labor remittances, and oil delivery, Saudi Pakistani relations are changing in reaction to the dynamic global energy landscape, Saudi Vision 2030 reforms, and the geopolitical changes in the region. The article contends that Saudi Arabia has transformed its foreign policy to be less rentier-state, based on oil income, and more goeconomic, encompassing investment diplomacy, infrastructure building, and regional connectivity, programs. This can be seen in Pakistan with massive Saudi investment in energy project and its participation in the China-Pakistan Economic Corridor (CPEC). Moreover, the involvement of Saudi is affected by the rivalry with Iran, the alignment to the Belt and Road Initiative of China, and the revision of relations with the United States. The paper concludes that this change has significant implications

to regional stability and rebalancing of the world economy.

Keywords: Saudi Arabia, Pakistan, Foreign policy, Geo-economics, Petrodollars, Regional Connectivity, CPEC, Saudi Vision 2030, Investment Diplomacy, Belt and Road Initiative.

INTRODUCTION

The paper will look at the Saudi Arabia foreign policy change towards Pakistan, how this evolved into a classical petrodollar affair to more geoeconomic one based on the diversification, regional competition and changes in energy in the world. Historically, Saudi Arabia and Pakistan had enjoyed a long repertoire of an energy supply plan, labor remittances, and financial aid, which was pegged on the oil richness of Saudi Arabia and Pakistani economic dependence. However, the changing world energy context, the changes in Saudi vision 2030, and the increasing geopolitical tensions have altered the nature of this two-way interaction (Liu and Jepson, 2026).

The research argues that the Saudi foreign policy has been gradually transformed into less rentier-state diplomacy that is based on oil revenues and aid payments and more geoeconomic statecraft that involves investment diplomacy, development of strategic infrastructure, and geo-region connectivity initiatives. In Pakistan, this transformation is visible in the shape of huge Saudi investments in energy, refinery projects, and the engagement in the opportunities of the China-Pakistan Economic Corridor (CPEC)-related opportunities, which assume transition to the economic embedding, rather than financial stabilization in the short term (Mehmood, 2026).

The paper highlights how Saudi Arabia increasingly engages in the country-specifics of its relations with Pakistan, in the competition with Iran, alignment to the Belt and Road Initiative of China, and re-balancing of the relations with the United States. Similarly, Pakistan is also repositioning itself as an economic bridge between the Middle East, South Asia, and Central Asia (Bravo et al., 2025). The paper has concluded that the Saudi-Pakistan relations are going to be multidimensional partnership where economic interdependence, strategic hedging and regional connectivity are core. It is not just a shift in reliance on petrodollars to geoeconomic strength, but it suggests a more profound shift in the foreign policy paradigm in the Middle East that has profound implications on the stability of South Asian regions and the overall geo-economic re-alignment of the global economy (Wong, 2025).

The 21st century is a century in which military power and diplomacy might not be the most significant in defining the kind of international relations but economic tools, inflow of investments and financial interdependence. In this evolving global framework, states are resorting more to geoeconomic policies as a foreign policy making tool and using trade, investment, energy and financial leverage as their instruments. This change has been particularly observed in the foreign policy change of Saudi Arabia, the international engagement of which is no longer a constituent of the oil-oriented diplomacy to a more diversified and integrated economic policy

(Koruzhde & Lob, 2026).

Previously, the foreign policy of Saudi Arabia was strongly connected with the fact that Saudi Arabia is one of the largest exporters of oil and is the large provider of financial support to its allies. Its foreign policy was marked by the concept of petrodiplomacy especially to the developing nations that relied on Saudi aid, remittances and concessional energy supplies. Of these, its association with Pakistan has been the most notable one, with a history of political support, labor migration, military cooperation, and the frequentist of financial aid at times of economic turmoil (Jahanzaib, 2025).

A major strategic realignment is in progress within the world order in the mid-2020s, because of a change in the geopolitical priorities and power dynamics in the region. An example, perhaps the most eloquent, of this transformation is the Saudi-Pakistan Strategic Mutual Defense Agreement signed on September 17, 2025, at Riyadh. Significant in the geopolitics of the Middle East and South Asia is this historic agreement which frames the aggression against one party as aggression against both (Bukhari & Mujaddid, 2025). Once traditionally dependent on U.S security guarantees, Saudi Arabia has now turned to Pakistan, a nuclear armed state as a means of a collective defense structure which is likely to redefine regional security structures.

The agreement highlights a larger trend of automatization of the Muslim-majority states and their break with the tradition of being interconnected in the Western way and to be instead self-sustaining, regional security structures. The change in this aspect is supported by the fact that economic and technological giants gradually start to have a bigger influence on the region, where petrodollars are gradually being replaced by other forms of influence, such as technological innovations and military alliances (Bukhari and Mujaddid, 2025). Although the new alignment is aimed at improving the joint deterrence, it also raises an alarm among the neighbors like India and Iran who see the pact as a possible triggering point in the escalation of the situation in the region. Moving towards the necessity to cease being dependent on external security assurances and instead rely on self-sufficient deterrence mechanisms, Saudi Arabia and Pakistan are examples of critical balancing point in the global power structure, particularly as U.S. influence in the region wanes (Bukhari and Mujaddid, 2025).

However, there has been massive change in this common structure that has occurred in the last few years. As a reaction to domestic economic restructuring in its policies such as the Vision 2030, shifts in the global oil demand and the intensifying degrees of geopolitical competition, Saudi Arabia has been gradually moving its foreign policy towards the geoeconomic form of statecraft. This comprises of strategic investments, expansion of sovereign wealth funds, financing infrastructure, and involvement in regional connectivity projects. Thus, the Saudi-Pakistan relations no longer remain aid-based and energy-providing but start to evolve into a more in-depth economic and strategic partnership (Amjad, 2025).

Pakistan, as the crossroads of South Asia, Middle East and Central Asia, is in the heart of this new geoeconomic vision. It has a higher relevancy to the diversification strategy of Saudi Arabia due to its possible connectivity, particularly in infrastructures and energy corridors. Meanwhile, Saudi investment and financial involvement is a crucial factor in the external economic stability of Pakistan due to its continuous economic difficulties (Verma & Shahanas, 2025).

It is against this backdrop that this paper will discuss how Saudi foreign policy has evolved over the years to become dependent on petrodollar dependency to project geoeconomic power, and how it has adjusted to its relations with Pakistan. It aims to examine the causes, processes, and consequences of this change in the wider framework of the changing global economic governance and regional power relationships (Kassab, 2026).

LITERATURE REVIEW

The spectacular metamorphosis of petrodollar diplomacy to geoeconomic statecraft is pointed out in the literature of Middle Eastern foreign policy. Traditional petrodollar diplomacy involved using oil revenues to purchase out political friends, offering financial assistance and leverage especially to the third world economies. Geoeconomics, on the other hand, focuses on the strategic use of economic tools (i. e. investments, trade networks, sovereign wealth funds and infrastructure finance) to achieve long-term geopolitical goals (Kousar and Behan, 2025). In Saudi Arabia, researchers indicate the redesign of the classical rentier-state model of oil proceeds, in the form of policies of economic diversification, such as Vision 2030. It has been shown that Saudi Arabia is shunning the tradition of short-term aid-based relations to long term investment-based relations to find global integration and economic resilience. The change in line with the general theoretical discourses of neoliberal institutionalism, where economic interdependence is an instrument of strategic leverage, rather than mere development aid (Okonkwo, 2025).

Religious solidarity, labor migration and financial dependence have been historically the relationship between Saudi Arabia and Pakistan. Preexisting literature emphasizes high Saudi Arabian contribution regarding financial aid, oil concessions, and remittances, especially in the economic crises and international isolation in Pakistan (Duan and Baycar, 2025). Such a relationship on the crisis driven basis on a cycle basis has never been institutionalized. Saudi Arabia not only provided Pakistan with financial assistance but also employment opportunities to Pakistani employees and Pakistan provided military assistance and political orientation particularly in the forums of Islamic countries like OIC. But researchers have noted that this association did not have the framework of economic integration in the long term (Van Niekerk, 2025). The more recent evaluations indicate that the connection is not as simplified as an ideological or religious connection; it is a dependability on each other based on tactical and exchange-based factors, such as cooperation in security and economic stabilization (Ali, 2025).

There is a considerable body of literature dedicated to domestic change of Saudi Arabia in the framework of Vision 2030 which directly translates into its foreign policy. Vision 2030 is a neoliberal restructuring agenda, which aims at reducing oil dependence and diversifying the economy, and encouraging foreign direct investment (Bhamidipati, 2025). This mode of modernization has influenced the diplomatic stance of Saudi Arabia that aims at liberalizing the market, privatizing, as well as engaging in international investment relations with other countries, which facilitates the de-escalation in the region, economic diplomacy and communication with other international forces like China and the United States (Jaafar, 2025). In this regard, Pakistan has emerged as strategic partner due to its geographical location factors, labor and connectivity opportunities. The Saudi investment in Pakistan is now more energy infrastructure-based, refinery construction, and connectivity within the region, which is associated with the China-Pakistan Economic Corridor (CPEC) (Tariq et al., 2026).

Pakistan has long placed its nuclear doctrine within the context of countering regional rival India and has never formally extended its nuclear doctrine to extra-regional states, including the Gulf (Arms Control Association, 2023, as cited in Bukhari and Mujaddid, 2025). The nuclear posture of Pakistan traditionally has been considered as having strategic thresholds that are intended to address conventional and nuclear threats posed by India, instead of providing long-range deterrence to other countries. The 2025 Saudi-Pakistan Strategic Mutual Defense Pact, however, provides a new paradigm, in which the traditional definition of the nuclear doctrine of Pakistan is put to the test because of its commitment to the regional defense cooperation with Saudi Arabia (Bukhari and Mujaddid, 2025).

The recent academic discourse has identified the changing role of Gulf states who have traditionally depended on U.S. military and security assurances as they progress towards regional independence in the face of diminishing external guarantees (Akhtar, 2025; Hussain, 2025, as cited in Bukhari and Mujaddid, 2025). The Saudi-Pakistan pact is the key to this pivot, as it is a tangible shift towards not relying on the U.S. anymore. Although the nuclear deterrence rhetoric and collective defense is upheld, the critics argue that the pact does not formally commit to nuclear deterrence, nor to collective defense (Bukhari and Mujaddid, 2025).

One of the key themes of the literature is the shift to investment-based interactions instead of aid-based relations. Previous literature defined the role of Saudi Arabia in Pakistan as a financial stabilizer- through the process of emergency loans, oil deferments, and remittance relief in times of economic crisis. However, the recent research indicates the gradual shift to long-term capital investment, infrastructure financing, and the co-operation between sectors (COGLEY, 2025). This change is in line with the overall trends of sovereign wealth fund diplomacy especially through the Public Investment Fund (PIF) that has become a foreign policy tool of Saudi Arabia. The change in Pakistan is a signal of the shift to economic integration of dependency-based relationships and institutional barriers, and political instability continue to impede the complete realization of the acquisition (Zou and

Sun, 2025).

There are also certain general geopolitical factors that determine the relations between Saudi and Pakistan. Researchers emphasize that the foreign policy of Saudi Arabia has been changing due to the competition with Iran, the changing U.S. promises, and the emergence of China as one of the world economic giants (Sun et al., 2025). This is further complicated by Pakistan balancing its strategy between Saudi Arabia, Iran and China. As per the research, the Pakistan is more inclined towards hedging strategy and maintains close relation with Saudi Arabia but does relations with Iran and improves economic relations with China. This three-way relationship influences the Saudi Arabian policy towards Pakistan, which drives it to be more economically and strategically involved, and less ideologically aligned (Kumar, 2026).

Although there has been increased academic interest in Saudi-Pakistan relations, there are still a few gaps. The geoeconomic change has not been extensively studied and most studies have focused on either the historical or the security facet of the relationship. The analysis of tools of the foreign policy used by the country in Saudi Arabia in Pakistan, which are driven by investments, and the influence of such international initiatives as the Vision 2030 on the reorganization of the bilateral relations are under-researched. Few studies have integrated economic, strategic and geopolitical issues in one analysis.

Furthermore, the body of research regarding Gulf collective defense and the influence of nuclear deterrence are still underdeveloped (especially regarding the extension of deterrence by treaty and the intricate process of transforming rhetoric into binding commitments in regional security agreements) (Bukhari and Mujaddid, 2025). This literature gap is indicative of the shifting security interests of the Gulf states as they negotiate through the shifting geopolitical environment, which includes not only the U.S. withdrawal but also the growing technological and economic power of countries such as Saudi Arabia and Pakistan. It thus becomes pivotal that the Saudi-Pakistan pact be studied in the context of how regional powers are re-calibrating their security systems in an ever more multipolar world.

METHODOLOGY

This paper employs qualitative research design to examine how Saudi Arabia has transitioned its foreign policy to become geoeconomic statecraft as opposed to petrodollar diplomacy, and its connection with Pakistan. It is both descriptive and analytical research which adopts a case study method to understand better the political, economic and strategic dynamics that affect their bilateral relations. Secondary sources of data in the form of academic journals, books, policy documents, materials on Vision 2030, reports by international organizations make up the empirical background of the analysis. The author systematizes the information in a thematic order, such as the petrodollar diplomacy, geoeconomic strategy, investment diplomacy, and the Saudi engagement in South Asia. The historical-institutional lens is used to interpret the ways in which previous cooperation impacts the present policies. The transition to the oil-based diplomacy to the Vision 2030 framework is

addressed in the study but a weakness is that secondary data is used. Triangulation is used to obtain validity and presupposes the comparison of the results of various sources.

Theoretical/ Conceptual Framework

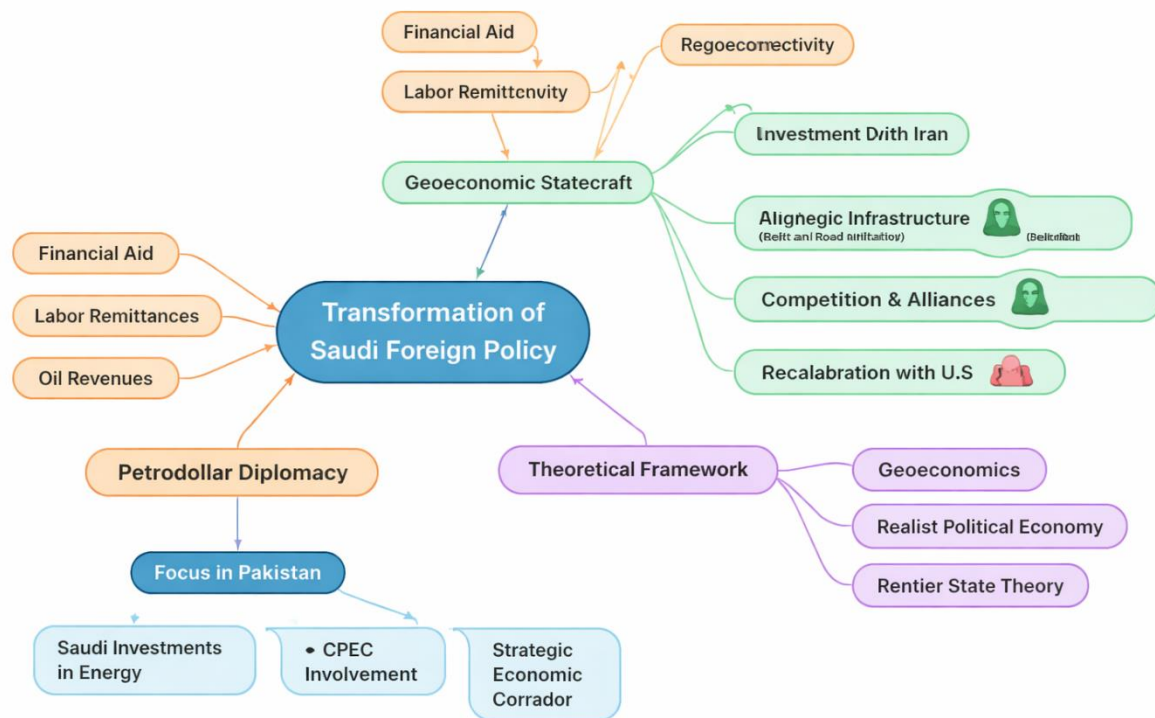
The theoretical approach of this paper merges geoeconomics, realist political economy, and theory of rentier states to establish how Saudi Arabia has transformed its foreign policy to emphasize more on investment based strategic interaction particularly in Saudi Arabia relations with Pakistan. The framework focuses on geoeconomics that provides the overarching view of the shift in the Saudi foreign policy behavior. Geoeconomics views economic instruments, such as trade, investment, infrastructure financing and sovereign wealth funds as means of strategic impact in international relations. This is an indication of a worldwide trend in which the foreign policy of Saudi Arabia is shifting towards a more diversified economic operations instead of using oil revenues as an instrument of influence. It also includes long term investments, cooperation at industries and participation at regional connectivity projects that are becoming to be the major conditions in external relations of Saudi Arabia.

Besides geoeconomics, realist political economy qualifies geoeconomics, yet it attempts to explain the actions of states based on the idea that states maximize power and strategic survival in an anarchic international system. The evolution of the foreign policy of Saudi Arabia could be interpreted as an answer to some alterations in the balance of power in the world, including the loss of oil as a strategic resource, the emergence of China, and the change in the position of the U.S. in the Middle East. In this context, it is not just that economic tools are the tools of development, but geopolitical positioning and strategic balancing, particularly in such areas as South Asia with Pakistan in the middle-stage.

The rentier state theory also adds more to the discussion, by expounding the historical foundation of the Saudi foreign policy. Until recently, Saudi Arabia was a rentier state in which Saudi Arabia through oil revenues dispensed financial rents both domestically and abroad. This facilitated financial aid, subsidies and energy diplomacy foreign policy. The restrictive nature of oil dependency and increasing structural economic stress have however resulted in the reforms under the vision 2030, hence conceptualization shift in the classical rentier behavior towards more diversified and investment-focused state model. The relations between Pakistan and Saudi Arabia in the bilateral setting can be seen as a dynamic dependence, strategic correspondence and up-and-coming economic interdependence. Though historically, Pakistan was a recipient of Saudi financial aid and energy aid, the new arrangement has resulted in Pakistan being a geoeconomic pathway between the Middle East, South Asia and Central Asia. This makes Pakistan more strategic to Saudi Arabia in its broader diversification of its economies.

Combined, these theoretical insights offer a full-fledged explanation of the change in a petrodollar relationship into a geoeconomic partnership. Geoeconomics is the art of strategic use of economic tools. The driver of this transformation is

realism, and the theory of rentier states offers a historical picture of the transformation. These structures together give this research an insidious interpretation to the restructuring of Saudi foreign policy in the making and how this change is rebalancing its ties with Pakistan.



Results/Findings

Through the findings of this paper, the authors have shown that the foreign policy of Saudi Arabia has been a long and gradual transformation, shifting towards an old petrodollar based foreign policy to a new goeconomic policy with radical impacts on the relations that exist between the Saudi Arabia and Pakistan. The Saudi Pakistan relations were mainly driven by the financial aid, oil concessions, labor migration and the political alignment based on the Islamic solidarity and sharing of the common advantageous interests as the relationships were starting to develop. This phase was characteristic of the classic rentier state, where economic aid and energy resources became important in control resources.

One outstanding observation is that the foreign policy of Saudi Arabia has been experiencing a reorientation towards investment-based engagement as opposed to a kind of assistance-based diplomacy. The research mentions the increased long term economic commitment in Pakistan; particularly in well-being of the energy infrastructure, establishment of refineries, mining and logistics. This shift accompanies the general trend within the total agenda of Vision 2030 in Saudi Arabia whereby monetary politics in the short term are overshadowed by economic diversification and the development of a sovereign wealth fund.

The other key finding is that the geoeconomic factors have taken center stage in Saudi Arabia relationship with Pakistan. Saudi Arabia is no longer responding to crisis demand under pressure financial needs but is looking to be strategically positioned economically. The geographical location and especially accessibility of Pakistan especially to the Middle East, South Asia and Central Asia has made it become pertinent in the long-term investment plan of Saudi Arabia. This signals the transition of reactive to proactive geoeconomic planning.

This transformation has been brought about in a large part by geopolitical rivalry as described by the paper. Regional dynamics, which includes Iran, increased involvement of China and changing American priorities about the Middle East, support the changing relationship between Saudi Arabia and Pakistan. In this regard, the Saudi Arabian involvement with Pakistan can be seen as a means of economic and strategic balancing as they are able to stay influential in an ever-shifting regional environment.

Simultaneously, the Pakistani side of this dynamic relationship is changing, as well. Even though it continues to depend on Saudi financing during economic crisis, it is also growing strategically as an economic corridor as compared to being an aid dependency state. However, this shift is not yet actualized since there is no institutional capacity, policy shifts, or economic uncertainties.

On balance, the research shows that the foreign policy of Saudi Arabia towards Pakistan has ceased being financial aid based on petrodollars and turned into a multidimensional geoeconomic alliance. Although the transformation is not in its full picture, it is a clear indicator that it is shifting to long-term economic integration, strategic investment as well as regional connectivity instead of having the traditional patron client relations.

DISCUSSION

The substitutions of the Saudi Arabian foreign policy with respect to Pakistan are suggestive of a larger structural change in international role of Saudi Arabia. Conventionally, Saudi-Pakistan relationship was based on petrodollar politics where oil riches could be transferred into politics in the form of money in the form of financial aid, concessional supply of oil, remittance aid and bailouts. This arrangement formed or formed a patron-client relationship with Saudi Arabia serving as a financial life lifesaver, when Pakistan suffered the balance-of-payment crisis too often, and Pakistan offered diplomatic help with religious managing and discriminatory security arrangements.

However, the existing tendencies hint towards the gradual but important shift to the geoeconomic statecraft. This change is the consequence of Saudi Arabia diversification agenda of the economy in the context of the Vision 2030, which is a program utilizing the minimum amount of Saudi Arabia-based oil revenues and transforming the Kingdom as the site of investments and trade on the global scale. Thus, economic objectives gradually lose their leading role in foreign policy, investments, the work of sovereign wealth funds, financing infrastructure turn into

the main lever of influence, rather than small financial aid in the form of short-term aid.

Among the key elements of such a transition, the enhanced emphasis on long-term investment relationships instead of such monetary assistance as an emergency can be singled out. The Saudi Arabia interaction with Pakistan has been directed in more areas that appear to be strategic in terms of energy infrastructure, petroleum refining, mining, logistics and the development of industries. This signifies a definite move towards liquidity assistance to structural embedding of the economy. Saudi Arabia is not only a lender of last resort but also proving to be a long-term economic partner in the evolution of Pakistan. This may involve the involvement in massive investment schemes and exploration of industrial coordination models that will help Saudi Arabia in its overall objective of diversification. In these ways, Pakistan indeed is being re-evaluated not only as a recipient of aid but also as a potential geoeconomic path in between the gulf region and South Asia and Central Asia.

The evolution of Saudi foreign policy that cannot be equated with shifting relationships of power in the region and the world is geopolitically driven. The outcome of the deteriorating predictability of the United States involvement in the Middle East, the emergence of China as a leading economic powerhouse, and the continuing strategic competition with Iran have all played a role in shaping external behavior of Saudi Arabia. Pakistan carries a strategic meaning in terms of economics as well as within this environment. It is truly at the interlude between the different regional systems, thus is open to the greater balancing approach of Saudi Arabia. The advantages of retaining Pakistan provide the Saudi Arabia with a chance to spread its strategic ties, maintaining a foothold in South Asia, and low response to competing regional alliances between Iran and China. In the meantime, the expanding economic history of geopolitical geography of Saudi Arabia with Chinese regional projects similarities also suggest the possibility of a pragmatic approach to multipolarity, when economic interests prevail over rigid modalities of alliances formation.

The changing relationship poses opportunities as well as structural constraints in the eyes of Pakistan. Saudi Arabia has continued to play a vital role in stabilizing external accounts, energy security, as well as offering inflows of investment during fiscal crises. This dependence further enhances the perpetrator of non-symmetry in the relationship. Pakistan is the best place to reap the benefits of a decades-old defense alliance, diplomatic backing in the global organization and make use of the chance of labor markets in Saudi Arabia. But the internal economic weakness of Pakistan, its governance issues and the frequent balance-of-payment crises restrain this country in full transition into an equal economic partnership in this emerging geoeconomics. Pakistan is slowly trying to rebrand itself as a transit and connectivity center despite these shortcomings especially as regards to wider regional infrastructure projects. It is a bid to abandon a state of dependence as relations in the region are in favor of regional economic integration involvement.

One of the most notable changes in Saudi foreign policy is an increased involvement in external engagement by sovereign wealth funds, and especially the

Public Investment Fund (PIF). It is a transformation towards allocation of oil revenue to -capital based instruments of foreign policy. This change can be observed in the light of the Pakistani context, in terms of big-time investments and joint ventures that can help create returns in the long-term but not in the short-term, in terms of fiscal relief. It is an indication of a wider process where financial power is being utilized as a geopolitical instrument that has enabled Saudi Arabia to implant itself in strategic areas of partner economies. This form of financial statecraft is also aligned with the trends of entire world where new economies use the instruments of investment portfolios, infrastructure financing, and equity participation as measure of soft power and positioning.

Despite a rhetorical change and change in policy level towards geoeconomic participation change, there are still implementation barriers, as is the case in the Saudi Arabian and Pakistani relations. Uncertainty of its regulatory framework, bureaucracies and political instabilities lead to derailment of one of the most prominent announced investment projects in Pakistan. Saudi has a highly centralized and risk-prone decision-making process regarding the major sovereign investments, which can result in delays in decision implementation. Such institutional constraints suggest that the geoeconomic policy is not perfectly operationalized though the course of the strategy is apparent. Consequently, the shift to geoeconomic power as opposed to the hitherto petrodollar diplomacy is still in its transitional stage and not a completely established fact.

CONCLUSION

A complete change of the Saudi foreign policy with Pakistan is a clear and gradual move towards the old petrodollar foreign policy to a new form of geoeconomic statecraft. Traditionally, the structure of the relationship was financial aid, oil help, labor migration, political unity based on belonging to one religion and/or because of strategic alliance. Saudi Arabia was seen in this image as a financial stabilizer, Pakistan in the image as (financially) dependent, but strategically compatible partner in the larger Islamic world.

The results of this research indicate that such traditional structure is experiencing tremendous change. The domestic restructuring of the Saudi Arabian economy that comes with Vision 2030 and the changing global economic and geopolitical realities has triggered a change in the foreign policy instruments. Guiding the sails of brief money moves Saudi Arabia is increasingly focusing on the strategies of long-term investments, activities of sovereign wealth funds, and infrastructure-based alliances. It is a shift in a migration direction towards the exclusive application of more inclusive geoeconomic power, in which the economic instruments are not merely used with the tools of development, but also as instruments of strategic control.

This has caused more multi-faceted relationship, as was the case in Pakistan. As Pakistan carries on relying on Saudi financial containment at times of economic turbulence, it is in addition being ingested in a bigger investment and linkage system.

The regional strategy of positioning Pakistan is more applicable, in case it turns out to be an economic route, which links the Middle East, South Asia and Central Asia. However, set domestic economic weaknesses and institutionalized inhibitions weigh down on Pakistan to fulfill transit to dependency to more equal relationship within this transformational framework. Geopolitical competition has been a key factor in this. Iran and changing US involvement in the Middle East including China have led to the change in association of Saudi Arabia to diversify its strategic and economic alliances. The Saudi Arabian participation in Pakistan, in this context is an economic/strategic offset to ensure the relevance of Pakistan within the overall foreign policy paradigm of Saudi Arabia.

Lastly, Saudi-Pakistan relations are not perceived in the framework of patronage via petrodollars anymore, more rather are inclined towards a geoeconomic approach, investment-oriented interaction and diversification of the approach. However, it is not only a transitional change but a partial change, suggesting some middle-ground or hybrid regime where old systems of dependency and new ones of economic interdependence co-exist. The dilemma has been best defined as a dynamic arrangement of the two historical continuity and modern global change and has tremendous implication on the economic integration of the region, and future convergence of geo-politics.

Strategic Question: What can we do to enhance Saudi-Pakistan geoeconomic relationships?

Recommendations

It is possible to offer several policy recommendations which refer to the overall structure of the research and its general findings to improve the dynamic geoeconomic agreement between Saudi Arabia and Pakistan, address the existing gaps in the structure, and maximize the profitability of the mutually.

- **Establishing Bilateral Relationship.** The bilateral relationship will have to be institutionalized through long-term strategic economic framework. Traditionally, the relationship has been characterized by political participation and haphazard financial solutions. Both states must work towards coming up with a long-term economic co-operation. This would reduce the reliance on crisis-based diplomacy, and encourage stability of further investment planning, project implementation, policy coordination.
- **The Macroeconomic and Regulatory Reform in Pakistan.** Pakistan ought to put an emphasis on macroeconomic and regulatory reforms to enhance its investment climate. Investor confidence is being destroyed by systemic issues such as inconsistency in policies, bureaucratic efficiency/ fiscal irregularity. Recurrent strengthening of law infrastructure, openness in the investment process and guaranteeing of an investor by giving a guarantee to the foreign investors would go a long way in enhancing the interest of Saudi Arabia in investing in Pakistan through long-term capitals investments.
- **Promptly Increasing Sovereign Wealth Funds and Alliances with the Privatized Sector.** Saudi Arabia needs to use its foreign policy instruments even more

efficiently in line with its geoeconomic aim by strengthening the role of its sovereign wealth funds and collaboration with the private sector in Pakistan. Instead of investing in large scale state investments, joint ventures, industrial cooperation, and encouraging the integration of the two countries towards the private sector would help in developing more sustainable and diversified economic relationships between the two countries.

- **Energy Sector Cooperation.** Cooperation between the two countries should include energy sector cooperation which means that both countries should cooperate. Given the past energy supply crisis in Pakistan and the Saudi Arabian oil refinery / energy infrastructure experience, such joint investments in refineries, renewable energy sources and energy logistics can be both a stabilizing factor in the relationship and help with the broader regional energies.
- **Regional Connectivity Hubs Should be Established in Pakistan, Russia and India.** More focus needs to be directed towards growing Pakistan into a connectivity hub of the region. Infrastructure activities that should be included in bigger regional projects, which can connect the Middle East, South Asia and Central Asia, are the trade corridors, ports and logistics networks. This would not only bring geoeconomic worth to Pakistan, but it would also complement Saudi Arabia with its diversification strategy.
- **Equal Measures of Geopolitical Uncertainty.** Others would include recommending that the two states would adopt a more middle ground approach to geopolitical risks by providing some security to the economic partnership by not creating tensions among the states in the region. Also, because of the functions of regional competitions among Iran, China, as well as the evolving world relationships of allies' economical participation needs to be structured in such a way that it is less vulnerable to the external politics.
- **The Main lesson learned: Strengthen the Strategic Conversations on High Level.** High-level strategic and regular strategic discussions need to be reinforced to achieve coherence in policies and long-term planning. These deliberations cannot be a ritual diplomacy but of measurable economic outcomes, project management and group projections.

In most cases, the solutions will assist NEC in ensuring that there is a smooth exchange of a dependency-based relationship to a balanced and rewarding geoeconomic relationship. With appropriate institutional and policy frameworks, Saudi Arabia and Pakistan can realign their brewing strategic interests in the long run, economic interaction that can be long-term and sustainable.

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