

**Policy Brief: “Implications of AUKUS,  
I2U2, and BRICS for Pakistan”**

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## Executive Summary

### **Implications of AUKUS, I2U2, and BRICS for Pakistan**

This policy brief analyzes the implications of three significant geopolitical alliances, namely AUKUS (Australia, UK, US), I2U2 (India, Israel, UAE, USA), and BRICS (Brazil, Russia, India, China, South Africa), for Pakistan. These groupings have the potential to impact Pakistan's regional and global dynamics, security concerns, and economic interests. AUKUS is a trilateral partnership focused on maritime security and technology sharing, which could shift the strategic balance in the Indo-Pacific region. This may impact Pakistan's maritime security domain, necessitating more active diplomatic engagement and strengthening of maritime capabilities. I2U2 represents an emerging alignment among India, Israel, UAE, and the US, which may impact Pakistan's regional influence, security environment, and advocacy on the Kashmir issue. To counterbalance the implications, Pakistan should strengthen partnerships with other regional powers and promote regional stability through diplomatic efforts. BRICS is a union of emerging economies that offer economic cooperation opportunities, and Pakistan has expressed its intention to join. However, potential objections from certain member states and trade diversion concerns with immediate neighbours pose challenges. Pakistan can explore economic engagement with BRICS countries while maintaining ties with its major trading partners, the US and EU.

Understanding these implications is crucial for Pakistan to formulate an informed and effective policy response. Diplomatic engagement, strengthening regional partnerships, and promoting economic ties are among the recommended strategies for Pakistan to navigate these geopolitical developments successfully.

### **Recommendations**

#### ***AUKUS***

- **Diplomatic Engagement:** Pakistan should engage in efforts on diplomatic front to understand the objectives and motives behind AUKUS. It should aim to establish open lines of communication with the member countries of the AUKUS to clarify its own interests, express its concerns, and seek reassurances regarding regional stability and non-proliferation efforts.
- **Diplomatic Outreach to other Powers:** Pakistan should engage with other global powers, such as the European Union (EU), Association of South East

Asian Nations (ASEAN), and non-aligned countries, to communicate its reservations and seek support for a more balanced and well-adjusted approach in the Indo-Pacific region. This outreach may involve diplomatic dialogue, strategic partnerships and trade cooperation to strengthen its position on regional issues.

- **Strengthening Maritime Capabilities:** Pakistan should focus on enhancing its naval capabilities, including surveillance mechanisms and anti-submarine warfare capabilities to ensure that its security interests in the Indian Ocean are not compromised.

### ***I2U2***

- **Strengthening Regional Partnerships:** Pakistan should explore prospects for strategic partnerships and deepen ties with other regional powers, like China, Russia, and Iran, to counterbalance the potential impact of the I2U2 alliance.
- **Promoting Regional Stability:** Pakistan should keep up its diplomatic efforts to address regional conflicts, including the Kashmir issue, through confidence-building measures, dialogue, and engagement with regional as well as international stakeholders.

### ***BRICS***

- **Trade and Economic Ties:** Pakistan should explore opportunities to boost economic cooperation and trade with BRICS member countries. This may involve promoting investments, signing trade agreements, and facilitating business collaborations to expand market access and economic benefits.
- **BRICS-Plus Engagement:** As an observer country, Pakistan should engage with the BRICS-Plus mechanism, which involves outreach to other developing countries beyond the core BRICS members. This engagement would offer additional opportunities for cooperation and partnerships.

## **Implications of AUKUS, I2U2, and BRICS for Pakistan**

### **The issue to be Analysed**

To evaluate the possible implications of Australia, United Kingdom, United States (AUKUS), India, Israel, United Arab Emirates, United States (I2U2), and Brazil, Russia, India, China, South Africa (BRICS) for Pakistan along with solutions to address those implications.

### **Analysis**

#### **AUKUS**

AUKUS is a trilateral strategic partnership between Australia, the UK, and the US announced in September 2021. AUKUS is a semi-formal alliance without a charter and functional architecture. The partnership is a renewal of traditional alliance among the members to ensure global prosperity, stability, and security—particularly in the Pacific Ocean. Salient features of this partnership are the acquisition and development of conventionally armed nuclear-powered submarines for the Royal Australian Navy and sharing of technology and information for collaboration on advanced capabilities. So far, the members have agreed to create a fleet of nuclear-powered submarines for Australia using UK's cutting-edge technology. These submarines would enter service by late 2030s and Australia would produce them domestically by early 2040s. In the meantime, the US would sell 3-5 submarines to Australia in the early 2030s and it would deploy its own nuclear-powered submarines in the region along with that of the UK as part of "Submarine Rotational Force-West"\* by 2027<sup>1</sup>. These submarines would cost Australia up to 368 billion dollars. Previously the AUKUS was not open for expansion but in June 2023 Kurt Campbell, the deputy assistant to the US president and coordinator for the Indo-Pacific, said that the US is open to expanding AUKUS on

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\* Submarine Rotational Force-West (SRF-West) develops Australia's Submersible Ship Nuclear (SSN) capabilities by deploying Navy personnel on UK and US submarines. Through these deployments, they gain at-sea experience with naval nuclear propulsion. SRF-West strengthens Australia's ability to operate, maintain, and safely steward future SSNs.

<sup>1</sup> Lauren Kahn, 'AUKUS Explained: How Will the Trilateral Pact Shape Indo-Pacific Security?', Council on Foreign Relations, 12 June 2023, accessed 2 July, 2023, <https://www.cfr.org/in-brief/aukus-explained-how-will-trilateral-pact-shape-indo-pacific-security>.

the technological side, provided the interested candidates bring meaningful technological contributions<sup>2</sup>.

Pakistan has bilateral trade and diplomatic relations with the AUKUS countries with a significant amount of people-to-people linkages. Pakistan does not have geographical proximity with these states but it is part of the broader Indo-Pacific strategy and shares a 1046km long coastline with the Indian Ocean. Although Australia does not have a history of military aggression and territorial annexations, yet, its participation in the AUKUS has shifted the strategic balance in the Indo-Pacific region. Australia claims that its acquisition of nuclear-powered submarines would not nuclearise the Indo-Pacific as other states like the US, China, and India have already deployed nuclear-powered submarines in the Indo-Pacific. Australia is still over a decade away from making its own nuclear-powered submarines but this decision has changed regional security dynamics making the regional players rethink their strategic priorities.

## **Implications**

- **Security Concerns:** The AUKUS alliance's focus on maritime security and technological advancements, particularly in the realm of submarines, may affect Pakistan's security dynamics in the Indian Ocean. It could potentially increase surveillance and intelligence-sharing activities in the region which would make Pakistan's naval capabilities and vulnerabilities more transparent.

## **I2U2**

I2U2 is a grouping of India, Israel, the UAE, and the US that was established in October 2021. It aims to encourage joint investment in mutually identified areas: water, energy, transport, space, health, and food security. The member states have prioritised cooperation in economics, the maritime sector, clean energy, and emerging technology. The partnership has emerged as a result of growing cooperation among the members in the aftermath of the Abraham Accords<sup>\*\*</sup>. I2U2 held its first virtual

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<sup>2</sup> 'US Open to Expanding AUKUS', Defense One, 27 June 2023, accessed 4 July, 2023, <https://www.defenseone.com/policy/2023/06/us-open-expanding-aukus/387948/>.

<sup>\*\*</sup> The Abraham Accords refer to a set of normalization agreements signed in August and September 2020 between Israel and several Arab countries, brokered by the United States. The countries involved in the Accords include the United Arab Emirates (UAE), Bahrain, Sudan, and Morocco.

summit in mid-July 2022 in which the UAE announced financing a \$2 billion agriculture project in India with likely help from the US and Israel. The group would also advance a 300 megawatts hybrid renewable energy project in India<sup>3</sup>. I2U2 is a fluid arrangement that aims to strengthen and materialize the Abraham Accords. The member countries pledge to collaborate to ensure greater peace, stability, and prosperity.

Pakistan has had historical ties with the countries in the Middle East based on Islamic solidarity, economic ties, and security partnerships. Besides, Pakistan always tried to mediate between Iran and Saudi Arabia. In addition to loans and energy resources, remittances from the Middle East also tie Pakistan to the region. After Pakistan refused to deploy troops against Houthis in 2015, the relations became relatively sour. India's influence in the Middle East has further distanced Pakistan from the region. India has enjoyed smooth relations with Israel and now it has deepened its ties with the UAE. India is working closely with Israel to enhance its naval capabilities. India's nexus with the US, the UAE and Israel not only reduces Pakistan's opportunities for economic cooperation but also endangers its maritime interests in the Persian Gulf and Indian Ocean<sup>4</sup>. India's market potential makes these states overlook Pakistan.

Given China's relations with Iran and its role in the Tehran-Riyadh rapprochement, Pakistan has a chance to revive its position in the Middle East. Through CPEC, Pakistan is part of the BRI which is vital for the Middle East. By simultaneously developing its Chahbahar port, Pakistan may act as a transit state between not only China and Iran but Central Asia and the Middle East.

## Implications

- **Regional Power Dynamics:** The I2U2 alliance signifies an emerging alignment of interests among the member countries, with implications for Pakistan's regional influence. It could impact Pakistan's position in regional conflicts and geopolitical manoeuvring, especially considering India's rivalry, Israel's regional engagements, and the UAE's growing influence.

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<sup>3</sup> Tamir Morag and Ariel Kahana, 'US, UAE, India, and Israel Hold Historic I2U2 Summit', *Www.Israelhayom.Com* (blog), 14 July 2022, accessed 15 July, 2023, <https://www.israelhayom.com/2022/07/14/us-uae-india-and-israel-hold-1st-i2u2-summit/>.

<sup>4</sup> Syed Fraz Hussain Naqvi and Khatim Ghani, 'India and I2U2: A Challenge to Pakistan's Traditional Influence in the Middle East', *Focus*, 2022.

- **Security Challenges:** The alliance's focus on defence collaboration and technology-sharing could lead to an increase in military capabilities among its members, potentially affecting the regional military balance and Pakistan's security environment.
- **Kashmir Issue:** I2U2 might strengthen India's position on the Kashmir dispute and impede Pakistan's efforts to seek international support for a resolution based on UN resolutions and the aspirations of the Kashmiri people.

## **BRICS**

BRICS is a grouping comprising Brazil, Russia, India, China, and South Africa that seeks to promote peace, security, development and cooperation. BRICS was established in 2009 with its headquarters at Shanghai. The member states annually convene for a leader's summit with the motive to bring reforms to global economic governance and challenge the dominance of the US dollar in the international market and monetary system. In early 2022, the group expressed its desire to expand. Resultantly, 19 states expressed their interest in joining BRICS. BRICS is not a free trade bloc but has a policy bank, the New Development Bank (NDB), which coordinates infrastructure loans and provides alternate financing to US-centric World Bank and the International Monetary Fund (IMF). Currently, BRICS accounts for 31% of the world's GDP and 40% of the global population<sup>5</sup> which puts it in a favourable position to strive for de-dollarisation and an alternate currency.

Pakistan has also expressed its intention to join BRICS. BRICS offers economic cooperation opportunities through trade, investment, and development initiatives. Pakistan could benefit from enhanced economic engagement with BRICS members, particularly China. Pakistan can also explore avenues for deeper economic integration with BRICS, focusing on trade diversification, investment promotion, and technology transfer.

The group held a virtual meeting for the non-member countries on the sidelines of the June summit in 2022 which was hosted by China. Pakistan was absent in this dialogue as a result of one of the member states' objections to its participation. India seems to

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<sup>5</sup> 'Amid Crisis, Pakistan Expresses Interest in Joining BRICS', *The Sunday Guardian Live* (blog), 11 June 2023, accessed 16 July, 2023, <https://sundayguardianlive.com/world/amid-crisis-pakistan-expresses-interest-in-joining-brics>.

be the member as that has expressed its concerns over Pakistan's inclusion in BRICS. India would not allow Pakistan easy access to BRICS, despite the fact that Pakistan shares direct borders with two of the BRICS member states i.e. China and India. This also poses a dilemma for Pakistan as China is a friendly state while India is not. Although BRICS is not a free trade bloc, it does facilitate trade and cooperates on economic matters.

### **Implications**

- **Trade Diversion:** Increased trade among BRICS members might restrict Pakistan's trade opportunities with its two immediate neighbours, India and China, resulting in trade diversion.
- **Estrangement of Existing Trading Partners:** If Pakistan tries to establish closer ties with BRICS states it would endanger its relations with the US and the EU which are its major trading partners.

### **Recommendations**

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