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[ROLE OF PAKISTAN UNITED STATES RELATION IN PAKISTAN ECONOMY: A CRITICAL ANALYSIS]

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ABSTRACT

The aim of the study is to analyze the historical determinants of Pakistan's foreign policy and how Pakistan's foreign policy towards US has shaped Pakistan and United State relationship and its impact on Pakistan's economy. Qualitative descriptive-explanatory methodology has been used in this study .The data has been obtained from reputable academic journals, books, and papers has been examined using an interpretivist methodology. The findings depicts that Pakistan and United States relationship has a significant impact on Pakistan's economy. Findings of this study will enable better informed discussions and improved planning in the area of foreign relations and its effects on Pakistan's economy.

Key Words: Pakistan's Foreign Policy, Pak US relations, Economy, Qualitative descriptive-explanatory

Introduction

Foreign policy means strategies, decisions, and actions taken by a state to achieve specific goals and safeguard its interests abroad(Jentleson 2010). Foreign policy implementation is essential to the operation of the international political system(Bindra 2019).One important way a state engages with others to further its interests is through foreign policy. A state's reputation can be enhanced regionally and even internationally with the support of a good foreign policy, which can yield strategic, political, and economic benefits. Any state's foreign policy is influenced by a number of internal and external elements. The dynamics of these policies are dynamic, adaptable, and sensitive to the shifting global power dynamics and geopolitical tides. This is a cornerstone of the national strategy. The topic includes issues of national importance that require consideration in relation to other states. Each state is in charge of deciding how to conduct its foreign policy while taking into account its unique features and the status of the world at the time. A country's foreign policy provides a framework for addressing its interests as a nation, defending its legal position, and promoting unity among its member states(Stolberg 2012).

Biden's difficult departure from Afghanistan in 2021 marked the end of the era and demonstrated the declining importance of Pakistan-USA foreign relations. Reduced foreign direct investment, slower export growth, and a wider trade deficit are the economic consequences of this shift. However, the United States did not fully diversify its strategic interests; through the Pakistani diaspora in America, Pakistan was a significant economic partner for American financial support and a buyer of Pakistani commodities(Iqbal and Khawaja 2023).

A successful foreign policy approach is that avoids exposing a nation to vices while also utilizing the best possible strategic alliances(Yaseen, et al. 2021).Without a doubt, leaders in international relations must set the general strategy, mindset, and tone for the cordial ties and interdependence between states that serve as the cornerstone of international initiatives. However, those active in foreign affairs typically adhere to the well-known assertion made by British statesman and former prime minister Lord Palmerston that there are only permanent interests in international relations, not permanent allies or foes(Ali and Anwar 2023).Pakistan's foreign policy decisions are

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influenced by a variety of variables, including alliances with other powers, economic imperatives, and worries about regional security. Pakistan is ideally situated at the meeting point of the Middle East, Central Asia, and South Asia. Located in South Asia, Pakistan shares borders with China to the north, Afghanistan and Iran to the west, and India to the east. Its coastline runs along the Arabian Sea. Mountains, plateaus, plains, and the Indus River system are all features of its geography(Akram, et al. 2025).Pakistan's foreign policy has been complicated since gaining independence in August 1947. Its foreign policy was significantly shaped by its geostrategic location, Islamic identity, and conflicts with India(Salman, et al. 2024). The historical and geopolitical context of foreign policy are closely related to its course. When Pakistan was founded in 1947, it had a number of challenges, including economic constraints and security concerns, all of which necessitated a strategic approach to foreign policy.

Significance of the Study

The diplomatic history of Pakistan and US and its effects on the economy of Pakistan are examined in this article. The article analyzes the origins and development of Pakistan's foreign policy in US context in order to discuss its strategic objectives, issues, and global victories. It describes how Pakistan has protected its interests and pursued its foreign policy objectives by navigating complex geopolitical factors, regional conflicts, and economic imperatives. While evaluating Pakistan's diplomatic history and changing paradigms, the article also helps to provide comprehensive understanding about Pak US relations and its impact on Pakistan,s economy. This gives policymakers a thorough framework for analyzing and creating future foreign policy initiatives while protecting economic interests. This article provides Understanding about Pakistan's importance on a global scale, as well as the intricate dynamics that influence its relationships with other countries and its effects on its economy.

Objective of the Study

The main aim of the article is to offer a thorough examination of the fundamental principles and progressive stages that have influenced Pakistan's diplomatic position with US since its establishment and its contribution to economy.

Rationale of the Study

With a focus on the fundamental ideas, historical contexts, and developing stages that have shaped Pakistan's foreign policy choices, the article seeks to present a methodical analysis of Pakistan's foreign policy and its effects on the country's economy. The article's goal is to increase the public, policymakers', and academics' understanding of the factors influencing Pakistan's interactions with the international community specifically in context of PAK US relations and how such interactions affect the country's economy. This article would enable better informed discussions and improved planning in the area of foreign relations and its effects on Pakistan's economy.

Problem Statement

Pakistan is located on key geographic location so it has a significant role in regional stability. Key powers from all over the world has a significant impact on Pakistan's foreign policy from its independence in 1947.From its independence due to rivalry & disputes with India Pakistan is facing difficulty to align its foreign policy with its strategic needs. During cold war Russia and America has settled battlefields in other countries to secure their strategic goals. These wars impacted the Pakistan foreign policy time to time.

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During Russia's occupation on Afghanistan, America and its allies used Pakistan territory as battlefield. Same is the sonerio during war on terror. After the development of work on CPEC and America's exit from Afghanistan, Pakistan is again suffering to balance the relations between China, America and Russia for regional stability and economic stability. On other hand due to political and regional destabilization Pakistan's economy is suffering from its independence. Pakistan is mainly dependent on foreign loans, foreign remittance, aid programs and foreign direct investment to stabilize economy and cover the balance of payment deficit. So in this study historical literature and available data will be reviewed to examine how Pakistan's foreign policy towards US has impacted the balance of Payment and economy.

Research Questions

- 1-What are the key determinants of Pakistan's foreign policy.
- 2-How Pakistan's diplomatic relationship with United States has contributed to economy of Pakistan.

Research Methodology

This study used a qualitative descriptive-explanatory methodology to examine impact of Pakistan, United States relation on Pakistan economy .The data gathered from reputable academic journals, books, and papers has been examined using an interpretivist methodology. This approach enables a comprehensive comprehension of the Pakistan, US relation and its impact on Pakistan,s economy. (Jamil and Azhar 2024) has used the same methodology to analyze the data.

Literature Review

Foreign Policy Objectives and Determinants

There are various factors in foreign policy which are essential for the survival of any state. Pakistan being located at the crossroad of Middle East and South Asia also keep all those factors in mind while formulating foreign policy. Following are the details of those goals and determinants of Pakistan foreign policy:

Geography of Pakistan

The French leader Napoleon Bonaparte famously remarked, "The geography of any state determines its foreign policy"(Heffernan 1994). Pakistan's foreign policy was significantly shaped by its geostrategic location. Pakistan is situated at the intersection of the energy-rich Middle East and significant parts of South, West, and Central Asia. India, the second-most populous nation in the world, lies to Pakistan's east; China, the largest country in the world and a permanent member of the UNSC, lies to its north-west; Afghanistan, one of the world's most unstable nations, lies to the west; and Iran, which maintains tense relations with many Western capitals, particularly Washington, lies to the west. The Indian Ocean lies to Pakistan's south. With a 290,000 Exclusive Economic Zone (EEZ) and a 1,046-kilometer coastline, Pakistan is the third-largest littoral state in the Indian Ocean(Ali 2019).

The geographical features of Pakistan have a big impact on its foreign policy. For Pakistan, the closeness of ports, seas, and neighboring states is crucial. Pakistan's strategic importance is further enhanced by its favorable geographic position, which is marked by rich natural resources and fertile soil, as well as its closeness to countries that produce oil, like Iran. Pakistan's perceived importance has been enhanced by the ongoing CPEC project. This suggests that Pakistan takes geography into account while

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developing its foreign policy(Asad 2023).

National Security

Preserving the country's security and autonomy is one of the main goals and factors that determine Pakistan's foreign policy (Jha, 1970). Pakistan must grow crops to maintain its security because it is a young country. Therefore, protecting its national security is the foundation of Pakistan's foreign policy. Prioritizing national security and establishing diplomatic ties with other countries were both essential. Pakistan aims to guarantee that its political freedom and national integrity are treated equally by other countries. Since its founding, Pakistan's main goal has been to protect itself from India(Dwivedi 2008). Compared to other countries, Pakistan spends more on defense. Regarding its defensive tactics against India, Pakistan has voiced serious concerns. Since its founding, India has always pursued unfavorable policies against Pakistan, progressively taking over the princely states. Pakistan was worried that India would take advantage of its weakness because of this trend. India's bold policies in Hyderabad, Junagadh, and Kashmir put the safety of the justly liberated state in jeopardy. In order to improve its economic and security capacities and increase its political clout with other countries, Pakistan looked to form alliances(Jabeen and Mazhar 2011) (Jabeen & Mazhar, 2011). To secure their country's security, Pakistan's leaders turned to the United States for financial and military support. Pakistan believed that the United States was the safest and most advantageous country to work with to protect its own security. Its attitude to international relations made this clear. To fight the Soviet Union, the US also needed an ally in the area (Asad 2023).

Religious Ideology

The first contemporary Muslim state established in the name of Islam was Pakistan. Up to its dissolution in 1971, it was the nation with the biggest Muslim population at the time. Its internal and foreign policies were influenced by its religious character. Pakistan's internal and foreign policies were influenced by its religious character (Zaman 2018).

Un-Resolved Conflicts of Partition

Unresolved territorial conflicts were left behind after the British left the Indian subcontinent in a bloody division. As cited by (Ali 2022) The primary areas of contention between India and Pakistan turned out to be Sir Creek, Junagadh, and Kashmir. Of them, Kashmir turned out to be the most hazardous problem, leading to conflicts between the two neighbors and contributing to the subcontinent's nuclearization. The fact that both countries fought their first war within a year of achieving independence is a good indicator of how hostile relations were between India and Pakistan. Relations between India and Pakistan have been antagonistic for well over 70 years.(Zaman 2018).

Pakistan felt extremely insecure as a result of territorial disputes, India's larger size, its military superiority, at least in terms of numbers, and the Indian leadership's sporadic declarations that the 1947 division was unnecessary in order to unite Pakistan and India. This increased its uneasiness, as did Pakistan's limited communications and two wings that were divided by a thousand miles of Indian territory. Over the years, Pakistani policymakers' "fear" of India dominated their thinking, forcing them to do a "balancing act" by looking to other nations for assistance. Scholars generally agree that India's influence had a long-lasting effect on Pakistan's foreign policy and the alliances it chose to form. Since its inception, Pakistan's foreign policy has been heavily influenced

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by the Indian factor(Yasmeen 1994).

Pakistan and United States Of America Diplomatic Relations and Its Impact on Pakistan's Economy

By considering above mentioned factors and the emergence of a multipolar world has significantly altered the traditional paradigms of international relations, where the influence of several major countries, such as the United States, China, and Russia, is growing. When it comes to international policy, national interest is of utmost importance(Manan 2017). Through its foreign policy, the state seeks to accomplish these goals. The goals of their various nations have an impact on policymakers. The consideration of national interests is the main emphasis of international talks, whether they are bilateral or multilateral in nature. The national interests being represented determine whether these talks are successful or not. When it comes to establishing and preserving connections between states, the theory of national interests is crucial. Every country puts its own national interests first. Lord Palmerston is quite correct when he says that friendship or hostility in foreign policy is fleeting(Brown 2015). The enduring factor is the national interest, and states have a major responsibility to uphold it. Each country's foreign policy is developed in line with its own national interests, and these interests also influence international relations. Pakistan made improving its financial and security circumstances a top national priority after gaining independence, but the United States' top national interest was protecting Pakistan from the dangers of communism. Pakistan and the United States formed alliances as a result of their shared national interests fitting together(Asad 2023).On other hand According to the reliance hypothesis, Pakistan and the US have historically had unequal relations where Pakistan is viewed as a peripheral or dependent country(Ali and Anwar 2023).As cited by (Ali and Anwar 2023) the significance of Pakistan before the United States laid the fundamental framework for future relations between the US and Pakistan. Secretary of State George Marshall mentioned Pakistan in a July 1947 memo to President Truman, claiming that the nation, which is home to 70 million Muslims, will be the largest in the world and occupy one of the most strategically significant regions. Pakistan and the US have frequently maintained a close relationship.

The United States and Pakistan are both strategic allies and adversaries. Established in 1947, ties grew stronger during the Cold War as Pakistan joined forces with the US in organizations like CENTO and SEATO to combat Soviet invasion. The cooperation was strengthened by Pakistan's official involvement as a frontline state in the Afghan-Soviet War in the 1980s. However, American sanctions over Pakistan's nuclear threat caused the relationship to deteriorate in the beginning of the 1990s. Following 9/11, the relationship was renewed since Pakistan was getting significant aid and was an important ally in the War on Terror. However, a number of factors, including counterterrorism tactics, regional strategies, and a change in emphasis towards India, have contributed to the decline in political trust. Still, it is an important cooperation that stems from shared concerns about regional security, trade, and counterterrorism(Hussain 2016).

Important issues that have shaped Pakistani-American relations over the years are convergence of the Cold War, the emergence of an entente during the Afghan-Soviet conflict, and the counterterrorism collaboration that emerged after September 11, 2001.

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The problems that impede the United States-Pakistan collaboration, especially those related to Pakistan's nuclear weapons program and the country's relations with China and India. These dynamics, which have changed over the past several years, demonstrate that both nations must continually react and maneuver in this manner to further their interests when there is instability. This perspective also makes it evident how the dynamics of the bilateral relationship have been determined by the security element, strategic cooperation, and regional issues(Ullah, et al. 2023).

Particularly after the US opened up to China and after the Soviet Union invaded Afghanistan, Pakistan has historically backed US foreign policy and received US assistance in the fight against India and Afghanistan. India-Pakistan tensions have been attempted to be defused by the United States. The United States is a major supplier of military equipment to Pakistan and has provided financial aid to the country in the form of loans and debt reduction. Nevertheless, despite these facts, Pakistan and the United States continued to disagree on regional and nuclear issues, which led to growing pressure on Pakistan in the years after the Cold War ended. Pakistan has been under severe US sanctions during the post-Cold War era until the events of 9/11(Hussain 2021). The US-Pakistan relationship during the War on Terror was sparked by the events of September 11, 2001, and it was a strategic partnership with common objectives and difficult conditions(Hussain 2005). After the 9/11 attacks, Pakistan and the US established a crucial partnership in the global War on Terror. Given their common goal of dismantling terrorist networks, particularly those of the Taliban and Al-Qaeda, Pakistan played a crucial role in assisting the US military in its operations in neighboring Afghanistan. Through substantial financial and military assistance from the US, the partnership sought to improve Pakistan's counter-terrorism capabilities. However, this partnership wasn't without its challenges(Harb 2003).

America has been a crucial partner for Pakistan over the years, and vice versa, thanks to the funds that sustain its economy. Due to geopolitical concerns, the United States has provided Pakistan with substantial foreign aid in the form of economic development funds, military assistance, and through multilateral institutions like the World Bank and Interpol. Throughout the main world power struggles, such as the Cold War, the Afghan-Soviet War, and the post-9/11 war on terror, when Pakistan emerged as a key ally, this link has always been evident. In addition, Pakistan has always had a fiscal issue that can be resolved with US assistance for areas like infrastructure, health care, and education(Husain 2004).

Pakistan has a strong economic reliance on the United States, which has influenced their social connection through trade, aid, and collaboration. Pakistan has received billions of dollars in help from the United States over the years, particularly during the Cold War, the Afghan-Soviet War, and the years following 9/11. The foundation of this economic connection has been the export of Pakistani clothing and textiles to the United States, which has been complemented by aid and commercial partnerships(Waheed 2017). The relationship between Pakistan and the United States has been characterized by strategic intricacy and economic importance, especially between 2008 and 2022. Grounded in shared interests, but also marked by occasional disagreements, Pak-US relations have fluctuated between phases of close partnership and periods of increased tension. This timeframe was significantly shaped by major

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global and regional events, including the worldwide war on terror, the exit of US troops from Afghanistan, and Pakistan's increasing economic dependence on external powers such as China. The interaction of these elements significantly impacted Pakistan's economic environment, uncovering both opportunities and vulnerabilities linked to its reliance on the United States(Khan 2020).

Following 2008, the extensive counter-terrorism efforts aimed at regional stability by the Obama administration resulted in significant economic and military benefits for Pakistan, particularly through the Kerry-Lugar-Berman Act that provided civilian and security assistance. These inflows functioned as a form of financial support, aiding Pakistan in its development and infrastructure projects. However, this assistance was conditional, limiting Pakistan's policy autonomy, which is a common scenario for developing countries facing economic entrapment. This led to a phenomenon that specialists describe as 'on BindViewHolder' in the context of US-South Asia relations. As the US redefined its strategy towards South Asia, particularly following the Abbottabad raid that resulted in Bin Laden's death in the summer of 2011, the relationship became somewhat more strained, causing fluctuations in the level of economic interactions(Yaseen, et al. 2021).

Pakistan's economic susceptibility stems from its reliance on foreign funding. Other Pakistan's increasing reliance on foreign money from trading partners and the remittances of overseas workers are the main causes of its economic vulnerability. The U.S. multilateral organizations like the World Bank and IMF, and some regional allies have all contributed significantly to Pakistan's economy, particularly in times of crisis. An albatross of foreign liabilities, a poorly diversified export profile that is dominated by textiles, and worst of all a budget deficit are the key structural issues that cause this dependency (McCartney 2011). Another change was brought about by the Trump administration's annexation, as America adopted a transactional approach to diplomacy. Due to a lack of space, issues in Afghanistan, a reduction in US aid, and growing worries about Pakistan's backing for non-state actors, the nation had to confront the shortcomings of its commercial dependency on the United States, which constituted a significant portion of its economy. Although there were difficulties with debt buildup, this shift occurred as the nation's economic ties with China were being reinforced, particularly through the China-Pakistan Economic Corridor (CPEC)(Shafiq and Yasmin 2023).

The dynamic between trade, aid, and investment, as well as times of collaboration and conflict, characterizes the U.S.-Pakistan economic relationship. While bilateral trade is defined by the United States importing oil and gas, technology, and investments in agriculture and energy in Pakistan, the US-Pakistan relationship also offers Pakistan military and economic support, especially during major international conflicts like the Cold War and the War on Terror(Akhtar 2012).

Pakistan-U.S. economic relations are characterized by both opportunities and risks, as reflected in the sort of connections represented by the Pakistan Ministry of Commerce. As the 24th largest trading partner of the United States, Pakistan's main exports to the United States include textiles, clothing, and agricultural products, while the United States imports machinery, chemicals, and agricultural products from Pakistan. But despite this thriving commercial relationship, there are still disparities: the U.S. wants

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better access to Pakistani markets and more protection for pharmaceuticals patents, while Pakistan wants to diversify its exports. There have been forums and other trilateral discussions, such as the United States-Pakistan Trade and Investment Framework Agreement, or TIFA, as well as bilateral communications to increase international trade (Jabeen, et al. 2010).

Economic imbalances, which are constituted by trade deficits and unequal reliance dynamics, have been a recurring problem in Pakistan-US ties. A trade imbalance favoring the United States results from Pakistan's heavy reliance on exporting textiles and agricultural products to the United States while importing expensive machinery, technology, and chemicals. Additionally, Pakistan's reliance on loans and financial assistance from the United States has further distorted the economic relationship and put its fiscal stability at risk. Pakistan's inadequate export diversification and structural economic issues make it more difficult for the country to take full advantage of U.S. market prospects, which further intensifies this mismatch (Kronstadt 2012).

With the United States as the exporter and Pakistan as the buyer, the two countries have an unequal economic exchange with numerous trade deficits. Pakistan imports high-value machinery, technology, chemicals, and other items, while exporting mostly textiles and agricultural goods to the United States. This has led to a trade deficit and increased reliance on U.S. aid and loans. Export diversification concerns and structural economic challenges that limit Pakistan's capacity to take advantage of any opportunity in the US market have exacerbated this imbalance (Khan, et al.).

By examining the South Asian partnership's objectives in the context of the United States' current strategic, economic, and security interests, it is possible to determine how this alliance impacts the socioeconomic growth of the region. Since India has been identified as the new strategic ally in initiatives like the Indo-Pacific Strategy to slow China's rise, it is vital to US regional policy. Although commerce, investment, and regional security are additional areas of collaboration, counterterrorism cooperation and security have been the primary foundations of Pakistan-US bilateral relations over the years (Saez 2012).

The capacity to shift from this mostly security-based partnership to one that engages many aspects of both countries' bilateral relationship will determine the future of relations between the US and Pakistan. While traditional issues like counter-terrorism, regional security, and stability will always be important, the relationship must expand its focus to include new areas of concern and collaboration including development, technology use, and climate change. Despite practical concerns, strengthening trade and investment ties, emphasizing cooperation and interchange in education and culture, and working within the framework of sustainable development could steer the partnership in a more balanced and forward-looking direction (Sohrab and Choudhry 2012).

The historical conflict, divergent strategic visions, and shifting regional backdrop all contribute to the political landscape of the bilateral relationship between the United States and Pakistan. Among these are differing views on counterterrorism, particularly the United States' concerns about Pakistan's terrorism and regional security policy. Its growing proximity to China, as demonstrated by the China-Pakistan Economic Corridor (CPEC), somewhat contradicts US efforts to restrict China's global activity. Economic relations are further strained by trade imbalances, Pakistan's economic liberalization and

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recent policy discontinuities, and the US emphasis on standardization, intellectual property rights enforcement, and regulations(Jabeen, et al. 2010).

Since governmental, business, and even civil society organizations are involved, the stakeholders in the relationship between the United States and Pakistan are as numerous and varied as the relationship itself. On the United States side, various State Department, Department of Defense, USAID and trade representatives are involved in policies particularly in security, economic foreign assistance and trade. The military senior command, the Ministry of Foreign Affairs, and other relevant institutional actors including the Board of Investment and the Ministry of Commerce handle the majority of relations management in Pakistan(Kronstadt 2012).

The persistent issues of high inflation rates, devaluation of the national currency, and the ongoing external debt reels have remained critical challenges to attaining a stable macro economy. Other chronic misfortunes include fiscal deficits, a fairly limited export diversification of textiles, and a sizable informal economy that limits tax revenue mobilization and government non-oil revenues. Trade is the important aspect of US-Pakistan economic ties, but it also includes investment, aid, and economic collaboration. The United States is one of the largest buyers and sellers of goods from Pakistan; among the most often imported goods are textiles and agricultural items. It is still in negative territory, though, and this means Pakistan needs to improve market access and diversify its export portfolio. Over the years AID, especially USAID, has provided financial assistance to Pakistan in areas including infrastructure, health, and education; typically, this assistance is provided alongside political and strategic support(Gilani 2006).

Several economic difficulties have been cited, including the trade deficit, regulations and laws, and, finally, the fact that Pakistan receives help. As one of the biggest trading partners, the US trade imbalance is still visible, with Pakistan mostly depending on textiles and agricultural exports and doing relatively little to diversify its exportable goods. Due to Pakistan's perceived unfavorable regulatory framework, bureaucracy, and inconsistent policies, American investors are afraid to do business there. This has partially prevented FDI, which has prevented Pakistan from attaining its economic growth goals. Furthermore, while being a strategically significant country, Pakistan's image as a recipient of US foreign aid for military and development objectives has frequently been linked to sources of income instability and, thus, restricted opportunities for long-term economic progress(Akhtar 2011).

Due to its geographic significance, Pakistan is one of the United States' most important partners. Following the events of 9/11, the United States recognized Pakistan's critical role in fighting terrorism and offered financial assistance to the country as part of its global War on Terror. Over \$33 billion in aid was given to Pakistan between 2002 and 2018, with \$14.6 billion coming from the Coalition Support Funds (CSF) to pay for military operations against terrorist organizations(Abbas, et al. 2024). Since 2000, Pakistan's foreign and public policy toward the United States has changed significantly due to regional security concerns, global geopolitical changes, and economic imperatives. During this time, Pakistan-U.S. ties were on the rise following the 9/11 terrorist attacks, which made Pakistan a vital partner in the U.S.-led "War on Terror." Despite being strategic in nature, this cooperation has had a significant impact on Pakistan's internal policies, public sentiment, and economic environment(Javaid and Fatima 2012).

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Pakistan has benefited economically from significant U.S. financial assistance, both military and non-military, as part of its counterterrorism cooperation. Through assistance with social programs, energy projects, and infrastructure development, this aid has helped Pakistan's economy through pivotal moments. But there have also been difficulties in the partnership, such as an excessive dependence on outside help, shifting trade patterns, and sporadic policy differences between the two countries. Despite their importance, the economic ties have frequently been eclipsed by security and strategic considerations, which has limited their capacity for long-term, sustainable growth (Abbas, et al. 2024).

Following 9/11, Pakistan and the United States worked together to address counterterrorism and regional security through important agreements. Pakistan received financial compensation under the Coalition Support Funds (CSF) Agreement for its military and logistical assistance in the U.S.-led War on Terror, including troop deployment and counterinsurgency activities. The agreement was criticized for its lack of accountability and transparency despite its size. Although it sometimes encountered hurdles during tense relations, the Strategic Partnership Dialogue (SPD), which was started in 2006 and re-launched in 2010, established a formal framework to improve bilateral collaboration in defense, counterterrorism, trade, and education. Through the provision of \$1.5 billion in non-military aid annually for five years, the Enhanced Partnership with Pakistan Act (also known as the Cherry-Lugar-Berman Act) of 2009 aimed to improve socioeconomic development and civilian government. Although it was ambitious, the perceived conditionalities that affected national sovereignty caused criticism in Pakistan. When taken as a whole, these accords demonstrated the two countries' intricate, frequently tense, but vital collaboration in the wake of 9/11 (Bakht and Ejaz 2023).

Since 2001, the United States has worked to support the development of a more economic, democratic, and stable Pakistan that actively fights Islamic extremism and militancy. Congress became very interested in U.S. relations with Pakistan, the fifth most populous country in the world, after the September 11, 2001 attacks, especially in respect to U.S. foreign assistance and counterterrorism. After 9/11, Pakistan was among the top recipients of U.S. foreign aid worldwide; however, the number peaked in 2010 and has since steadily declined, hitting a 20-year low under the Bush Administration (Ali and Anwar 2023).

The United States is Pakistan's top export destination and a significant source of foreign direct investment. Through the facilitation of business-to-business trade delegations, the provision of technical support, and the promotion of commercial opportunities for American enterprises in Pakistan, the U.S. government is contributing to the development of growing trade and investment ties between the two nations (Khan 2011). Trade, investment, and geopolitical factors have all influenced the U.S.-Pakistan business relationship. The United States is one of Pakistan's biggest commercial partners; the country's main exports are clothing and textiles, while its main imports are machinery and agricultural products. Energy, technology, and consumer products have traditionally been the main targets of U.S. foreign direct investment; nevertheless, obstacles like political unpredictability, unclear regulations, and inadequate infrastructure in Pakistan have impeded progress. Geopolitical factors have frequently

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eclipsed merely economic interactions, especially since 9/11, entwining commerce with strategic and security objectives(Yaseen, et al. 2021).

Pakistan's stock exchange is heavily impacted by the connection between the United States and Pakistan, which reflects the effects of economic cooperation, investment, and commerce. U.S. foreign direct investment is essential for increasing investor trust and market stability, especially in industries like consumer goods, technology, and energy. Studies show that when investors react to shifts in the two countries' strategic and economic ties, significant geopolitical or trade developments frequently cause volatility in Pakistan's stock exchange(Bahmani-Oskooee, et al. 2016).

Pakistan's economy depends heavily on the trade of commodities with the United States; the majority of Pakistan's exports are textiles, clothing, and agricultural products, while the United States imports machinery, chemicals, and agricultural items. In addition to producing foreign exchange, this commerce supports important sectors like textiles, which are essential for job creation and financial stability. Sustainable growth is hampered by trade imbalances and reliance on a small number of exports. According to studies, Pakistan's economic resiliency and trading connection with the United States might be further strengthened by increasing value-added exports and diversifying trade portfolios(Bahmani-Oskooee, et al. 2016).

The 2009 Kerry-Lugar Bill, which provided \$7.5 billion in non-military aid over five years to help infrastructure, energy projects, and economic growth, greatly increased Pakistan's business and trade. By enhancing vital industries like electricity and agriculture, which are essential to Pakistan's export potential, this assistance infusion increased trading opportunities(Bakht and Ejaz 2023).

Strategic concerns have always influenced Pakistan-US relations, which have alternated between times of intense collaboration and hostility. Pakistan joined the US-led War on Terror as a frontline ally in the early 2000s, following 9/11. Significant military and economic assistance came from this cooperation, but there were drawbacks as well, like higher security costs and domestic unrest. Pakistan's economy and sociopolitical environment have been impacted for a long time by the dynamics of this partnership(Hussain 2017). Significant financial assistance, mostly in the form of Coalition Support Funds (CSF), poured into Pakistan when the US sided with it following 9/11. Critics contend that rather than encouraging lasting economic progress, this inflow encouraged a reliance on foreign aid, even though it temporarily helped Pakistan's economy. Economic worries were made worse by the uneven distribution of cash(Khan 2019).Pakistan's trade policies and exports were greatly impacted by its ties with the United States. Pakistan benefited from preferential trade agreements and expanded access to US markets during times of cooperation(Yaseen, et al. 2021).

Pakistan was forced to commit significant resources to military operations, counterterrorism initiatives, and domestic security as a result of the partnership during the War on Terror. This change in focus undermined long-term economic growth by taking money away from vital development areas like infrastructure, healthcare, and education(Imran, et al. 2022).

Foreign direct investment in Pakistan has also been impacted by US relations. Foreign investors were drawn to Pakistan-US calm eras, particularly in the energy and telecommunications sectors, but political unrest and poor relations deterred investment.

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Pakistan's capacity to establish an atmosphere that is favorable for long-term FDI growth has been hampered by this unpredictability(Saleem, et al. 2021).

The terms and conditions of loans from global financial institutions such as the World Bank and the IMF have frequently been influenced by alignment with the US. Despite offering temporary economic respite, these financial packages imposed stringent austerity measures that frequently resulted in more unemployment, inflation, and lower public spending, all of which had a detrimental effect on the economy(Sarfraz 2022). The US has frequently had a contentious impact on Pakistani domestic affairs, which has made the populace hostile to the US. Investor confidence and economic stability have suffered as a result of this mistrust, which has also fueled political unrest. Governance and economic changes have been made more difficult by the belief that Pakistan is a "client state" of the United States(Asad 2022).

Pakistan made the decision to deepen its relations with China. This change signaled a realignment of economic objectives, especially with the start of the China-Pakistan Economic Corridor (CPEC). However, Pakistan's foreign policy and economic planning have become more difficult as a result of juggling US and Chinese objectives(Iqbal and Javaid 2020).

Conclusion

All the discussion shows that despite a lot of regional and geographical changes and ups and downs in Pakistan Us relations there is a significant contribution of US in Pakistan economy in the form of support to avail international financial institutions financing, direct assistance to cover financing gaps, military assistance to strengthen defense as well as financing through US AID programs to boost socio economic indicators.

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