ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

Energy Geopolitics and Pakistan–GCC Relations

Asymmetric Interdependence and the Shift from Supply Security to Flexible Partnership, 2021–February 2025

Dr. Naeem Mahboob Malik
Assistant Professor, Department of Political Science,
Bahauddin Zakariya University, Multan, Pakistan
naeemmahboob@bzu.edu.pk

Abstract

The Pakistan energy relations with the Gulf Cooperation Council (GCC) are dependent and unequal in structure. The leverage exerted by Saudi Arabia, the United Arab Emirates and Qatar is by supplying oil and liquefied natural gas, balance-of-payments assistance, deposits, investment commitments, employment and remittances. The counter-leverage of Pakistan is physical yet less significant: a huge market, a highly educated and semi-skilled work force, defense, food and mineral resources, and a location in the Arabian Sea linking the Gulf and South and Central Asia. This article follows this bargain up to 28 February 2025 since 2021. It integrates the knowledge about asymmetric interdependence and energy security with process tracing of official reports, validated economic data and news of the time. There are three arguments in the article. To begin with, the dependence on imports also creates a vulnerability situation in Pakistan, but the combination of foreign-exchange shortage, rigid contracts, ineffective domestic energy regulation and vulnerability to maritime chokepoints exacerbates the situation. Second, the 2024 and early 2025 diplomatic activism expanded the relationship to be more of supply of commodities rather than investment and geoeconomic cooperation but announced pledges and memoranda are not to be considered realized capital. Third, the news of February 2025 demonstrates a two-fold shift: the Saudi Fund for Development announced the use of US 1.2 billion in oil-import financing facility to confirm its still-dependence on Gulf liquidity, and the news of plans to renegotiate the long-term Qatari LNG deal indicated that energy security now demanded contractual adaptability as much as physical supply. The article concludes with resilient interdependence relying on clear funding, variety in procurement, strategic inventory, adaptable LNG provisions, refinery and grid redesign, integrating renewable and austerity in announcement versus actual projects.

Keywords:

Pakistan; Gulf Cooperation Council; energy security; asymmetric interdependence; Saudi Arabia; Qatar; United Arab Emirates; LNG; oil finance; geoeconomics; energy transition

Core finding	By February 2025, Pakistan–GCC energy relations had become broader but not more equal. Gulf oil, LNG and liquidity remained indispensable, while Pakistan's strongest route to greater agency lay in contractual flexibility, credible projects and domestic resilience—not in inflated claims of strategic equivalence.

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

1 Introduction

Relationship between the Gulf and Pakistan is based on energy. Gulf producers export crude oil and petroleum products, Qatari liquefied natural gas (LNG) helps to generate power, provide industry and urban gas, employment in the Gulf helps to support millions of Pakistani households and official deposits or oil-financing facilities relieve the balance of payments periodically. On the other side, Pakistan offers labor, a large consumer base, defense co-operation, food-security and mineral resources and a coastline that is located close to the major sea routes linking the Gulf with Asia. Such interactions bring about interdependence, but not all the costs of interruption are equally distributed.

The inequality is most definite in the short run. A supplier in the Gulf can typically divert a marginal shipment or delay an investment decision or change in recruitment easier than Pakistan can substitute imported fuel, foreign exchange or access to the labor market. The exposure is amplified in the domestic energy system in Pakistan. In March 2024, the Pakistan Economic Survey 202324 reported a 42,131 MW of installed electricity capacity, of which at least a 59.4 per cent. was thermal capacity. Even though hydro, nuclear and renewable generated a higher proportion of actual electricity generation in July-March FY2024 than might be implied by the proportion of capacity claims, petroleum imports continued to take a significant bite of the limited foreign exchange pie (Finance Division, 2024). Energy vulnerability can thus be both physical, contractual, fiscal and monetary.

These tensions were intensified in 2021 through to February 2025. In 2021, Pakistan signed a second long-term LNG deal with Qatar, however the global gas crisis of 2022 revealed how vulnerable import-reliant countries were to the fluctuations in the spot market and non-payment of suppliers. In 2024, the Red Sea was the scene of attacks and rerouting, increasing the freight time and insurance premiums, and the Strait of Hormuz was the most significant world oil chokepoint. Meanwhile, Saudi Arabia and the United Arab Emirates (UAE) renewed deposits and announced investment packages and Saudi and Pakistani officials announced a new portfolio of memoranda in energy, mining, agriculture and technology. These were substantial indications though they differed significantly in terms of legal and financial status.

The major paradox was summed up in the first two months of 2025. Pakistan and Saudi Fund for Development signed an oil-import financing facility of the value of US 1.2 billion on 3 February, which will allow paying after a year (Reuters, 2025a). Four days subsequently, the petroleum minister of Pakistan announced that it would demand better conditions in its Qatari LNG agreement following plans to cancel a few shipments due to low domestic demand and high prices (Reuters, 2025b). One of these developments made more financial room as a short term matter; and the other realized that a contract created to guarantee supply might itself become inelastic. Combined they imply energy security can not be diminished to getting more fuel. It has to do with the price, time and currency exposure and flexibility of the supply engagements.

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

This paper contends that as of 28 February 2025, the relationship between Pakistan and GCC in energy affairs would have become a stratified yet asymmetrical bargain. Hydrocarbon dependency was continued traditionally, with deposits, deferred-payment and investment diplomacy connecting energy more to macroeconomic management. Pakistan gained little counter-leverage in terms of market size, geography, labor and defense relationships though this leverage was challenging to cash-in due to poor project preparation, circular debt, regulatory uncertainty and constraints of external finance. The policy goal to achieve resilient interdependence: maintaining the advantages of Gulf cooperation at lower cost of disruption and the political implications of emergency dependence.

2. Problem, questions and contribution of the research.

The study of the Pakistan-GCC relations is generally categorized into two different discussions. The import dependence, affordability and transition pathways, political-economy, aid, sovereign finance and labor migration, and strategic studies are energy studies and political economy studies that focus on Iran, the United States, China and region alignment. Both sides of the relationship shed some light on the relationship, but the distinction between them clouds how the bargaining power flows between the domains. An increase in the oil prices undermines the level of foreign-exchange reserves; reserve strain enhances the valuation of the Gulf deposits or deferred-payment facility; financial dependence reduces the diplomatic maneuver; and an investment commitment can be exploited to signal a political confidence even prior to the payment of capital.

The article discusses three questions.

1. To start with what are the channels of asymmetric energy interdependence between Pakistan and the GCC?
2. to what extent did the chain between the 2021 Qatar LNG contract and the 2024 investment diplomacy process and financing and renegotiation plans of February 2025 change that interdependence?
3. what policies would help make Pakistan less vulnerable but not to undermine mutually valuable relations with Gulf states?

The input is both theoretical and practical. In its concept, the article is a part of the low vulnerability of vital energy systems approach to asymmetric interdependence and statecraft in geoeconomics. It empirically considers the supply of oil, LNG agreements, official deposits, investment announcements and remittances as components of a single linked bargaining structure. It also brings with itself an evidentiary discipline that is required: the following are not the same: a binding supply contract, a central-bank deposit, a sovereign financing facility, an investment pledge and a memorandum of understanding (MoU). Confusion of them dilutes the seeming strategic change and undermines policy analysis.

2.1 Research Gap

The current literature on Pakistan-Gulf relations has produced useful information on the issues of military co-operation, energy dependency, remittances and political identity.

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

Nevertheless, these works have mostly focused on bilateral relations in terms of historical or country-specific outlooks instead of viewing the way in which the transformations of the region after 2021 changed the overall strategic landscape. In the same vein, the U.S. withdrawal of Afghanistan has received research attention that largely centers on Taliban rule, anti-terrorism issues, and American strategic deterioration and Gulf studies have been dominated by research mainly centered on Gulf-U.S. relations, Iranian rivalry, and defense diversification. The interplay between the Afghan security reversal of Pakistan, Gulf hedging behavior and new economic-security mechanisms has not been studied in depth.

The article fills this gap of analysis by incorporating three distinct dimensions that were hitherto divided: (1) the evolving security needs of Pakistan following the withdrawal of Afghanistan, (2) the diversification policies of the Gulf states in the face of regional uncertainties, and (3) the institutionalization of economic and diplomatic processes of the Pakistani and Gulf partners. Instead of analyzing the relationships between Pakistan and the Gulf as an alliance of military or as economic dependency relationship, this work proposes the conceptualization of these relationships as an emerging strategic alliance, which is characterized as a layered cooperation.

3. Research Gap

The sustainability of energy security is no longer appropriately reflected by the presence of the primary fuels. The definition presented by Cherp and Jewell (2014) is oriented on the low vulnerability of vital energy systems, shifting the focus to the exposure, sensitivity and response capacity. Researchers with a specific interest in Pakistan are no exception, as they indicate that energy security includes affordability, technology, governance and environmental performance (Abdullah et al., 2020, 2021). Their results are significant since Pakistan can have capacity in place and long term agreements on importing fuel and still be insecure when the fuel prices are too expensive, electricity is being wasted, their contracts are not flexible and the state does not have the foreign exchange to pay their suppliers.

Structural weaknesses unique to Pakistan the literature has pointed out a set of structural weaknesses: dependence on imported fossil fuels, decreasing domestic gas production, transmission and distribution losses, circular debt, lack of investment in storage and refining, and fractured governance. Raza et al. (2022) support the idea of shifting towards a more diversified and renewable energy system instead of capacity expansion, whereas Masood et al. (2023) focus more on the resiliency of the energy supply chain, as opposed to capacity expansion alone. This means that there should be diversification in fuels, suppliers, routes and technologies, contracts and sources of finance.

The politics of asymmetric interdependence provide the lacking politics of dependence. Keohane and Nye (2012) differentiate between sensitivity and vulnerability: the speed and magnitude of the impact of change in one country on another and the cost of the adjustment once alternatives have been put into consideration. Farrell and Newman (2019) also demonstrate the role of actors who fill central nodes in networks in transforming

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

interdependence into either coercive or informational advantage. The Gulf states do not coercively employ oil, deposits or labor markets against Pakistan, however, because of their possession of scarce alternatives, Gulf states have structural power. The situation in which Pakistan is reliant on its resources and a shortening of its time horizon due to a fiscal or external-account crisis makes it politically consequential.

Recent developments on the Gulf energy strategy make it complex to use a straightforward exporter/ importer model. Gulf states are diversifying their Asian relationships, investing on the downstream, development of the sovereign wealth, and placing on renewable energy, minerals, and logistics (Aminjonov & Sim, 2023; Sim, 2024). This energy transition does not kill off geopolitics, it transfers it throughout electricity systems, technology, capital, critical minerals and infrastructure (Scholten et al., 2020; IRENA, 2024). Pakistan relations are thus at the crossroad between an old hydrocarbon bargain and new investment-and-transition bargain.

What is yet to be developed is a single narrative of the interaction of these layers in the case of Pakistan up until February 2025. The current discourses tend to have two fallacies: portraying Pakistan as a client with no resources, or portraying diplomatic declarations as evidence of an equal strategic partnership. To give a more accurate account it is important to acknowledge the degree to which Pakistan is dependent and the limited worth of its counter-leverage.

4. Theoretical Framework: Dependence to Resilient Interdependence

This paper mainly uses the strategic hedging concept as its analytical tool. The concept of strategic hedging describes why the states that experience uncertainty do not want to be completely aligned to one major power, but at the same time, they develop partnerships to maintain their autonomy and security alternatives. This framework is specifically applicable in the case of the analysis of Pakistan-Gulf relations after 2021 since both Pakistan and Gulf countries did not give up on the existing strategic alliances; they simply added more partners and retained the old alliances.

In that context, the realism approach deals with the security incentives of diversification, economic statecraft with the importance of investments, financial aid, trade and energy cooperation, and constructivism with the impact of collective identity, political legitimacy. These views are thus considered to be complementary dimensions of analysis as opposed to individual competing explanations.

4.1 The sensitivity, vulnerability and issue linkage

Asymmetric interdependence is the starting point of the framework. The costs to Pakistan and the GCC of relations worsening are similar but with differences in the costs and adjustment time. Pakistan is extremely sensitive to the fluctuations in oil prices in the Gulf, LNG, labor demand as well as the formal financial aid. It is more vulnerable since other suppliers can be more expensive, financing can be provided with more difficult terms and new locations of

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

labor cannot be built soon. Other Asian markets, labor sources and security partners are also options that are generally broader as gulf partners also appreciate Pakistan.

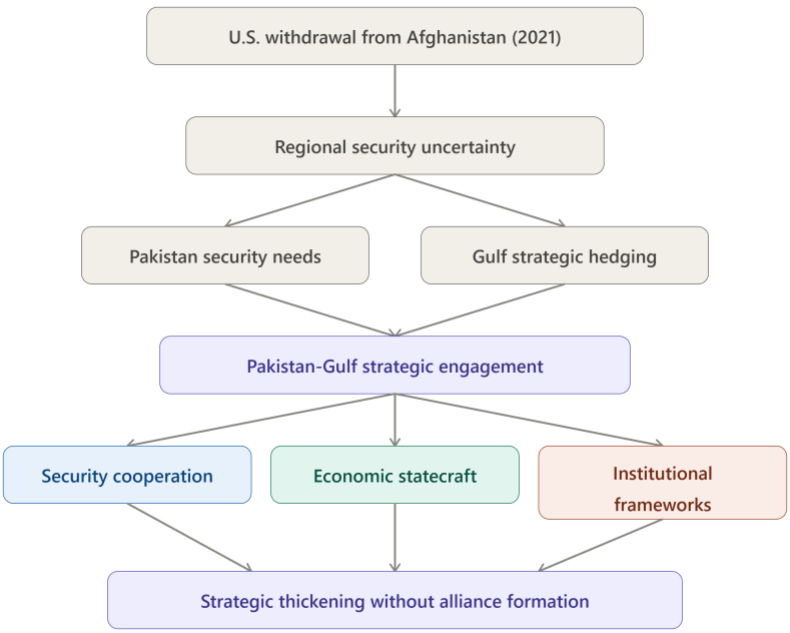
To some extent this asymmetry can be compensated by issue linkage. The investment or energy partnership can be related to the defense relations that Pakistan has with Saudi Arabia, its source of labor, its potential to be agricultural, its market size and the location thereof. However, linkage results in sustainable leverage when the asset provided is plausible, unique and institutionally implementable. A refinery, mining corridor or logistics hub being proposed brings about a low bargaining power up to the time the land, regulation, offtake, security, financing and implementation facility is resolved.

4.2 Geoeconomic statecraft, hierarchy of instruments.

Energy relations make use of a pyramid of tools. Once a physical supply and delivery is ruled by a physical supply contract; sovereign financing facility amends payment timing; central-bank deposits secure reserves; investment undertaking guarantees productive potential; and MoU makes purpose. The instruments include various legal statuses, maturity, allocation of risks and vulnerability impact. A reserve stabilization may be done without altering the energy system. The payment of oil on credit can relieve the short-term pressure on cash-flow and maintain reliance on imports. The vulnerability can be mitigated by foreign direct investment in grids, storage, refining or renewables, but this can only happen after financial close and implementation.

4.3 Resilient interdependence

Here, resilient interdependence is considered as a normative benchmark. It does not imply autarky and the elimination of the Gulf partnership. This implies that when price, route, contract or financing is disrupted, it does not jeopardize the basic economic operations and every party believes it is better to remain cooperative rather than to unilateral adjustment. In the case of Pakistan, this is necessitated by emergency buffers, a variety of procurement choices, flexibility of the contract, better governance in the country and viable investment pipelines. To the Gulf partners, it provides certainty on demand, bankable projects as well as



ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

a stable Asian relationship in politics.

Figure 1. Analytical Framework of Pakistan-Gulf Strategic Thickening

5. Methodology and Evidence Protocol.

The article qualitatively tracks the process since 1 January 2021 to 28 February 2025. It recreates the chronology between the second Qatar LNG sign, the global gas shock in 2022, the investment diplomacy in 2024, the extensions of the deposit and the developments of the February 2025 oil-financing and the LNG-renegotiation. The triangulation of evidence includes peer-reviewed sources, official Pakistani and Gulf sources, and multilateral data and reliable contemporary sources. Quantitative claims are applied in only the cases that have a traceable first or high-quality secondary source.

Data Selection and Coding Procedure

The analysis involved three types of sources: (1) official documents, such as statements by the Government of Pakistan, Ministry of Foreign Affairs, GCC Secretariat and partner governments; (2) academic literature that discusses the Pakistan-Gulf relations, Afghanistan, and diversification of the Gulf security; and (3) international reporting by well-established news organizations that report on key diplomatic, security and economic events between 2021 and January 2025.

Purposive sampling was done to select the sources that were directly related to the research questions. Thematic coding of four themes was used in the analysis which included the following categories; security cooperation, economic statecraft, institutional development and recalibration of the region. Military exchanges, co-ordination of counter-terrorism and defense were also part of security cooperation. The forms of economic statecraft involved investment promises, monetary assistance, energy collaboration and trade frameworks. Strategic dialogue and trade talks were some of the institutional developments that involved Pakistan-GCC. Regional recalibration looked at the changes in Afghanistan security, diversification of the Gulf, and Iran-related changes and the broader instability of the Middle East.

Table 1. Analytical Coding Framework

Analytical Category	Indicators	Evidence Sources
Security Cooperation	Military training, defense exchanges, counter-terrorism cooperation	Official statements, policy documents
Economic Statecraft	Investment commitments, deposits, trade agreements, energy cooperation	Government reports, economic announcements
Institutional Development	Pakistan-GCC dialogue, FTA process, diplomatic mechanisms	GCC and government documents

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

Analytical Category	Indicators	Evidence Sources
Regional Recalibration	Afghanistan security changes, Gulf hedging, Iran-Gulf relations	Academic literature, international reporting

A protocol of source-status is used everywhere. Such contracts are considered to be binding contracts and signed financing facilities. The central-bank deposits are not considered an investment, but as a liquidity support. The announcements in the form of government promises are reported. MoUs are not finalized projects, but are considered to indicate intentions. Timely events are reported in news and are based on peer-reviewed and institutional sources, although they are based on official statements or documents. The cut-off date of evidence is 28 February 2025; any sources/events after then are intentionally omitted.

6. Structural Exposure of energy in Pakistan.

Table 2. Major Developments in Pakistan-Gulf Relations (2021-January 2025)

Year	Development	Strategic Significance
2021	U.S. withdrawal from Afghanistan	Created new security uncertainty
2022	Pakistan-GCC Joint Action Plan	Institutional expansion of cooperation
2023	Preliminary Pakistan-GCC FTA	Economic institutionalization
2024	Saudi and UAE investment commitments	Shift toward economic-security partnership
Jan 2025	Pakistan-UAE leadership engagement	Continuity of strategic dialogue

6.1 Importation reliance: and the constraint of the foreign exchange.

The energy insecurity of Pakistan cannot be considered outside of its external account. The nation will consume approximately 11 million tons of petroleum products and crude oil in July2024-March 2024 at a price of approximately US8.4 billion. Crude oil was equivalent to 6.17 million tons and approximately US$4.05 billion and motor gasoline and high-speed diesel made huge additional claims on foreign exchange (Finance Division, 2024). These numbers do not mean that everything that was imported was produced in GCC states but it demonstrates why the idea of relations with the Gulf, the closest major producing region, and the origin of the frequent support of payments, has such a significant macroeconomic burden.

The interrelations between finance and fuel are in a cycle. International prices are high, which means that the import bill is high; a weaker currency means that home fuel and power are costly; inflation and subsidies put a strain on the fiscal budget; and the unavailability of reserves restricts procurement. In such circumstances, a deposit made in the Gulf or a deferred-payment facility will gain more value than its face value since it is able to maintain

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

confidence and to buy time. However, repeatedly bailing out can delay structural reform too, and create an illusion that the external liquidity will replace the domestic adjustment.

6.2 Electricity: diversification with endemic system weaknesses

There is an upward and downward trend in the electricity mix. As of March 2024, 25.4 per cent of installed capacity was based on hydropower, 8.4 per cent on nuclear and renewables 6.8 per cent. In JulyFY2024, 54.1 per cent of electricity was produced by hydro power, nuclear and renewable sources as compared to 45.9 per cent by thermal sources (Finance Division, 2024). The contribution of non-fossil is growing, with a corresponding decrease in marginal fuel exposure, but it does not eliminate circular debt, transmission constraints, capacity payment, distribution losses or dispatchable supply requirements. The process of energy transition and institutional reform should go hand in hand.

There was also the beginning of the shift in the demand profile by distributed solar. By March 2024, there were 117,807 net-metered facilities that had a total of 1,822 MW of capacity (Finance Division, 2024). This trend provides a hedge against unreliable or costly grid electricity to households and firms, but will transfer fixed network costs to those who do not switch to the tariff and planning will need to be redesigned. The same shift that causes a decrease in the demand of imported fuel can lead to the contractual surpluses both in gas and power, and flexibility becomes one of the focus policy issues.

6.3 LNG: contractual security, inflexibility.

In February 2021, the second long-term supply contract of Pakistan with Qatar was signed, which meant up to three million tons of LNG per year during a period of ten years, and deliveries would start in 2022 (Qatar Petroleum, 2021). The contract minimized exposure to spot-market procurement, and was generally considered to be favorably priced at the time. This was a significant addition in availability and predictability of prices. However, the long-run security cannot be equated to permanent optimality. Demand may falter, local prices may crowd-out consumption, and take-or-pay or timetable obligations may turn out to be expensive when the power industry fails to take up the contracted volumes.

The petroleum minister said that in a deal in December 2024, Pakistan had negotiated a five-cargo deferral of Qatar in 2025 to 2026 without incurring a financial penalty (Reuters, 2024c). On 7 February 2025, he announced that the government would embark on a wider renegotiation of better terms (Reuters, 2025b). The episode carries an analytical weight: the issue of Pakistan had changed at least in the short run as the country had to deal not with the issue of adequate LNG supply but with the problem of contracted supply facing low demand and high domestic prices. Contractual flexibility -destination flexibility, seasonal volumes, review clauses and transparent demand forecasting was a part of energy security.

6.4 Maritime chokepoints

The energy trade of Pakistan by sea is vulnerable to two related chokepoints. On average, 20.9 million barrels per day of oil and petroleum liquids were shipped through the Strait of Hormuz in 2023, which is about one-fifth of the world consumption (U.S. Energy

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

Information Administration, 2024). The impaction would have an impact on the prices even in instances where there were no direct delays of Pakistani cargoes. In the far West, shipping was attacked in the Red Sea, with the result of much rerouting through the Cape of Good Hope. The International Monetary Fund announced that the trade volumes through Suez Canal decreased approximately by half annually during the initial two months of 2024, and the number of journeys around southern Africa grew and added at least ten days or more to the delivery times (IMF, 2024). UNCTAD (2024) also considered systemic risks to be these: maritime chokepoints and increased freight costs. Such shocks are relayed to Pakistan within a short time via freight, insurance and working-capital costs.

7. Pakistan-GCC Energy Bargain, 2021 -February 2025.

7.1 Qatar: relying on volume to negotiated flexibility.

The main example of interdependence dual nature is Qatar as the Pakistan GCC partner in LNG. Doha benefits by having a long-term Asian customer and political relationship; Islamabad benefits by having a good supply by a major producer. This balance is however skewed given that Pakistan has limited fiscal and external capabilities to take unwanted cargoes, whereas Qatar has a diversified portfolio, which offers it more choices in its commercial opportunities. It is in this way that the 2024 cargo deferment seems to alleviate this asymmetry by not defaulting or canceling but negotiating it.

The fact that in February 2025, it was decided to renegotiate terms should not be viewed as an abandonment of long-term LNG. The concept of spot-only procurement had become risky in 2022 at the time of the crisis, with high prices and little interest among sellers to sell, the developing economies reliant on imports were left vulnerable. The best option is a portfolio strategy: a backbone of long-term supply to be predictable, medium-term contracts being flexible, minimal spot buying, storage and demand-side planning. That portfolio can be sustained by the Qatari relationship in the event that the two governments consider flexibility as a source of durability and not a compromise that should be avoided.

7.2 Saudi Arabia: liquidity and investment diplomacy, oil supply.

Saudi Arabia is not just involved in crude and petroleum products. It has been able to bail out Pakistan by central-bank deposits and oil financing schemes on several occasions. In December 2024, the Saudi Fund for Development gave the State Bank of Pakistan a one-year extension of the term of its US3-billion deposit (Reuters, 2024d). On 3 February 2025, the two agreed on a facility of US 1.2 billion to fund the Saudi oil imports on a one-year deferred payment (Reuters, 2025a). These tools alleviated short-term external pressure and were a good indicator of political confidence but they alone did not decrease the reliance on imports or generate productive resources.

A second layer was added by the investment diplomacy. In April 2024, a joint statement between Pakistan and Saudi announced the need to speed up the initial stage of a US$5 billion Saudi investment package (Ministry of Foreign Affairs, Pakistan, 2024; Reuters,

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

2024a). In October, the two parties signed twenty-seven MoUs worth approximately US$2 billion in various industries such as petroleum, energy, mining, agriculture, technology and health (Associated Press, 2024). This is important as such announcements have the effect of organizing the official attention and solicit personal participation. Their status of analysis however, is that of pledges and memoranda until the project companies, financing, regulatory approvals and disbursements are confirmed.

7.3 United Arab Emirates: the reserve support and potential capital

The UAE plays the role of both an energy producer, financial center, an investor, and employer. In May 2024, Pakistan declared an investment of US 10 billion of the UAE in promising sectors (Reuters, 2024b). In January 2025, the State Bank of Pakistan was quoted saying that the UAE had renewed two deposits of US dollar 1 billion each, over a period of one year (Reuters, 2025c). The liquidity and investment difference is crucial as in the case of Saudi support. Deposit rollovers fortify the reserve position and are liabilities; productive investment can increase the capacity and exports, but not until the commitments are shifted to financial close and implementation.

The commercial environment of the UAE might be of special interest in ports, logistics, renewable energy, transmission, storage and digital infrastructure. The problem that Pakistan faces is not just to get the headline sums. It is to prepare few bankable projects having foreseeable tariffs, plausible offtake, conflict resolution systems and transparent procurement. The quality of investment is paramount as compared to its nominal size.

7.4 the labor and remittances as a channel of energy-security

Labor mobility has generally been considered a social or migration phenomenon, but a part of the energy bargain. Remittances are used to finance household consumption and Pakistan foreign account, indirectly financing critical imports. In January 2025, the State Bank noted US$3.0 billion in workers remittances and Saudi Arabia and UAE are some of the largest sending countries (State Bank of Pakistan, 2025). This channel provides Pakistan with social and economic depth in the Gulf, with the Gulf economies enjoying Pakistani labor. However, the vulnerability of this kind of interdependence to regulatory transformations lies in localization policies, changes in sectors and concerns that protect the workers.

Energy diplomacy should thus be linked to skills policy via a resilience strategy. The Pakistani jobs can be maintained by renewable operations, grid management, construction, logistic, and digital services and industrial maintenance training as the Gulf economies become diversified. Less expensive and more secure digital remittance options and better labor regulations also bolster the foreign-exchange buffer, around which energy imports are based.

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

Table 1. Selected milestones in Pakistan–GCC energy and financial relations, 2021–February 2025

Date	Development	Energy-geopolitical significance	Evidentiary status
Feb. 2021	Pakistan and Qatar conclude a ten-year agreement for up to 3 mtpa of LNG.	Adds supply and price predictability; deepens dependence on contractual design.	Binding supply agreement
Apr.–May 2024	Saudi first-phase investment package and UAE US$10 billion commitment are announced.	Broadens relations toward investment and geoeconomics.	Government pledge/commitment
Oct. 2024	Pakistan and Saudi Arabia sign 27 MoUs, including energy-related sectors.	Creates a project pipeline, but not evidence of realized capital.	Non-binding MoUs
Dec. 2024	Saudi US$3 billion deposit is extended; five Qatari LNG cargoes are deferred.	Combines reserve support with contractual flexibility.	Deposit rollover / negotiated scheduling
Jan. 2025	UAE rolls over two US$1 billion deposits for one year.	Supports reserves without changing productive capacity.	Deposit rollover
3 Feb. 2025	Saudi Fund for Development signs US$1.2 billion oil-import financing facility.	Eases near-term cash-flow pressure while preserving oil dependence.	Signed financing facility
7 Feb. 2025	Pakistan announces plans to seek improved terms in its Qatar LNG agreement.	Makes price and volume flexibility an explicit security objective.	Official policy statement

8. February 2025 and as an Inflection Point.

The two most significant changes prior to the cut-off point seem to be contradictory to each other and yet they are complementary with respect to analysis. The Saudi oil-financing facility was in response to the shortage of liquidity: Pakistan still needed an external help to finance imported energy without straining reserves. The suggested Qatar renegotiation covered surplus and cost in the contract: Pakistan had to have more freedom in the terms of volumes and times. Energy insecurity was therefore created at both extremes of the spectrum at the lack of financial ability to import oil, and the lack of flexibility to handle contracted gas.

This two-sidedness reveals the shortcomings of traditional energy diplomacy. It is necessary to obtain a supplier relationship but not only that. A robust agreement should also distribute the market risk, should be able to accommodate demand uncertainty as well as be affordable in case of currency depreciation. Meanwhile, domestic changes are not able to be delayed with the hope that diplomatic relations will always be ready to pay favorable terms. External facilities purchase adjustment time; it is not the substitute of adjustment.

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

February 2025 also proved that bilateral relations, instead of a cohesive structure of GCC, continued to be the working heart of Pakistan energy diplomacy. Qatar, Saudi Arabia, and the UAE contributed in the form of LNG, oil financing, and oil deposition, and potential investment and reserve support. The GCC was important as regional political and economic space, which was negotiated with individual states and institutions. It is informative to say that they are one GCC bargain on a structural level, as long as it does not obliterate bilateral difference.

9. Mapping Asymmetric Leverage

Table 2. Leverage and constraint matrix as of 28 February 2025

Channel	GCC leverage	Pakistan's counter-leverage	Principal constraint
Oil and products	Large export capacity, proximity, pricing and payment terms	Large recurring market and long-standing political ties	Foreign-exchange scarcity; limited strategic stocks and refining depth
LNG	Production scale, portfolio flexibility and contractual power	Long-term demand and access to a growing gas market	Demand uncertainty, currency risk and inflexible scheduling
Finance	Deposits, oil facilities and sovereign investment capacity	Strategic relationship and high-return project opportunities	Emergency borrowing can reproduce dependence; weak project execution
Labor/remittances	Access to employment and regulatory authority	Large adaptable workforce and established diaspora	Localization, skills mismatch and worker-protection deficits
Security/geography	Capital, technology and control of key export infrastructure	Defense capacity, Arabian Sea location and regional connectivity	Regional rivalries; commercial viability and governance gaps
Energy transition	Low-cost capital, renewable developers and new industrial strategies	Solar/wind resource, market growth and mineral potential	Grid weakness, policy volatility, technology dependence and circular debt

The matrix indicates the reason why leverage of Pakistan is potential and not automatic. A big market is merely important in the sense that buyers are able to pay and the demand can be predicted. The geography is only important in case ports, grids, customs and security arrangements are working. The potential of mineral or renewable only comes into play when investors are able to gain access to credible data, transparent licenses and stable offtake. Political value. There is a value to defense cooperation, however, it must not be employed to hide poor commercial fundamentals or that security relationships ensure good energy terms.

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

10. limitations to a more balanced Partnership.

10.1 The pledge–implementation gap

The analytical risk that is the nearest to occur is to include announcements as results. The numbers on investment are frequently carried over to subsequent visits, aggregated MoUs are taken as headline figures and older offers re-emerge as new. This gives a sense of accruing capital which might be more than what is disbursed. The register of project in the hands of the sponsor should capture the sponsor, instrument, value, sector, financial-close status, projected completion date and projected inflow of the project. In the absence of such transparency, researchers and policymakers are not able to assess the vulnerability reduction by energy diplomacy.

10.2 Circular debt and regulating credibility.

Gulf capital will not be able to afford to pay forever in case Pakistan has weaknesses in the power and gas sectors. The bankability of projects is eroded by circular debt, sluggish tariff adjustments, ineffective distribution firms, theft, bottlenecks in transmissions and irregular regulation. They also increase the price of capital and promote sovereign guarantee which shifts the risk to the community. Reforms in domestic governance is thus an element of foreign policy: an honest energy system makes Pakistan better bargaining with all foreign partners.

10.3 Focused routes and poor buffers.

The nearness of the Pakistan coast to the Gulf reduces the normal shipping costs, but exposes the country to the Hormuz and other waters. Commercial stocks, the redundancy of ports, the scheduling of tankers, insurance systems and emergency demand-management procedures are a few alternatives to geographic diversification, but can reduce the cost of interruption. Clear coverage targets should constitute strategic reserves and be part of fiscal planning as opposed to being a standalone infrastructure aspiration.

10.4 Regional balancing

The relations of Pakistan with the GCC states co-exist with a long border and energy interests with Iran, strategic alliance with China and the economic involvement with the United States and international financial agencies. Stakeholder: Over- securitization of energy relations with one block may decrease the flexibility in diplomacy or put projects at risk of regional competition. The smart choice is to work together in a functional manner, that is, maritime safety, infrastructure protection, financing, technology and trade, and be explicit in order to de-escalate and show freedom of navigation.

10.5 Transition-related dependence

Renewables decrease reliance on imported fuel at the cost of introducing equipment, financing, software, storage, reliance on critical minerals and grid-management capacity. The replacement of a narrow hydrocarbon dependence by a narrow technology dependence must be avoided in Pakistan. It must have competitive procurement, open technical standards, local

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

maintenance service, recycling and diversity in suppliers. The transition is the safest when it enhances the flexibility of the systems, and aggregate capacity.

11. policy Agenda Pakistan.

11.1 Develop a portfolio, not a one supplier strategy.

Pakistan needs to hold on to long-term LNG as a hedge of a predictable base of demand whilst bargaining seasonality, destination provisions, volume re-negotiation provisions and open transparent price references. Oil procurement must be integrated in term contracts as well as in competitive tenders, and must beware of the fact that deferred payment is not always available. Diversification in suppliers is worthwhile, but it is likewise important to diversify in terms of the type of contract and payment form.

11.2 Invest in temporary Gulf finance to finance permanent resiliency.

All the extensions of deposits or deferred-payments facilities have to be accompanied by a domestic reform measure that is time limited. These are, among others, cutting distribution losses, better tariff targeting, enhancing the fuel-demand forecasting or verified emergency storage. This transforms a transient liquidity into a bridge to a reduced vulnerability as opposed to a turn in an ongoing support cycle.

11.3 Transform announcements to a small bankable pipeline.

The government needs to focus on a small set of portfolios in grid modernization, storage, refinery efficiency, renewable integration, green industrial zone and port logistics instead of promoting a long list of potential ventures. Every project must include a lead agency, pre-feasibility study, and regulatory pathway, risk-allocation plan and disclosure schedule. Gulf investors would invest more when they see the commercial fundamentals and political ownership is supported by administrative ability.

11.4 Develop a coordination mechanism of energy-diplomacy.

Certain ministries such as the finance, petroleum, power, foreign affairs, commerce and overseas Pakistanis and investment promotion are supposed to have a common dashboard of contracts, deposits, cargo schedules, MoUs and investment milestones. This would decrease erratic claims by the public and the diplomatic visits can be directed to areas that can be identified as bottlenecks. Continuity would be enhanced during changes of government without revealing commercial sensitive terms since parliamentary reporting may be effective.

11.5 Secure channels of remittance and skills.

Economic dialogue between the two countries need to include skill certification, hiring criteria, employee safety, inexpensive remittance facilities and emergency evacuation strategies. They should expect training based on the Gulf demand in the renewable initiatives, electrical systems, logistics, health, construction technology and digital services. The labor policy can then continue to be a win-win solution as the Gulf economies not only diversify themselves beyond the labor-intensive expansion of hydrocarbons.

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

11.6 Manage maritime security as limited cooperation.

The legitimate interests of Pakistan and Gulf partners in port safety, search and rescue, and maritime domain awareness, tanker security, and cyber resilience and protection of civilian energy infrastructure. The cooperation in these respects must be defensive, rules based and in harmony with international law. This should not mean unrestricted military engagements or it replaces commercial risk management, diplomacy and de-escalation of the region.

11.7 Turn the energy transition to be a bargaining asset.

Pakistan has the potential to provide Gulf investors with a massive solar, wind, storage and grid services and low carbon industry growth market. To transform potential to leverage, it must offer bankable auctions, consistent technical regulations, open land and grid access, credible offtake and local skills and maintenance pathways. The use of gulf capital must be to reduce vulnerability in systems and to develop productive capacity, rather than simply to add nominal megawatts to the system.

12. Conclusion

On 28 February 2025, the relations between Pakistan and GCC in the energy sphere were not a patron-client type of relations but the relations of partnership. They were asymmetric interdependence in terms of fuel supply, finance, investment, labor as well as strategic cooperation. GCC states had a higher leverage in the short run since Pakistan had to incur high adjustment costs in the event that there was a disruption in oil, LNG, deposits or employment channels. Pakistan however still had significant bargaining units in terms of market size, labor, defense relationship, geography, food and mineral potentials; however, the bargaining power of these units could only be negotiated by having credible domestic institutions and projects that could be implemented.

The announcements of the investments and the MoUs of 2024 were a sign that there was a real intention to develop the relationship beyond the emergency assistance. Nevertheless, the main indication of the beginning of 2025 was sobering. The Saudi oil plant with the value of the Saudi US$1.2 billion validated the persistent significance of the Gulf fluidity whereas the intended renegotiation of the Qatar LNG conditions affirmed the fact that security may need to be versatile as well in the occurrence of fluctuation of demand. Neither of them favors arguments of strategic equality; both demonstrate that it is the quality of interdependence that is important, rather than its rhetorical strength.

The goal of Pakistan should be to make the adjustment to be less expensive, but without undermining the Gulf relationship. It involves contract diversification, strategic buffers, enhanced energy control, transparent investment pipeline, skills transition-oriented, and well-bound maritime and infrastructure cooperation. The effectiveness of the price, route, contract and financing shocks in resilience by households, firms and the state should be used to measure success, not the proclaimed value of pledges. By that, it is not that resilient interdependence is an escape of energy diplomacy. The prerequisite to doing it more agency-wise is its.

ISSN E: 3006-1466
ISSN P: 3006-1458
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
CJSSR
CONTEMPORARY JOURNAL OF SOCIAL SCIENCE REVIEW
Vol.03 No.02 (2025)

References

Abdullah, F. B., Iqbal, R., Hyder, S. I., & Jawaid, M. (2020). Energy security indicators for Pakistan: An integrated approach. Renewable and Sustainable Energy Reviews, 133, 110122. https://doi.org/10.1016/j.rser.2020.110122

Abdullah, F. B., Iqbal, R., Jawaid, M., Memon, I., Mughal, S., Memon, F. S., & Ali Rizvi, S. S. (2021). Energy security index of Pakistan (ESIOP). Energy Strategy Reviews, 38, 100710. https://doi.org/10.1016/j.esr.2021.100710

Aminjonov, F., & Sim, L.-C. (2023). The Gulf states and the energy transition in the Indo-Pacific. Journal of the Indian Ocean Region, 19(1), 21–39. https://doi.org/10.1080/19480881.2023.2262269

Associated Press. (2024, October 10). Pakistan and Saudi Arabia sign 27 agreements worth $2 billion. https://apnews.com/article/pakistan-saudi-arabia-signed-memorandum-of-understanding-2f505b87027caa9a77c7a8e87b08afd1

Cherp, A., & Jewell, J. (2014). The concept of energy security: Beyond the four As. Energy Policy, 75, 415–421. https://doi.org/10.1016/j.enpol.2014.09.005

Farrell, H., & Newman, A. L. (2019). Weaponized interdependence: How global economic networks shape state coercion. International Security, 44(1), 42–79. https://doi.org/10.1162/isec_a_00351

Finance Division, Government of Pakistan. (2024). Pakistan Economic Survey 2023–24: Chapter 14—Energy. https://www.finance.gov.pk/survey/chapter_24/14_energy.pdf

International Monetary Fund. (2024, March 7). Red Sea attacks disrupt global trade. https://www.imf.org/en/blogs/articles/2024/03/07/red-sea-attacks-disrupt-global-trade

International Renewable Energy Agency. (2024). Geopolitics of the energy transition: Energy security. https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2024/Apr/IRENA_Geopolitics_transition_energy_security_2024.pdf

Keohane, R. O., & Nye, J. S. (2012). Power and interdependence (4th ed.). Longman.

Masood, T., Israr, A., Zubair, M., & Qazi, U. W. (2023). Assessing challenges to sustainability and resilience of energy supply chain in Pakistan: A developing economy from Triple Bottom Line and UN SDGs' perspective. International Journal of Sustainable Energy, 42(1), 268–288. https://doi.org/10.1080/14786451.2023.2189489

Ministry of Foreign Affairs, Government of Pakistan. (2024, April 8). Joint statement on the meeting between the Prime Minister of Pakistan and the Crown Prince and Prime Minister of Saudi Arabia. https://mofa.gov.pk/press-releases/joint-statement-on-the-meeting-between-prime-minister-of-the-islamic-republic-of-pakistan-and-crown-prince-and-prime-minister-of-the-kingdom-of-saudi-arabia

Qatar Petroleum. (2021, February 26). Qatar Petroleum enters into a long-term agreement for the supply of 3 MTPA of LNG to Pakistan. https://islamabad.embassy.qa/en/media/news/detail/1442/07/17/qatar-petroleum-enters-into-a-long-term-agreement-for-the-supply-of-3-mtpa-of-lng-to-pakistan

Raza, M. A., Khatri, K. L., & Hussain, A. (2022). Transition from fossilized to defossilized energy system in Pakistan. Renewable Energy, 190, 19–29. https://doi.org/10.1016/j.renene.2022.03.059

Reuters. (2024a, April 16). Riyadh eyes significant investment in Pakistan, Saudi foreign minister says. https://www.reuters.com/business/riyadh-eyes-significant-investment-pakistan-saudi-fm-says-2024-04-16/

Reuters. (2024b, May 23). Pakistan PM office says UAE has committed $10 billion in investments. https://www.reuters.com/world/asia-pacific/pakistan-pm-office-says-uae-has-committed-10-bln-investments-2024-05-23/

Reuters. (2024c, December 4). Pakistan defers LNG contract with Qatar for a year, petroleum minister says. https://www.reuters.com/business/energy/pakistan-defers-lng-contract-with-qatar-year-petroleum-minister-says-2024-12-04/

Reuters. (2024d, December 5). Saudi Arabia extends term of $3 billion deposit with Pakistan for another year. https://www.reuters.com/world/saudi-arabia-extends-term-3-bln-deposit-with-pakistan-another-year-2024-12-05/

Reuters. (2025a, February 3). Pakistan signs agreement to defer $1.2 billion payment on Saudi oil. https://www.reuters.com/markets/commodities/pakistan-signs-agreement-defer-12-billion-payment-saudi-oil-2025-02-03/

Reuters. (2025b, February 7). Pakistan to renegotiate Qatar LNG deal amid high costs, media say. https://www.reuters.com/business/energy/pakistan-renegotiate-qatar-lng-deal-amid-high-costs-media-say-2025-02-07/

Reuters. (2025c, January 16). UAE rolls over $2 billion loan to Pakistan, central bank says. https://www.reuters.com/world/uae-rolls-over-2-billion-loan-pakistan-central-bank-says-2025-01-16/

Scholten, D., Bazilian, M., Overland, I., & Westphal, K. (2020). The geopolitics of renewables: New board, new game. Energy Policy, 138, 111059. https://doi.org/10.1016/j.enpol.2019.111059

Sim, L.-C. (2024). The Arab Gulf states in the Asian energy market: Is the Russia–Ukraine war a game changer? Policy Studies, 45(3–4), 633–652. https://doi.org/10.1080/01442872.2023.2279986

State Bank of Pakistan. (2025, February 10). Workers' remittances in January 2025. https://www.sbp.org.pk/press/2025/Pr-10-Feb-2025.pdf

United Nations Conference on Trade and Development. (2024). Review of maritime transport 2024: Navigating maritime chokepoints. https://unctad.org/publication/review-maritime-transport-2024

U.S. Energy Information Administration. (2024, October 11). The Strait of Hormuz is the world's most important oil transit chokepoint. https://www.eia.gov/todayinenergy/detail.php?id=63446

❖❖❖