Central Asia Economic Paper

No. 11

December 2013

Elliott School of International Affairs
THE GEORGE WASHINGTON UNIVERSITY

Central Asia Program

Pakistan and the GCC countries: Complementarity, or a Center-Periphery Tale?

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This paper examines the economic, as well as other, levels of interaction and ties between Pakistan and the states, economies, and societies of the Gulf Cooperation Council or GCC.[1] The relevance of this subject lies not so much in the overall discussion of so-called South-South cooperation as it does with the spaces and dynamics that might shape the fledgling multi-polar world order. These ties and relations are nothing new. Historically, interaction and economic and ideological ties between what are now the GCC countries—which were established as modern nation-states between 1927 and 1971 and whose political regimes are all hereditary autocracies—and the state of Pakistan—which was founded in 1947 and has a republican system—have been in existence since the pre-modern era.

Key Points

The multi-faceted interaction between Pakistan and the GCC, in which much revolves around the country's ties with Saudi Arabia, is not merely geopolitical and formal-economic, but has also a strong grassroots dimension through labor migration and pilgrimage.

The close alliances that exist between part of the Pakistani and especially the GCC's establishments with the US as the neo-imperial core, are all but uncontested both inside their respective societies and elites. The outcome of this smouldering conflict will determine whether the 'axis of complementarity' between Pakistan and Saudi Arabia could emerge as a center in the multi-polar world order.

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Sea traffic and coastal trade between the Makran coast, Oman, and the Gulf, for example, has existed in one form or another for centuries.[2] And the integration of the Makran coast, Multan, and Sind in the eastern frontier of the Islamic sphere and the caliphs by the year 713 did not only implant Islam on the subcontinent, but thus also created a common denominator among the different social and ideological identities that has survived until present day.

The defense symbiosis

Much of Pakistan's interaction with the Persian-Arabian Gulf revolves around its multi-dimensional ties with the GCC's core state, Saudi Arabia. Pakistan has the peculiar distinction of being one of the few modern states that has been specifically founded for a religiously defined community—in this case for South Asia's Muslim population—while Saudi Arabia, by far the GCC's geographically, demographically, and economically largest member, has since its founding been the self-declared guardian and site of Mecca and Medina, the Muslim Ummah's holy centers. The latter is not an unimportant factor, since Pakistan, through the size of its population and its confessional geography, reflects well the reality that the demographic center of gravity of the Ummah has long shifted from the Arab sphere eastward.

Pakistan and Saudi Arabia also have a tradition of close military cooperation. The state of Pakistan, the backbone of which is the military, has been providing military aid to Saudi Arabia for decades, starting with assistance in training its air force in 1961 and the provision of air raid support against an incursion by socialist South Yemen in 1969. Since then, varying numbers of Pakistani military personnel have been stationed, in one capacity or another, in Saudi Arabia. During the First Gulf War (1990-91), Pakistan sent troops to protect Mecca and Medina while Saudi Arabia has also been providing various forms of support to Pakistan's nuclear program since 1979-80, and provided favorable oil supplies and loans to help it cope with the financial costs of its nuclear program and the economic sanctions imposed in the aftermath of its nuclear test in 1998. More recently, since late 2001-3, military cooperation has been pursued within the framework of "anti-terrorism," although the latter, in Saudi Arabia as in other GCC states, is often used to justify containing internal dissent in general.[3]

Military cooperation has a sizeable economic dimension since business activities in sectors as various as agro-industry, transport and communications, banking and energy are related to or initiated by groups and individuals from Pakistan's defense sector, which allegedly accounts for approximately 25 percent of the country's de facto gross domestic product. Companies embedded in networks of military or former military personnel are also active in the trade between Pakistan and the GCC countries.[4] Finally, the military sectors of Pakistan and Saudi Arabia, as well as several other GCC states, are traditionally major Anglo-American clients, both in terms of arms and equipment purchases as well as aid. Just as the elites of the GCC states consider extraneous military protection and suppliers crucial to their survival, the U.S. considers all these states to be vital to its security strategy. While originally, until 1988-91, this strategy sought to contain socialism, since 1997-2001 the issues of terrorism, emerging powers, and energy policy—four GCC countries are OPEC members—have formed the basis of the U.S. engagement in the Arab and wider Islamic world.[5]

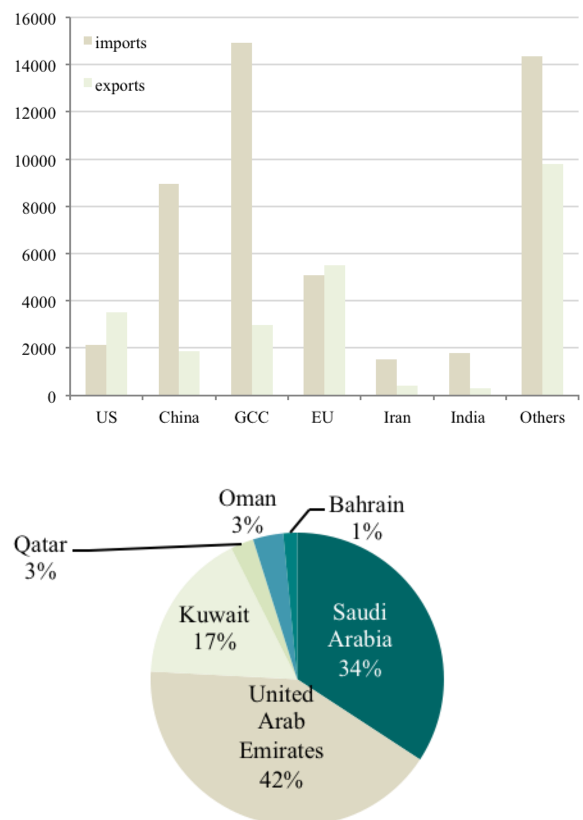
Oil, land, and free-trade agreements

Since 1973, the privileged military ties between the U.S., Saudi Arabia and other GCC oil exporters have been one of the core components of the petrodollar system, which also applies to the energy trade between the GCC sphere and Pakistan. This brings us to the second level of interaction—that is, the international trade and investment streams between the GCC economies and Pakistan. In 2011, total Pakistan-GCC trade officially stood at some $18 billion of which $15 billion was comprised of imports from, and $3 billion exports to, the GCC. If one looks at Graph 1, one immediately notices that in terms of imports, the GCC, as an economic bloc, formed by far the largest single trade partner of Pakistan in 2011. Almost all of Pakistan's trade with the GCC bloc is, in order of magnitude, with the United Arab Emirates (UAE), Saudi Arabia, and Kuwait. As one can rather easily guess, this is largely because of Pakistan's energy sector's dependency on petroleum imports from the GCC, of which the near-totality comes from these three oil-exporting countries.

Pakistan has been trying over the years to diminish its dependency on GCC oil through the partial reorientation of its energy supplies to natural gas and plans to import gas by pipeline from Iran by 2015. Other projects include prospecting and developing its domestic natural gas reserves in Sui and Makran as well as its coal and oil fields in the Thar Desert, and by upgrading the new port in Gwadar for the planned import of natural gas and coal from other regions. Pakistan's exports to the GCC are mostly composed of agro-industrial products, food, and textiles, while its main export commodities—raw cotton, sugar cane, and other agro-industrial commodities—are largely directed to the U.S. and European markets. The GCC's share as an export market for Pakistan has been shrinking slightly in recent years, which results, as seen in Graph 1, in a highly unequal trade balance.

Direct foreign investment from the GCC bloc to Pakistan comes predominantly from the UAE, Saudi Arabia, Qatar, and Kuwait. Over the last fifteen years, business groups and companies from the GCC bloc have benefited from Pakistan's efforts at privatization in the telecommunications and finance sectors, and have also invested in real estate, oil infrastructure, transport, and the steel industry. The latter is a sector in which the family of Pakistan's current prime minister, Nawaz Sharif, who was in exile in Saudi Arabia between late 2000 and 2007, has assets and interests.[6] Of the GCC countries, the UAE was the largest individual provider of FDI to Pakistan with a total of $3.5 billion invested during the period 2000-09. By comparison, the U.S. provided $4.8 billion while $646.8 million came from Saudi Arabia during the same period.[7]

Graph 1. The position of the GCC countries in Pakistan's overall foreign trade in 2011 (in millions of $), and breakdown by GCC country (in % share of total)[8]



Since 2002 and especially after the global food commodity price spikes in 2008, an increasing interest and activity can be observed in terms of FDI flows from the GCC towards the Pakistani agro-industrial sector (especially the dairy and fruit branches, fisheries, and livestock) and related infrastructure.[9] This fits in with the trend in which food imports to the GCC, which amount already to 90 percent of the region's needs, are foreseen to double from $27.5 to $53.1 billion between 2011 and 2020. The food security strategy for the GCC also involves some African countries with historical and cultural ties to the Arabian Peninsula.[10] GCC actors are confronted in this field with similar interests from Chinese, Southeast Asian, and European groups and companies.

This certainly boosts the agro-industrial sector in Pakistan; but the ensuing competition for access to land also steadily exacerbates social tensions and fault lines in a country where agriculture employs 43 percent of the labor force. Indeed, the real and perceived practice of land grabs mainly benefits the neo-feudal landowner elites to the detriment of family-based agriculture and fisheries.

Since 2006, the GCC has sought to push through a free trade agreement with Pakistan. Such an agreement is to theoretically boost the volume of trade between Pakistan and the GCC up to $350 billion by 2020. The actual agenda, is however, perceived to be particularly driven by the interests of Qatar. As one of the world's major exporters of natural gas and, as such, heavily concerned by Pakistan's intentions to import gas from Iran, the rationale for such a free trade agreement is to anchor and deepen Pakistan's energy dependency on the GCC including in the non-oil sector.

Members of the Pakistani power and business elites have also invested in real estate and in the service industries in the Persian-Arabian Gulf's hub cities and so-called economic free zones, and often possess bank accounts in Bahrain. The latter's status as a tax haven for the wealthy explains, along with Iran's perceived role in the events in the majority Shi'ite but Sunni-ruled kingdom, why the uprising in early 2011 was suppressed, for now at least, with the help of Saudi Arabia, the UAE, and other outside actors, including Pakistan. The latter did not happen through open and direct military intervention, as was the case with Saudi Arabia and the UAE, but rather occurred through the recruitment of up to some two thousand Pakistani personnel and advisors for Bahrain's national guard and riot police; these were recruited through so-called private security contractors from wider business circles connected to the Pakistan military. Many of the recruits are allegedly retired military and police officers from the Makran region.[11]

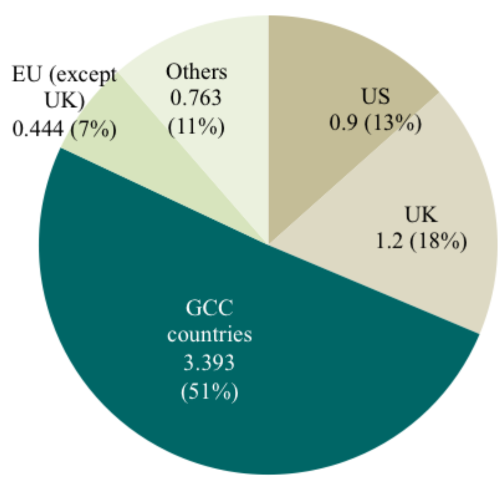
Labor migration and the remittance economy

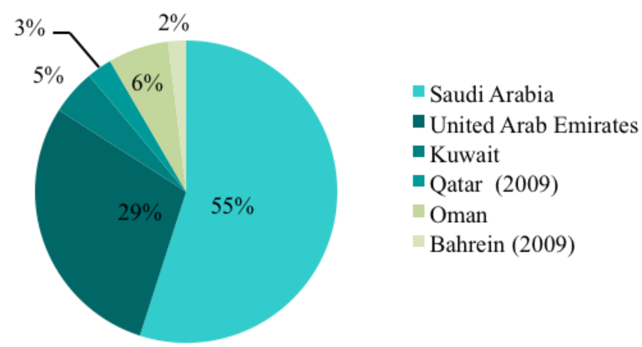
They form, however, but a niche segment in what is an enormous sphere of labor migration between Pakistan and the GCC. As can clearly be seen from Graph 2 below, the GCC countries—and Saudi Arabia and the UAE in particular—are by far the most significant destination for Pakistani labor migrants and expatriates in the world. In 2012, nearly 3.4 million Pakistani migrants, mainly men, lived and worked in the GCC countries at least on a seasonal basis. At first glance, this is easy to explain by the stark demographic and economic misbalance between Pakistan and the GCC. In 2012, the GCC sphere had a total population of 43.3 million of which Saudi Arabia accounted for nearly two-thirds, whereas the population of Pakistan was 175.3 million, or over four times that of the GCC's population. Similarly, while the GDP per capita was $2,792 in Pakistan in 2012, the average in the GCC countries was $44,987.[12] Such discrepancies, however, fail to explain the scope of these migration patterns.

As previously said, trade, transport, and migration ties between southern Pakistan and the GCC countries, Oman in particular, have been in existence for centuries, and several population groups in Oman and Saudi Arabia claim ancestry from regions that are now in present-day Pakistan. Thus, networks and niche presences that were later to become instrumental in modern labor migration already existed. It was, however, not until 1980 that such sizeable migration and expatriation from Pakistan to the GCC area occurred. The oil boom of 1971-73 initially attracted labor migrants from Arab countries outside of the GCC. After 1980, growing labor demand, a native GCC population that is culturally less inclined to engage in the specific occupations needed, and a Pakistani foreign policy that increasingly leaned towards the Persian-Arabian Gulf, all culminated in a second immigration wave in which Pakistani workers were very prominent.[13]

Another landmark event in this process came after the First Gulf War when Saudi Arabia and other GCC countries decided to turn eastward to Pakistan and other countries to fulfill their labor demands, and so replace those Palestinians and other Arabs who had been supportive of Saddam Hussein's Iraq and were as such perceived to be a security threat.[14]

Graph 2. The GCC sphere in the regional distribution of the Pakistani diaspora in 2012 or the last available year (in millions of migrants and expatriates), and breakdown by GCC state (in % share of total)[15]





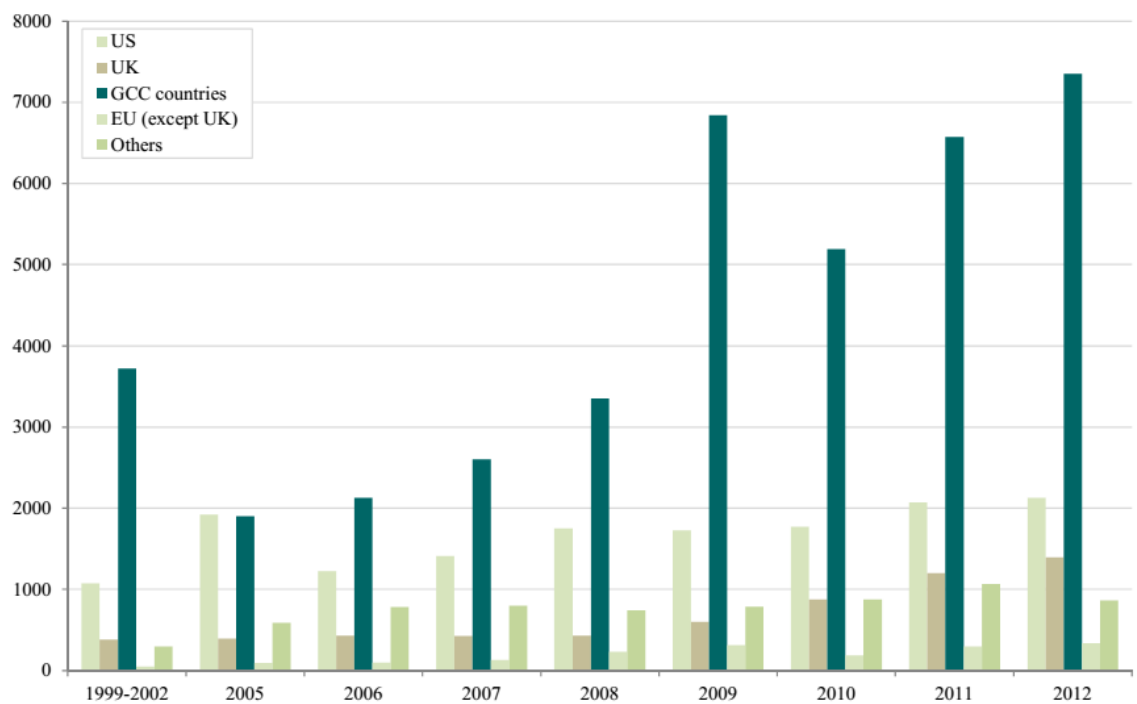
Finally, between 1997 and 2001, the decision by several GCC governments to diversify and modernize their oil- and trade-based economies and the high oil prices led to a rapid surge in development activity, a 259 percent regional GDP growth between 1998 and 2008, as well as a peak in labor demand. The proportion of labor migrants (of all nationalities) in the GCC's active population now ranges from over 30 percent in Saudi Arabia to over 90 percent in the UAE and Qatar.[16]

Pakistani migrants in the GCC are primarily employed in construction. The GCC region's modern metropolises and, more recently, the towering skyscrapers, infrastructure, and international elite developments (malls, apartments, gated communities, golf courses and other leisure facilities…) in Dubai and Abu Dhabi are in no small part built employing Pakistani labor. Other sectors in which Pakistanis are well-represented are all sorts of maintenance (mechanic workshops, gardening…), small- and medium-scale trade, as well as the taxi industry and other transport activities. As such, as one can see in Graph 3, the GCC economies form by far the largest source of remittances to Pakistan, followed far behind by continental Europe and the UK.

In 2012, a recorded $13.18 billion in remittances, representing 5 to 7 percent of the country's GDP, were sent to Pakistan. Of this, 46 percent came from Saudi Arabia, 36 percent from the UAE (more specifically 18 percent from Dubai and 17 percent from Abu Dhabi), 7 percent from Kuwait, and 11 percent from the three other GCC states.[17] The remittance economy has created a substantial network of both official and informal financial transfer channels and services between the GCC and Pakistan.[18]

The official number of Pakistani expatriates in the region make up for only about two percent of Pakistan's total population, yet their remittances to the country constitute an important financial lifeline for those in their places and areas of origin, much more than international aid does. As is the case in other receiving societies, the impact of remittance flows is mixed and depends in large part on the social psychology of the individuals and communities involved. They are certainly productively invested and help to ease poverty. Indeed, the remittances from the GCC and elsewhere have played a considerable role in alleviating and helping Pakistanis cope with the economic setbacks brought about by the earthquake in north-west in late 2005, the military offensive in Swat in spring 2009, and the floods in summer 2010.[19] However, remittances generally speaking can also cause handout dependency, consumerism, as well as deindustrialization and agricultural decline.[20]

Graph 3. The GCC economies in the regional origin of remittances to Pakistan in the fiscal years from 1999 to 2012 (in million $)[21]



The political economy of hearts and minds

A channel of interaction and an economic tie that is specifically embedded in the confessional geography shared between Pakistan, Saudi Arabia, and the Ummah in general, is what one could call the "pilgrimage industry" to Mecca and Medina. The number of pilgrims (or at least pilgrimage-related entries) between 2000 and 2012 is estimated at more than 30 million, of which more than two-thirds came from outside of Saudi Arabia. The economic and cultural dimension of this is far from negligible. Saudi Arabia's direct and indirect annual revenue from organizing and hosting the Hajj and Umrah pilgrimages (including permits and taxes, transport, accommodation, and food) is estimated to be between $10 and $30 billion depending on the year and the source consulted. Indeed, pilgrimage revenues are the country's second-largest source of income after the hydrocarbon industry.[22] In 2012, Pakistan, with an official share of 11.7 percent of foreigners who performed the Hajj that year, was the second-largest source of pilgrims to Mecca and Medina after Egypt with 14.9 percent. According to official Hajj statistics, Pakistan also occupied second place in 2011 and has been consistently a major sender of pilgrims for many years.[23]

The confessional ties also raise the controversial issue of Saud Arabia's and Kuwait's "ideological exports" to Pakistan, which are conducted through private foundations as well as quasi-governmental structures, and their role in the growth of a Wahhabi and especially Salafi Sunni societal segment there.[24] In Pakistan as elsewhere, social identities traditionally dominated by more syncretic Sufi beliefs and practices have come under pressure because of the impact of globalization, social mobility, migration, urbanization, as well as the discrediting of some Sufi elites on account of their close association with unpopular political elites. This has created ground, in certain sectors of Pakistani society, for more orthodox and puritanical interpretations and practices of Islam. One of these is Salafism, to which an estimated 5 to 7 percent of the country's Islamic followers are now believed to adhere to or be influenced by.

Since 1978-81, Saudi Arabia, in particular, has been funding the construction of mosques—including the enormous landmark Faisal mosque in Islamabad—and various forms of religious education as well as some religious movements and political parties. The latter include the Salafi Ahl-i-Hadith ("People of the tradition of the Prophet") movement and its political wing. These ties are not recent and can be traced back to 1927, when Ahl-i-Hadith representatives from what is now Pakistan travelled to the Kingdom of Nejd and Hejaz, the predecessor state of Saudi Arabia. More steady practical support from Saudi Arabia and, to a lesser extent, Kuwait, to the Ahl-i-Hadith and similar political-religious organizations in Pakistan started after the Arab-Israeli war of 1973 and especially in the wake of Pakistan's foreign policy turn to the Persian-Arabian Gulf after 1980.[25] The Ahl-i-Hadith nowadays runs or controls 17 social and political organizations and an estimated 400 Quranic schools in the country.

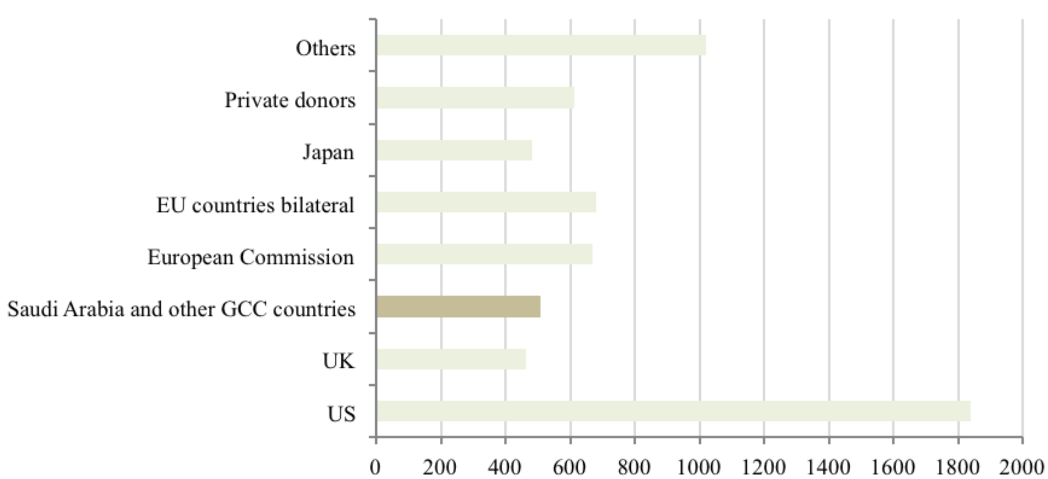
The above represents only 4 percent of the registered total of such schools. However, compared to the 47 Quranic schools affiliated to the movement in 1971 and 161 in 1988, it has clearly been a growing niche.[26] The population of Pakistan can also watch religious satellite channels from the Persian-Arabian Gulf, some of which broadcast Salafi and Wahhabi content. In general, Salafism is more present in urban centers and parts of the country that are relatively more affluent because, among other reasons, they are subject to a strong influx of remittances from the GCC region. Although much of the Salafi Ahl-i-Hadith movement is not involved in armed struggle, the existence of militant groups inspired by Salafism and the fact that these consider Sufis and the large Shi'ite minority to be heretics, mean that their presence is perceived to be a societal threat by various opinion leaders, some governmental elites and competing Islamic groups.

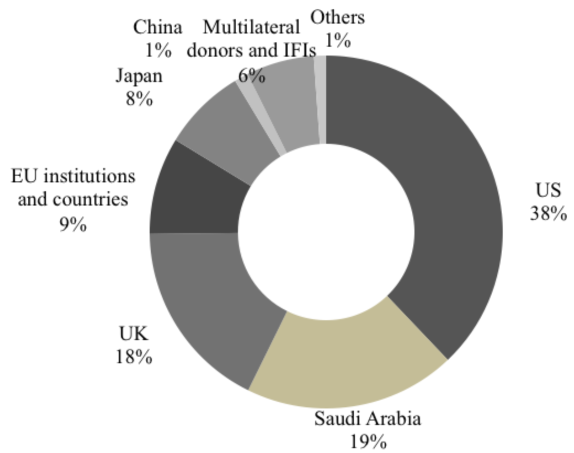
Labor migration and confessional interactions through pilgrimages ensure the presence of the GCC region, and of Saudi Arabia in particular, in the consciousness of the Pakistani population. Despite the often harsh and exploitative working conditions and social segregation to which labor migrants are exposed and despite the decadent lifestyles of part of the region's elites and of the wealthy expatriates who have settled in Dubai and other hubs, opinion in Pakistan generally seems to hold a favorable view of Saudi Arabia especially. Although opinion polls only suggest one aspect of the reality, according to a 2008 survey no less than 97 percent of respondents were to some extent favorably disposed to Saudi Arabia. For Iran this figure was 67 percent while the non-GCC Arab countries included in the questionnaire lagged far behind with an "approval" rate of between 33 and 39 percent.

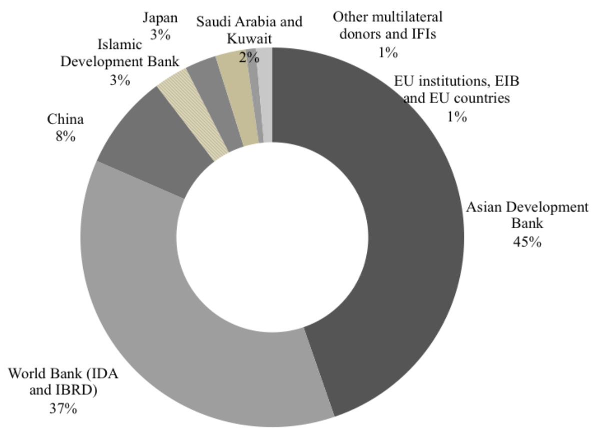
By contrast, the U.S. was rated favorably by only 19 percent of respondents.[27] Of course, this does not necessarily reflect a popular endorsement of the GCC region's political regimes and power elites, but rather reflects positive associations with employment and income opportunities, and with Mecca, Medina, and the Hajj. This author's anecdotal evidence and impressions gathered in Pakistan suggest much more mixed popular feelings, which vary according to personal experiences and the vicissitudes of international affairs.[28]

Also worthy of note is the provision of humanitarian aid to and development cooperation from the GCC region with Pakistan. Here again, the most prominent interaction is that between Pakistan and Saudi Arabia and, to a lesser extent, the UAE and Kuwait. Saudi Arabia's semi-governmental aid body al-Igata, which is better known as the International Islamic Relief Organization, has been operating in Pakistan almost continuously since 1982.[29] Kuwait's International Islamic Charity Organization and various semi-governmental and private charities from the UAE and Qatar have also been present in the country since 1989-99. As Graph 4 illustrates, in terms of registered humanitarian assistance between 1999 and 2013, Saudi Arabia and the other GCC countries formed the fourth-largest donor sphere to Pakistan after the U.S., the EU (both as an institution and through its individual member states), and private donors, who include individuals, organizations, and companies in the affected country and beyond.

Graph 4. The GCC countries among donors of humanitarian aid to Pakistan between 1999 and 2013 (in million $), and among providers of development grants and loans between 2004 and 2009 (in % share)[30]







In a number of specific crises like the floods in the summer of 2010, the contributions of Saudi Arabia were much more prominent. Contributing $242.2 million in effectively disbursed aid, it was the third-largest donor after the U.S. with $631.7 million; $247.5 million came from private donors. However, if we add the $96 million from the five other GCC countries—of which $77 million came from the UAE and $9.25 million from Kuwait—the GCC as a bloc provided a total of $338.2 million in relief aid during the 2010 floods.[31] If one looks at Graph 4 again, we see that in terms of development grants that were allocated to Pakistan in the period between 2004 and 2009, Saudi Arabia was Pakistan's second-largest donor after the U.S. The grants have been especially directed at post-disaster and post-conflict reconstruction and at social and economic infrastructure development. Often they are intended to facilitate later economic investment.[32] They are either disbursed bilaterally or through the Islamic Development Bank of which Saudi Arabia is by far the largest shareholder. Saudi Arabia and other GCC states also contribute to the activities of specialized UN organizations in Pakistan.

GCC development aid to Pakistan, in which besides Saudi Arabia the UAE and Kuwait also play a prominent role, is erratic and determined to a large extent by major events such as the earthquake in north-western Pakistan, the Swat offensive, the floods of 2010, and the energy crisis.[33] The major sources of loans to Pakistan are not the GCC but international financial institutions and development banks in which the U.S. plays a key role or at least wields considerable influence. The GCC's share here does not exceed 5 percent, the input of the Islamic Development Bank included. The "classical" international financial institutions' and development banks' activities in Pakistan have strongly increased since the country became a frontline state in the so-called war on terror and in the wake of various natural disasters and the energy crisis the country has been coping with since 2007.[34] Critics however consider such a "buy-off" of Pakistan's establishment into cooperation with extraneous geopolitical agendas and the increasing debt and adverse loan conditions to be nefarious for the country and its society. Last but not least, remittances, as previously examined, can be considered as an alternative channel of aid, and have a much more direct impact at the grassroots level in terms of coping and investment capacity than official development assistance does.

Concluding remarks

The interaction between the Pakistan and the Gulf Cooperation Council countries is multifaceted and occurs along a geopolitical and social grassroots interface on account of the confessional dimension and labor migration. The question is whether this South-South relationship is one of interdependency, or one between a core of high-income oil-producing GCC countries and a periphery formed by the more agricultural, lower middle-income country of Pakistan? At first glance, Pakistan would appear to be a source of 'mercenaries', cheap labor, and cultivable land for the GCC countries. This is also how some opinion makers in Pakistan's media, intelligentsia and politics describe it. The financial aid, advantageous oil deliveries, and remittances from Saudi Arabia and other GCC countries definitely are of enormous importance for Pakistan—if not for its survival at least in order for it to function. It means however that it is also vulnerable to economic downturn and political unrest in the Persian-Arabian Gulf. The power elites of Pakistan thus have a vested interest in helping to ensure the continuity and stability of the Saudi regime as well as the regimes of the other GCC countries.

Accordingly, Pakistan is neither completely nor typically peripheral in this regard. Indeed, it possesses greater military strength and experience as well as has more diverse industries than the GCC countries. It also produces military hardware and provides defense expertise to Saudi Arabia and other GCC states, as well as has the distinction of being the world's only Islamic nuclear power so far. Its potential may well be stunted due to setbacks such as natural disasters, and to political factors, but it is not a fully-fledged or completely passive periphery. Rather what can be observed is an interaction between *semi*-peripheries, an interaction that is defined and carried by a confluence of historical factors, security paradigms or perceived paradigms, and by economic geography. Once more, much revolves around the ties between Pakistan and Saudi Arabia. Unlike the UAE, with whom ties are of a more economic nature, those with the Saudi kingdom are highly political and ideological.

Pakistan along with the rulers of Saudi Arabia and the other GCC states have also been longstanding U.S. allies, and, thus, beneficiaries of considerable strategic dividends, in the containment of Soviet as well as Baathist socialism until 1991, against Iran since 1979, and more recently, since 2001, in the fight against the much more vague and ubiquitous 'terrorist threat.' Pakistan is also a major recipient of aid from both the U.S. and from the international financial institutions that it controls. All this raises the ire of a not insubstantial number of people, both in Pakistan and in the Persian-Arabian Gulf, who feel that this serves a neo-imperial agenda of control over the Ummah, its scared sites and its resources, and one that is against the very Islamic character and destiny of both Pakistan and Saudi Arabia.[35] The channels and networks that exist between Pakistan and the Persian-Arabian Gulf, are also used by groups and individuals who contest the present world order and the role of their incumbent political and economic elites therein. The way and nature of changes that might sooner or later occur in the world order as well as in Saudi Arabia's and Pakistan's ruling elites will determine whether the current axis of complementarity that exists between the two countries might yet become the backbone of some sort of "Islamic Union."

[1] The Gulf Cooperation Council (GCC, *مجلس التعاون الخليجي* in Arabic) or Cooperation Council for the Arab States of the Gulf (CCASG), as it is officially called in full, was formed during the Iran-Iraq war in 1981 as an economic, political and security cooperation and regional integration framework between six Arab states bordering the Persian-Arab Gulf. Its member states up to this day are, in alphabetical order, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. The organization's portal is at www.gcc-sg.org. For background on the GCC's formation and the real and perceived interests behind it, see Ruhollah K. Ramazani and Joseph A. Kechichian, *The Gulf Cooperation Council: Records and Analysis* (Charlottesville: The University Press of Virginia, 1988).

[2] The port of Gwadar on Pakistan's Makran coast was part of Oman until 1958, and about one quarter of Oman's population claim ancestry from the Makran region and Baluchistan. See Dionisius A.

Agius, *Seafaring in the Arabian Gulf and Oman: people of the dhow* (London: Routledge, 2005).

[3] In 2012 or the last available year, Saudi Arabia's and Pakistan's respective military expenditures amounted to 8.9 and 2.7 percent of their GDP. The GCC countries' average defense spending amounted to 5.15 percent in that year, with Saudi Arabia and Oman having the highest shares. See: portal.sipri.org/publications/pages/expenditures/country-search.

[4] The influence of this military-economic fabric between the GCC and Pakistan goes even further in the sense that Pakistan and two GCC states (Saudi Arabia and the UAE) were the only countries that officially recognized, until they were pressured by the U.S. and the UN to withdraw their recognition in late 2001, the Islamic Emirate of Afghanistan. The "Taliban state," as it is better known, existed from fall 1996 to late 2001 and continued as a shadow state in parts of the country after its official demise. The internationally isolated entity was not only perceived to be a common sphere of influence, but also a society and economy the reconstruction of which after years of civil war could, through its recognition, be steered by Pakistan and the GCC's leading countries. For an in-depth study on defense-related business structures and activities in Pakistan, see Ayesha Siddiqa, *Military, Inc. Inside Pakistan's Military Economy* (Oxford: Oxford University Press, 2007).

[5] With $13.8 billion in purchases between 2007 and 2010, Saudi Arabia was the primary buyer of U.S. arms and military equipment in that period. Pakistan was seventh with contracts worth $4.1 billion. Richard F. Grimmett, "US arms sales: agreement with and deliveries to major clients, 2003-2010," *Congressional Research Service report* № 7-5700 R42121, (2011). Both countries are also major clients for the UK's arms industry, and received various forms of military aid from the U.S., especially during the Cold War and since the 'War on Terror.' See: "Aid to Pakistan by the numbers," Centre for Global Development, www.cgdev.org/page/aid-pakistan-numbers; and Tim Niblock, *Saudi Arabia: Power, Legitimacy and Survival* (London: Routledge, 2006), 48-57.

[6] The Ittefaq Group of Industries was founded by the father of Pakistan's current prime minister; besides being a major stakeholder and operator in Pakistan's steel sector, the group is also active in the sugar, paper and textile industries. See: Raymond W. Baker, *Capitalism's Achilles Heel: 'Dirty Money' and how to Renew the Free-Market System* (Hoboken, NJ: John Wiley & Sons, 2005), 82-83.

[7] Muhammad Arshad Khan and Shujaat Ali Khan "Foreign Direct Investment and economic growth in Pakistan: a sectoral analysis," *Pakistan Institute of Development Economics Working Papers* № 67 (2011): 9.

[8] Figure created by the author, June 2013, on the basis of statistics in the Pakistan sheet of the European Union's Trade Directorate (2013), trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113431.pdf.

[9] Eckart Woertz, Samir Pradhan, Nermina Biberovic, and Chang Jingzhong, "Potential for GCC agro-investments in Africa and Central Asia," *Gulf Research Centre Report* (2008): 6-7.

[10]Some GCC countries like Saudi Arabia also decrease domestic agricultural production in order to save water resources that are increasingly under pressure. "The GCC in 2020: resources for the future," *Economist Intelligence Unit* 16, (2010).

[11] Mujib Mashal, "Pakistani troops aid Bahrain's crackdown," *al-Jazeera*, July 2, 2011, www.aljazeera.com/indepth/features/2011/07/2011725145048574888.html.

[12] "Facts and figures on IDB member countries," Islamic Development Bank (2012), IDB Data Resources and Statistics Department.

[13] Pakistan's foreign orientation towards Saudi Arabia and the Persian-Arabian Gulf in general was especially explicit under the leadership of General Zia-ul-Haq, who was in office from fall 1978 to summer 1988.

[14] Marc Lavergne, "Golfe arabo-persique : un système migratoire de plus en plus tourné vers l'Asie," *Revue européenne des migrations internationales* 19, no. 3 (2003): 229-241.

[15] Figure created by the author, June 2013, on the basis of statistics in Rashid Amjad, G.M. Arif, and M. Irfan, "Explaining the ten-fold increase in remittances to Pakistan, 2001-2012," *International Growth Centre Working Paper* 12/0391 (2011); 12.

[16] Vincent Piolet, "Les émirats et royaumes arabes: les travailleurs migrants au pays des 'free zones',' *Hérodote* 133 (2009): 136-151.

[17] State Bank of Pakistan– Statistics Department, www.sbp.org.pk/ecodata/homeremit.pdf.

[18] Piolet, 146-149.

[19] For a case study, see Abid Qaiyum Suleri and Kevin Savage, "Remittances in crises: a case study from Pakistan," *Overseas Development Institute Background Paper* (2006).

[20] Abdul Qayyum, Muhammad Javid, and Umaid Sharif, "Impact of remittances on economic growth and poverty: evidence from in Pakistan," *Pakistan Institute of Development Economics Working Pa-*

pers (2008); and Roger Ballard, "Remittances and economic development in India and Pakistan," in Samuel Munzele Maimbo and Dilip Ratha, "*Remittances: development impacts and future prospects* (Washington, DC: The World Bank, and the International Bank for Reconstruction and Development, 2005): 103-118.

[21] Figure created by the author, June 2013, on the basis of statistics in Udo Kock and Yan Sun, "Remittances in Pakistan: why haven't they gone up and why aren't they coming down?" *International Monetary Fund Working Paper* №WP-11-200 (2011): 4-6, http://www.imf.org/external/pubs/ft/wp/2011/wp11200.pdf; Rashid Amjad, G.M. Arif and M. Irfan, "Explaining the ten-fold increase in remittances to Pakistan, 2001-2012," *International Growth Centre Working Paper* 12/0391 (2011): 8-12; Ibrahim Sirkeci, Jeffrey H. Cohen, and Dilip Ratha, *Migration and Remittances during the Global Financial Crisis and Beyond* (Washington, DC: The World Bank, and the International Bank for Reconstruction and Development, 2012), 382; and the portal of State Bank of Pakistan– Statistics Department, www.sbp.org.pk/ecodata/homeremit.pdf

[22] For more on the political economy of the Hajj and Umrah, see Ignace Leverrier, "L'Arabie saoudite, le pèlerinage et l'Iran," *Cahiers d'études sur le Méditerranée orientale et le monde turco-iranien* 137, no, 22 (1996): 2-22; and Robert Bianchi, *Guests of God: pilgrimage and politics in the Islamic world* (Oxford: Oxford University Press, 2008).

[23] Central Department of Statistics and Information of the Kingdom of Saudi Arabia (2012), أهم لمؤشرات لحصر الفعلاي عام 1433 هـ, www.cdsi.gov.sa/2010-10-02-08-30-17/260-hajj1433 and the more comprehensive report at www.cdsi.gov.sa/pdf/hajj1433-results.pdf. Note that by-country statistics on the number of people who performed the Hajj or the Umrah can differ according to the source.

[24] For a discussion of the differences and similarities between Wahhabism and Salafism, see Trevor Stanley, "Understanding the origins of Wahhabism and Salafism," The Jamestown Foundation, 3, no, 14 (2005).

[25] Yoginder Sikkand, "Stoking the flames: inter-Muslim rivalry in India and the Saudi connection," *Comparative Studies of South Asia, Africa and the Middle East* 27, no. 1 (2007): 97-99; and Ayesha Siddiqa, "The new frontiers: militancy and radicalism in Punjab," *Centre for International and Strategic Analysis Report* №2 (2013): 7-8.

[26] Qaneel Siddique, "Weapons of mass instructions? A preliminary exploration of the link between madrassas in Pakistan and militancy," *Forsvarets forskningsinstitutt-Norwegian Defence Research Establishment Report* №2008/02326 (2009): 13.

[27] "Unfavorable views on Jews and Muslims on the rise in Europe," The Pew Global Attitudes Project (2008): 32-36.

[28] The role of Saudi Arabia and Qatar in quelling or hijacking some of the recent Arab revolts, as well as the role of companies and investors from GCC economies in land grabbing practices, certainly affected popular views in some sectors of society, not least among the sizeable Shi'ite minority and in the affected agricultural areas. On the other hand, the publication in *Armed Forces Journal* and more recently in *The New York Times Sunday Review* of redrawn maps of the wider Middle East convinced some vocal opinion leaders in Pakistan that both their country and Saudi Arabia form targets in a hidden agenda of steered balkanization.

[29] Observatoire humanitaire, www.observatoire-humanitaire.org.

[30] Figures created by the author, June 2013, on the basis of statistics in the OCHA financial Tracking System database, fts.ocha.org, and "Aid to Pakistan by the numbers," Centre for Global Development, CGDEV portal, www.cgdev.org/page/aid-pakistan-numbers and, on the same portal, "Pakistan aid facts," www.cgdev.org/blog/pakistan-aid-facts.

[31]Note that these statistics only reflect reported official aid. After the earthquake of late 2005 which particularly affected the area of Muzaffarabad and the North-West Frontier Province, the GCC countries' official contributions were much more limited, though they are believed to be substantially higher if one counts informal aid that was disbursed by and through non-governmental channels. OCHA financial Tracking System database, fts.ocha.org. See also "Middle East: Gulf aid to Pakistan update," IRIN Humanitarian News and Analysis, www.irinnews.org/report/90297/middle-east-gulf-aid-to-pakistan-update.

[32] For example, part of the land that is being acquired for agro-industrial investment by firms and groups from Saudi Arabia is purchased from a global $556 million agricultural development line from the Saudi Fund for Development.

[33] The picture is not clear since much development aid from Saudi Arabia and other GCC countries is not reported as such and is also tied to economic investments from the GCC in the country. See Eva

Baker, Mike Tierney, and Michael Weissberger, "A slow tsunami of assistance?" The First Tranche, (2010 and update 2012), AidData blog, blog.aiddata.org/2010_08_01_archive.html.

[34] Note that Saudi Arabia gives in-kind loans to Pakistan to help it cope with energy shortages in the form of oil supplies and deferred payments. It did so, for example, when Pakistan suffered economic sanctions due to its nuclear program between 1998 and 2002, and again since the general elections of 2013 when a coalition led by Nawaz Sharif's Pakistan Muslim League perceived to be more friendly was elected to power. "Aid to Pakistan by the numbers," Centre for Global Development, CGDEV, www.cgdev.org/page/aid-pakistan-numbers; and, "Pakistan aid facts," www.cgdev.org/blog/pakistan-aid-facts.

[35] Note that Pakistan, both as a state and a society, is not as hostile to Iran as Saudi Arabia, the other GCC states, and the U.S. are. Some critics even consider the close ties between the GCC and Pakistan to be a way to further anchor the country in the US and wider NATO orbit by proxy, so as to further roll back its independence. For details on the various forms of GCC-NATO cooperation, in particular against Iran, Saddam's Iraq and Gadhafi's Libya, see Mahdi D. Nazemroaya, *The Globalization of NATO. Military Doctrine of Global Warfare* (Atlanta: Clarity Press), 154-160. For more on the ties between the GCC region's elites and the Anglo-Saxon powers in the twentieth century, see Olivier Roy, *Le croissant et le chaos* (Paris: Hachette, 2007).

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