



Geopolitical and Geo-economic Implications of a US–Israel Conflict with Iran: A Mixed-Methods Analysis of Pakistan–Iran Relations

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Abstract

This paper will discuss the geopolitics and economic consequences of a war in progress between the US and Israel, with Iran, with a focus on the effects it would have on the political relationship between Pakistan and Iran, and its economic interdependence. The rising tensions among these actors in an unstable international system are not only threatening the stability of the Middle East but also that of other regions, namely South Asia. (Liu, 2025, pp. 130-153) The study will employ a mixed research design, which will combine qualitative research of foreign policy action, diplomatic speech, and strategic-level alignments with quantitative analysis of trade flows, energy interdependencies, and macroeconomic variables.

The findings show that such a huge war would cause extreme political and economic instability, and Pakistan would have to seek means of escaping the complex diplomatic tensions between the big and regional blocs of countries. As Pakistan tries to balance competing interests and political tension is likely to strain its diplomatic ties with the United States, Iran, and the Gulf states in an effort to maintain a close balance between all these relationships. Iran and the Gulf countries Economically, the analysis shows how greatly energy supply chains are exposed to the Strait of Hormuz to potential disruption, higher volatility of the world oil markets, and trade routes.

Moreover, as shown in the paper, the current sanctions imposed on Iran and a change in the relations in the region can further discourage bilateral economic cooperation between Pakistan and Iran. In the meantime, these changes do not provide much opportunity for strategic change. The present work will also play a role in the further elaboration of the changes that have happened in the region due to the conflict. It is based on theoretical insights into realism and geo-economics. The paper concludes with a conclusion and policy options which will help Pakistan to meet its geopolitical obligations as well as protect its economic interests in the rapidly changing strategic environment.

Keywords: War of the US and Iran, Tensions between Israel and Iran, Pakistan and Iran, Geo-economics, mixed methods, foreign policy.

1. Introduction

This study has a background as follows:

The modern international system is becoming more and more characterized by growing geopolitical tensions, strategic rivalry, and the restructuring of alliances. The war in progress between the US, Israel, and Iran is one of the worst and most destructive at the moment. The historical, ideological, and strategic basis of these three clashes is highly historical, ideological, and strategic, particularly following the Iranian revolution, which has totally transformed the foreign policy orientation and the Iran-Western relationships. (Moshaver, 2007, pp. 283-305)

During the recent decades, the United States has been pursuing the policy of containment and economic sanctions against Iran, and the nuclear program and its influence on the region have become the primary issue of concern for the United States. In the meantime, Iran is also becoming an existential threat to Israel due to its support of non-state actors and the presence of its military in the Middle East. (Iran–Israel Proxy Conflict, 2024) The US and Israeli strategic interests have clashed to an increasing extent on these overlapping security interests, with an increased likelihood of military or hybrid attacks against Iran. (Al-Jaber, 2026)

Iran has retaliated by strategizing a complicated deterrent policy using alliances within the region and asymmetric warfare. (Cordesman, 2020) This changing state of security is a typical security dilemma where the actions of each actor seeking to gain the most in terms of its security adds to increased tension and instability in the region. (Security Dilemma, 2024) The repercussions of such a collision are far more extended than the impacts that were seen in the Middle East and it has far reaching implications in the energy markets world-over, major trade routes and the strategic calculations of the adjoining states. (FAZLA et al., 2025)

1.2 Problem Statement

Although the literature on the US-Iran relations and geopolitics of the Middle East has an incredibly wide range and scope, the spillover effects of a potential US-Israel war with Iran on the Pakistani-Iranian relations have never been studied, especially in an integrated political and economic prism. The current literature has given a lot of focus to the Middle Eastern dynamics of security or to Pakistan foreign policy in particular without much focus on the interaction of the two.

The geographic location and position of Pakistan is also one of the determinant factors since its propinquity to Iran, which is a very sensitive and unpredictable state, and its complex relationship with the United States and the countries of the Gulf Cooperation Council (GCC) places Pakistan in a complex strategic position. Pakistan would stand with a major issue particularly in terms of interference of energy flow and jeopardizing its economic welfare in the event of a major regional war. (Pakistan in the 2026 Iran war, 2026)

However, the available literature does not provide a well-structured analytical framework of the geopolitical and geo-economic implications of such a war on the relations between Pakistan and Iran. This is a loophole that justifies the need to conduct an extensive, combined study.

1.3 Research Objectives

This study aims to achieve the following objectives:

- To comprehend the impact and how a US-Israel war with Iran will affect the geopolitical foreign policy orientation in Pakistan.
- To test the effects of such an opposition on the Pakistan-Iran bilateral relationship.
- To find out the geo-economic effect, particularly in the area of energy security, interference in trade, and connectivity in the region.
- To give policy suggestions to Pakistan in dealing with the new geopolitical and economic issues.

1.4 Research Questions

The study is based on the following research questions:

- What impact does the conflict between the US, Israel, and Iran have on Pakistan's foreign policies?
- What would be the impact of such a clash on Pakistan-Iran political relations?
- What would be the impact on the economic forces in the region, particularly the energy markets and trade routes?
- What are the potential options that Pakistan can employ to reduce its risks and capitalize on its strategic location?

1.5 Importance of the Study.

The work is academic and pragmatic. On the academic front, it adds to the current literature of knowledge since it integrates the geopolitical and geo-economic contents and does so through a mixed-methodology. It bridges a paralyzing divide in that it focuses on the relations between Pakistan and Iran in a greater context of great-power politics and local war.

On the policy front, the article is quite educative to Pakistani policymakers, as it can enable them to make wise decisions regarding the potential impacts of such conflicts, which will subsequently safeguard national security and ensure economic stability.

1.6 Research Method Overview

A mixed-methods research design will be employed to conduct an in-depth analysis in this paper, a blend of qualitative and quantitative research methods. The qualitative part will look at the foreign policies, the foreign rhetoric and strategic discourses, and the quantitative part will look at statistical information of trade, the trends of energy use, and macroeconomic variables. With the collaboration method, the issue can be dealt with more subtly, with the focus more on the political and economic aspects of the conflict..

2. Literature Review

The literature review gives the background on this study and briefly gives the problem under investigation.

The increasing relations between the United States, Israel, and Iran have generated a wide range of scholarly debates in the field of International Relations, Security Studies, and Political Economy, (Parsi, 2006, pp. 247-269). The existence of these stresses is not only determined by the presence of historical antagonisms or ideological differences, but also by the evolving strategic options, antagonisms in the region and by changes of the world distribution of power. (Khan, 2026) The possibility of such a large-scale conflict between the actors and its effects on the stability in the Middle East has been well discussed; however, the extended effects of the same on the region, including the effect on South Asian nations like Pakistan, have not been thoroughly explored. (Weinbaum & Ali, 2025)

Based on the current literature, the current conflicts are multidimensional, i.e., military, political, and economic. (Jamil, 2025) The spill-over effects of geopolitical conflicts experienced in strategically important areas, as witnessed by scholars, can cross borders, and the countries adjacent to the conflict area are the worst affected victims of the issue owing to economic, diplomatic, and security complications. (Border disputes, conflicts, war, and financial markets research: A systematic review, 2023) In this regard, Pakistan, being geographically near Iran and strategically positioned to the world and regional superpowers, is a key case that should argue the externality of such a conflict. (Editors, 2026)

2.2 Theoretical Approaches to the Conflict and Regional Order.

Contradictory theoretical approaches have been characteristic of theoretical approaches to interstate conflict and regional order in the study of International Relations. Realism, particularly

that developed by Kenneth Waltz (1979), is of the view that international politics is an anarchic system whereby the maximization of power and survival is the main objective of states. The United States, Israel, and Iran crises can be said to be explained using the realist approach as a form of balance-of-power politics and security dilemma. The acts of both actors threaten each other, and the circle goes on.

Conversely, Liberal institutionalism, which is endorsed by theorists such as Robert Keohane (1984), locates the roles of international institutions, economic interdependence, and cooperation to alleviate conflict. Nonetheless, the continued existence of sanctions and unilateral measures, and the undermining of multilateral structures in the US-Iran situation, call into question the explanatory power of liberal strategies.

The other way of looking at the situation is the idea of Geo-economics, as it was coined by Edward Luttwak (1990) that deals with the application of economic instruments as a strategic weapon of competition that entails the use of sanctions, trade policies, and energy controls. The framework can be specifically applied to the contingency of the impact of the economic sanctions against Iran on the politics of the region, and also to the behavior of other nations, such as Pakistan. (Luttwak, 1990, pp. 17-23)

2.3 US/Iran and Israel Iran Rivalry in the Academic Literature.

The aggressive nature of the relationship between the United States and Iran has attracted significant scholarly attention, especially focusing on the events after the 1979 Iranian Revolution. Scholars such as Parsi (2017) suggest that a break in relations between the US and Iran took place as a result of ideological differences and mistrust, and has persisted despite some diplomatic attempts.

The nuclear ambitions and regional power of Iran have been one of the most important issues in US foreign policy, as other studies (Takeyh, 2020) has pointed out, which resulted in the current economic sanctions and isolation. The de-escalation option initially surfaced as a part of the Joint Comprehensive Plan of Action (JCPOA), but it was later damaged, leading to renewal of tensions. In the same vein, a lot of analysis has been done on the strategic location of Israel in relation to Iran on the basis of national security. This is why Israel is willing to defend itself in a proactive manner due to the perceived threat of the nuclear capabilities and support of local proxies offered by Iran, as Cordesman (2021) argues. That is the image that has raised military readiness and spy missions that are directed to negate the role of Iran.

The current literature (Juneau, 2022) suggests that the US and Israeli strategic interests have been converging, and this implies that they can undertake more actions together against Iran. Not only does this orientation exacerbate the situation between regions, but it also increases the chances of a bigger conflict.

2.4 Cost-effective factors and Geo-economic activities.

The focus of recent research has been on the economic impact of geopolitical conflict, especially in areas that are endowed with energy resources. The International Monetary Fund (2023) states that the disturbance of the major energy routes could have a drastic effect on the global oil market, leading to price fluctuations and financial instability.

Energy experts, among them Yergin (2020), argue that the Strait of Hormuz is a strategically important location and contributes a considerable portion of the oil flows worldwide. Such a break in this choke point would have a ripple effect on energy security, advantageous to the energy-importing nations, with Pakistan being the highest importer of energy.

In addition, the economic relations between the region have changed due to the sanctions regime imposed on Iran. Esfandiary and Tabatabai (2021) state that the sanctions have forced Iran to build relationships with other economies, and in most cases, the economies are based on

informal trade networks and connections on the local level. The adaptations have helped in alleviating some of the economic pressures, but have also restricted Iran from having economic integration with other countries in the region using legal methods.

2.5 Pakistan-Iran Relations in the available Literature.

The perception of the Pakistani-Iranian relations has been based on a complicated relationship of collaboration and competition, foreign restrictions. Rizvi (2019) and other scholars note that the two countries have never had parallel orientations in foreign policy, despite cultural, religious, and geographical interrelationships of these countries being based on their strategic level orientations.

The US and the Gulf states, especially Saudi Arabia, have limited Pakistan's relations with Iran on several occasions because of their close ties. Other initiatives, such as the Iran-Pakistan gas pipeline, concurrently demonstrate that economic collaboration is possible, especially in reaction to the energy crisis in Pakistan.

According to recent research (Hussain, 2021; Khan, 2023), due to the growing tensions between the United States and Iran, Pakistan is now in a weak strategic stance, which has forced it to follow a balanced and cautious stance in relation to competing regional and international interests. This is an even more precarious position that is further enhanced by the fact that Pakistan has internal economic constraints and persistent security problems that restrict policy possibilities and expose it to external shocks.

The existing literature is, however, preoccupied with bilateral relations in quite a narrow system without giving much consideration to the role of large-scale geopolitical conflicts on bilateral relations. (Simo et al., 2025)

2.6 Pakistan-Iran Relations in the Existing Literature.

The bilateral relations between Pakistan and Iran have never been marked with anything other than a contrasting balance of cooperation, competition and external restrictions which have always affected bilateral interaction. Rizvi (2019) and other scholars cite that the two states have been unable to develop foreign policies that are closely intertwined in their strategies despite the similarities in culture, religion and geography.

The US and the Gulf states, especially Saudi Arabia, have severed Pakistan's relations with Iran on various occasions, as it has close relations with them. Alternative undertakings are being undertaken in the meantime, such as the Iran-Pakistan gas pipeline, which demonstrates that economic collaboration can be effected, especially when it comes to solving the energy crisis in Pakistan.

Recent analyses (Hussain, 2021; Khan, 2023) indicate that the rising tensions between US and Iran place Pakistan in a complex diplomatic position, leaving it with limited strategic options that necessitate a cautious and flexible balancing of competing interests. These conditions are complicated by internal economic issues and security concerns as well.

Nonetheless, the current literature is concerned with bilateral relations in a rather pre-determined context without giving due consideration to the contribution of macro-geopolitical conflicts in bilateral relations. (Liu, 2025, pp. 130-153)

2.7 Geopolitical and Economic Research (Mixed Methods).

The demands of modern geopolitical conflicts necessitate combined approaches to studying them. Over the past few years, the idea of using mixed-methods research in international relations and political economy has reemerged as a topic of renewed interest.. (Peeza, 2023, pp. 55-87) Creswell and Plano Clark (2018) consider mixed methods as a way of offering researchers a chance to integrate both qualitative and quantitative data in a manner that a more profound understanding of a phenomenon, which is multifaceted, may be achieved.

Those foreign policy decisions, diplomatic discourse, and histories are researched through the qualitative approach, and economic indicators, trade, and statistical patterns through the quantitative approach. This fact makes data triangulation possible, which enhances the reliability and validity of research findings. (Triangulation in Research | Guide, Types, Examples, 2021)

2.8 Research Gap

Even though the geopolitics of the US-Iran and Israel-Iran relations have a wide literature base, the literature on the overall political and economic impacts of a US-Israel war against Iran on the relations between Pakistan and Iran still has a gap.

Most existing studies:

Don't concentrate on South Asia, but on the Middle East.

Discuss and reflect on political/economic issues individually.

Lacking a mixed- methods paradigm.

This paper aims to overcome these shortcomings by presenting a holistic examination of the links that combines geopolitical and geo-economic views in a hybridized design approach.

2.9 Literature Review Conclusion.

The available literature highlights how complex the United States-Israel-Iran triangle is, especially in the extent to which it influences the regional dynamics and creates wider implications of the same to the stability of the region and the international order. Though theoretical frameworks like realism and geo-economics can play a role in explaining how states behave and in tactical rivalry, it is clear that more integrated frameworks that incorporate both political and economic aspects at the same time are needed.

The focus on the Pakistan-Iran relationship will make this work fill an important gap in the literature by providing a full-scale image of how the large-scale geopolitical conflicts can influence the regional relationship and economic interdependence. (Jamil, 2025)

Theoretical Framework

3.1 Introduction to Theoretical Framework.

The possible conflict of the United States with Iran needs good theoretical basis to be able to analyze its geopolitical and geoeconomic consequences properly. Major theories of International Relations explained the state conduct, state relationships, and the impact of war on the economy in this paper. The model is specifically a blend of Realism, Liberal Institutionalism, and Geo-economics to offer an analysis with a holistic understanding.

It is not felt that these theoretical approaches are mutually exclusive; in reality, they are applied to explain the dynamics of modern world politics, whereby the military, political, and economic are increasingly becoming intertwined with each other.

3.2 Realism and Balance of Power.

The other theory that can be used in the explanation of the conflict and power relations that is the most influential is realism, which is also a theory of International Relations. Kenneth Waltz (1979) supported the thesis that the international system is anarchic, that is, it has no hegemony that can regulate the actions of states. States are thus engaged with the issue of survival and the need to maximize their power.

In this respect, the relations between the US, Israel, and Iran reflects the dynamics of the security dilemma, whereby a state attempts to increase its security at the expenditure of the other states, which it takes as a threat. The US and Israel believe that the Iranian nuclear program and their role in the region are a significant source of threat, and Iran believes that the US military and Israeli policy is an invasion of its sovereignty.

The other concept that shall be key in this analysis is the balance of power. States would either develop growth between them, or they can move strategically to counter what they perceive as

a threat in an endeavor to bring balance in the international system. The United States-Israel alliance in this regard can be viewed as a subset of a larger policy to ensure that Iran does not have a say in the region, whereas the network and capabilities of Iran in the region can be viewed as a way of responding to the external pressures of the world powers.

A realistic approach in the scenario of Pakistan would be a viable framework for identifying the constraints it is likely to experience in the predicament it attempts to stay neutral in a potential war. As Pakistan is also strategically aligned with the Western and regional actors, it might need to make radical foreign policy decisions as a part of its national interests and national security.

3.3. Liberal Institutionalism and interdependence.

The issues of conflict and competition also involve both Liberal Institutionalism and realism, but the first one has an alternative, which is based on cooperation, institutions, and economic interdependence. According to Robert Keohane (1984), mutual benefits and collective action performance are less likely to be achieved in the presence of international institutions and economic linkages, thereby reducing the chances of conflict.

A complex interdependence implies that the states are interrelated in many aspects, like trade, flow of energy, and diplomatic interaction. Such a system is quite expensive in the event of a conflict, as there is a risk of such linkages being tampered with.

The liberal processes, however, are not working in the example of the US-Iranian relations. The diplomatic isolation and deterioration of multilateral agreements have lowered the chances of cooperation due to the economic sanctions. This does not imply that they are not required to be interdependent and devoid of conflict, especially where there are political and security interests at play.

The economic interdependence, especially in the energy sector, can be used to cooperate in the case of Pakistan and Iran. The achievement of this potential is, however, normally curtailed by the external powers, particularly those of the world powers and sanctions regimes. This is one of the instances where the liberal theory may be termed as having failed since the economic motive comes in second place after geopolitical dissimilarities.

3.4 Geo-economics as Paradigm of Analysis.

The concept of geo-economics brings about a discursive space between the politics of analysis and the economic analysis. Geo-economics is the use of economic instruments to achieve strategic objectives as defined by Edward Luttwak (1990). These are sanctions, trade policies, investment policies, and control of strategic resources.

One of the specific cases where geo-economics can be used is the US-Israel war against Iran due to the use of economic pressure as a tool of statecraft. The United States has used far-reaching sanctions on Iran to restrict its financial ability and to control its actions. These have not only had effects on the Iranian economy, but have also spilled over into the regional trade and economic cooperation.

Energy politics also prescribe the importance of geo-economics. The control of the major energy channels, such as the Strait of Hormuz, is a strategic power in the conflict. Any jolts along these lines could impact the global market and countries relying on energy in a crushing manner.

Geo-economics would be very important in determining the potential economic impact of a conflict in the region in the case of Pakistan. The vulnerability of the supply chain and market volatility are also high in Pakistan, due to the fact that it neither produces much nor any energy, and the major world economies are highly dependent on imported energy. In the meantime, the emergence of new opportunities for strategic repositioning and economic diversification might occur due to geo-economic changes. (The Crisis In The Middle East, 2026)

3.5 Study Conceptual Framework.

The similarity of the theories outlined above enables the study to elaborate on a conceptual framework to relate geopolitical conflict to regional political and economic impacts.

The easiest ingredient of the scheme is that the war that the US and Israel are in with Iran would be the catalyst, triggering which would lead to:

Geopolitical impacts

Shifts in alliances

Pakistan is under pressure due to its foreign policies.

Foreign policy orientation was changing.

Geo-economic impacts

Energy supply problems.

Trade instability

Heightened financial susceptibility.

These are interactive, as well, and shape the politics and economics between Pakistan and Iran.

The framework addresses the aspect of how the external variables develop these outcomes as well, including the sanctions, the dynamics of the global market, and the security situation in the region.

It is a multidimensional study that is a combination of realism, liberal institutionalism, and geo-economics to render the contemporary world complicated in the context of international relations.

3.6 Conclusion: Theoretical Framework

The theoretical framework can be used to analyze the possible consequences of a US-Israel war with Iran. Although a realism theory is used in explaining how the relations of power came into existence and the issues of security, liberal institutionalism explains how the existence and isolation of economic interdependence and geo-economics seal the stitches between the political approach and the economic consequences.

With such a hybrid approach, it is possible to elaborate on the opportunities of how geopolitical contests can shape the trends of regional relationships and welfare in much greater detail.

4. Research Methodology

4.1 Research Design

This study will use mixed method research design, one since it will consider the geopolitical and geo-economics aspects of a possible conflict between the United States and Iran, specifically, in relation to the relations between Pakistan and Iran. In this way, both qualitative and quantitative aspects of the problem can be analyzed in a single way. A mixed-methods approach is used to present a comprehensive concept of the research problem with the help of qualitative and quantitative data.

In particular, the research will be performed in the shape of a convergent parallel design, where the collection and analysis of qualitative and quantitative data will take place simultaneously, and the findings will be subjected to synthesis in order to come up with general conclusions. This paradigm is more applicable, especially when the research in question concerns the complex phenomena in geopolitics, whereby the data would not only be in terms of numerical trends, but also interpretative views.

4.2 Data Collection Methods

4.2.1 Qualitative Data

The qualitative component of the work is dedicated to the behavioral analysis of the foreign policy, discourse of strategy, and processes in the regions. The data is collected on:

- The government reports and books of policies.

- Diplomatic, political words of leaders.
- Foreign publications and think tanks.
- Articles and professional comments.

The approach offers a deep understanding of the strategic intent, diplomatic, and policy reaction of the main actors in the conflict.

4.2.2 Quantitative Data

The quantitative section is about the economic impact of the war. Data is collected from:

- Pakistan and Iran Trade Statistics.
- Data about imports of energy, particularly oil and gas.
- The macroeconomic variables are the inflation, the GDP growth, and the exchange rates.
- Reports by international financial institutions.

Such information sources will probably give measurable data on the financial vulnerability of Pakistan and how the instability in the region can impact the nation.

4.3 Sampling Technique

The qualitative sources of data are selected using a purposive sampling method since it is qualitative research. This will be attained using the appropriate documents, reports, and expert analysis that are research objective specific.

With quantitative data, the study will be based on secondary data in sources that are credible, but primary emphasis will be on current data (since 2015) to be relevant and accurate.

4.4 Data Analysis Techniques

The data analysis tools followed in the research include the following techniques to analyze both qualitative and quantitative data:

Qualitative Analysis:

The thematic analysis will be applied in order to discover important patterns, themes, and stories in the policy texts and academic literature. This includes coding and categorizing information to explain the strategic behaviors of the actors concerned.

Quantitative Analysis:

The descriptive statistics are used to determine the trends in trade, energy consumption, and economic indicators. This will include the use of tables, graphs, and comparisons to outline some of the potential effects of the war.

4.5 Integration of Data

The main characteristic of the mixed-methods approach is the fusion of the qualitative and quantitative results. This paper has compared and combined the two components to give more insight into the research problem.

This integration enables:

- Triangulation of results.
- Decision of political actions and relations with economic ones.
- The other, less obvious means of thinking of advanced geopolitics.

4.6 Ethical Considerations

The present paper is based on only secondary data and published information. It, therefore, does not involve individual participation. However, ethics are taken into consideration by:

- Being sure that all the sources are mentioned and cited.
- Avoiding falsehood or distortion of information.
- Having an objective and neutral analysis.

4.7 Study limitations.

Despite the rather comprehensive nature of the study, it has certain limitations:

The application of secondary data might restrict the possibility of giving real-time or classified answers.

No one can be sure of geopolitical confrontation, and as such, it is hard to arrive at the correct outcomes.

It may not apply to the quantitative data because the processes of making decisions in the political arena are multifaceted.

The restrictions listed below are geared towards transparency and future research directions in this field.

5. Results and Data Analysis.

5.1 Political and Strategic Implications to Pakistan.

As seen in this discussion, a potential war involving the United States, Israel, and Iran would put Pakistan in a very precarious strategic situation. In the past, Pakistan had attempted to have a comparatively balanced approach to foreign policy in the qualitative sense, i.e. remained neutral and tried to regulate the relationship between the local and international players. But the balance of this kind is certain to be strained in the case of a great war. (Triangulation in Research | Guide, Types, Examples, 2021)

The close relationship that Pakistan maintains with the United States, or with the Gulf states, including Saudi Arabia, might also be a cause of a tendency towards alignment to some geopolitical blocks. In the meantime, Pakistan has a long border with Iran and has diplomatic and security connections with this country. This two-polar system is a strategic dilemma, and neutrality is becoming more and more problematic. (Shams, 2017)

Moreover, the historical pattern of foreign policy shows that Pakistan is inclined to be cautious and pragmatic in times of conflict in the region. However, the scale and intensity of a potential war between the US, Israel, and Iran can limit the diplomatic choices of Pakistan towards focusing on short-term security and economic benefits as opposed to long-term strategic autonomy. (Chaudhry, 2026)

5.2 Pakistan-Iran Bilateral Relations.

The implications for the development of the conflict suggest that it would directly affect the relations between Pakistan and Iran. Regionalization implies that the two countries are interested in border security and economic integration, yet most probably geopolitics would restrict the relationship. (Faisal, 2026)

The Iran-Pakistan gas pipeline is one of the most significant areas of collaboration, which has been postponed by the international sanctions and political motives. Such projects will have additional challenges in a conflict situation, diminishing the prospects of bilateral economic interaction.

Meanwhile, the security issues along the border between Pakistan and Iran might arise as the instability in the region increases, and such problems as the tension across the borders and the migration of non-state actors might arise. These can also make issues with the diplomatic relationship more difficult, and also diminish the amount of cooperation that can be attained. (Hussain, 2024, pp. 1-20)

5.3 Trade and economic impact.

The economic impact of the fighting in a region, in economic terms, is likely to be colossal in quantitative analysis. This is also susceptible to the Pakistan economy since it relies on foreign sources of energy, and the fiscal capacity to absorb external shocks is low. (Durrani, 2026)

Pakistan is very dependent on imports to supply its oil requirements of approximately 70-80 percent and is therefore extremely vulnerable to international oil prices. (Raza & Lin, 2021). The result of the oil supply shocks and market panic will cause the oil price to skyrocket in the case

of an Iranian conflict. This small increase in the oil prices will result in an increase in the inflation, the import bills, and an increase in the foreign exchange reserves (Research, 2026). (Malik, 2016, pp. 727-737)

The official trade of Pakistan with Iran, which is quite limited due to sanctions, is also a significant aspect in the border economies. Any blockage of trade routes and money flows will be counter-productive to local markets and slacken the economic activity in border regions. (Hussain, 2024) The macroeconomic indicators also show that Pakistan is at risk. The increasing energy cost is likely to increase inflationary pressures, an even worse economy, and an even higher burden of government subsidies. All these imply that, should there be a long-term conflict in the region, Pakistan would be placed in a desperate economic situation. (Durrani, 2026)

5.4 Energy security and Strategic Vulnerabilities.

Energy security is one of the problems that occurs due to the analysis. The strategic importance of the Strait of Hormuz, where a significant portion of the world's oil is shipped, is one of the problems in this respect. Any disturbance in this choke point will have a far-reaching, direct effect on world energy markets. (Strait of Hormuz is virtually closed, Trump demands that Iran stop tolls, 2026)

Such an interruption would directly affect energy supply and price in the case of Pakistan. As a country that generates little domestic energy, Pakistan has had to rely on imports from the Middle East. Its supply crunch, as well as the Strait of Hormuz being blocked or unstable, can lead Pakistan to seek alternative sources, which will add to the cost. (Hina & Malik, 2026)

This would not just impact the energy industry but also would have a broader impact on industrial production, transportation, and economic stability. The results of the analysis indicate that vulnerability in the Pakistani energy market is one of the main factors that can influence the foreign policy decisions of the country in the event of a conflict in the region. (Energy security in Pakistan: Perspectives and policy implications from a quantitative analysis, 2020) (Energy security in Pakistan: The perspectives and policy implications of a quantitative analysis, 2020)

5.5 Combined Analysis (Mixed Methods Results)

The amalgamation of both the qualitative and quantitative results indicates the close relationship between the political and economic aspects. The geopolitical pressures and economic weaknesses are observed to supplement each other in the analysis and, therefore, in an intricate decision-making context in Pakistan.

An example is the international pressure via political coercion to implement, therefore constraining the economic ability of Pakistan to interact with Iran. Meanwhile, the economic aspects, such as the rise in the cost of energy, can limit the choice of foreign policy of Pakistan, as the country must save its economy and not be too tactful. (Ullah et al., 2025, pp. 1077-1089) This interdependence between each other indicates the importance of the holistic analysis. These results show that the consequences of the US-Israeli military confrontation with Iran could not be viewed through the prism of narrowly political or economic considerations; instead, they had to be looked at through the prism of the holistic approach, considering both sides of the coin. (Military victory, political stalemate: The US's strategic myopia in the Middle East, 2026)

5.6 Key Findings

The main findings of the analysis can be determined as follows:

Pakistan, to a great extent, will be in a dilemma of being subject to the pressure of diplomacy to join other geopolitical blocs.

As well, tension and strategic requirements are likely in the relations between Pakistan and Iran, particularly in the control of the boundaries and energy.

This has an impact on the country because of the oil price shocks, as the country has been a major user of imported energy.

Failure of regional trade and energy supply chains may cause instabilities and inflationary pressures in the economy.

It must not separate the politics and the economy and has to be non-simplistic in its policy-making. based on how to interpret the empirical results of the study in the later sections.

6. Discussion

I will have findings on the theoretical framework connection in section 6.1.

The results of the present study strongly support the appropriateness of theoretical approaches taken, which are realism, liberal institutionalism, and geo-economics. The war that is most probable to erupt between the United States, Israel, and Iran is a common occurrence in the real world as a dilemma of politics of power and security. The discussion reveals that the states are more driven to survive and strategic superiority, at the expense of stability in the region.

The stand of Pakistan, as established by the findings, is pretty much in line with the realist assumptions. The foreign policy decisions in Pakistan will be more inclined towards national interests and security requirements, rather than ideological consensus, due to the competition of international and regional actors. This helps in facilitating the thesis that smaller/middle powers will be more prone to behave within the confines of the overall balance of power. (Waqar & Uzzaman, 2025, pp. 56-66)

In the meantime, the findings also paint the disadvantages of liberal institutionalism in this picture as well. Despite the fact that economic interdependence among states, particularly in the energy and trade sectors, can help states to cooperate, this factor does not appear to be enough to avoid conflicts and mitigate their outcomes. The economic relations disturbance due to sanctions and geopolitical tensions points to the instability of interdependence under highly politicized conditions. (Geopolitical fragmentation and the clean energy transition: How economic sanctions hinder renewable energy development, 2026, p. 115232)

The concept of geo-economics is a better explanation of the dynamics observed. The use of economic instruments like sanctions and control of energy routes is one of the main tools that states seek in the achievement of strategic goals. The results of those suggest that economic vulnerability, especially energy security, is a major factor in foreign policy-making in Pakistan. (Gul et al., 2025)

6.2 Compare to Existing Literature.

The results of this study can be compared with the existing literature on the relations between the US and Iran, as well as Israel and Iran, which means that the strategic rivalry will continue, and further evolution of the relations can be possible. The importance of differences in ideologies, hopes of developing nuclear energy, and the power of the region as the drivers that keep tensions going is emphasized in past studies, and the present study is not an exception.

In terms of Pakistan and Iran relations, the findings are in line with the past research, which claims the relationship to be complex and limited by outside factors. However, this piece contributes to the body of literature since it demonstrates how these restrictions can be aggravated by the consequences of a big war and how bilateral relations can be changed. (Anwar et al., 2025, pp. 75-85)

In addition, the former literature on the political conflicts' implications on the world economy and trade is justified by the economic outcomes. The discussion is biased towards the notion that the effect of the disturbance of the key energy suppliers can be monumental on the energy-importing countries. Nevertheless, the present study can shed some more light as it links these

economic impacts to the foreign policy decision-making process in Pakistan. (Energy security in Pakistan: Perspectives and policy implications from a quantitative analysis, 2020)

Overall, the study contributes not only to the literature but also gives a more solid picture of the analysis of the political and economic variables using one concept of analysis.

6.3 Pakistan Policy implications.

The research has very far-reaching implications for Pakistani policymakers. And the fact that geopolitical tensions will increase is, firstly, rather expected, which is why a flexible foreign policy that will be balanced is not only necessary. Pakistan must be in a position to strike a fine balance between its affiliation with the major powers, though, with good relationships with its neighbors, and Iran is one of them.

Second, the urgent need to overcome the energy security vulnerability is presented in the paper. Pakistan is very reliant on foreign energy, and this implies that it is prone to all external shocks, particularly in the case of a regional war. They need to focus on diversification of energy, investing in energy production in the country, and coming up with alternative sources of energy supply.

Third, some of the adverse effects of hostile geopolitics can be minimized by a better integration of the regional economy. Although there may be a constraint on formal interaction with Iran in the eyes of external factors, alternative types of economic interaction could possibly be useful as a strategic advantage.

Lastly, the conclusions imply that the Pakistani government should not be reactive to what is going on in the region but rather proactive. These would entail raising the extent of the diplomatic contact, institutional capacity building, and mitigation crisis strategies to counter the crises.

6.4 Broader Implications

Besides the immediate context of Pakistan-Iran relations, the study implies wider implications for the comprehension of the interaction between geopolitics and geo-economics in the current relations in the international system. The results show that economic factors have been placed at the center stage when it comes to making strategic decisions, especially in war. In addition, the paper suggests that the multidimensional approaches to analysis that address different aspects of international relations have to be embraced. The approach towards understanding the intricate geopolitical phenomena is more comprehensive in the study since it entails a blend of both qualitative and quantitative studies.

7. Conclusion and Recommendations.

7.1 Conclusion

This paper was supposed to concentrate on the geopolitical and geo-economic consequences of the possible war between the United States, Israel, and Iran, and more specifically, the consequences that this would have on the relationship between Pakistan and Iran. It was a mixed method approach in which the qualitative information with regard to the activities of the foreign policy, the strategic processes, was combined with the quantitative information with regard to the economic indicators and energy dependence.

The results show that this would have immense repercussions for Pakistan in terms of politics and economy. Pakistan will also encounter significant diplomatic issues geopolitically as it tries to adopt a balanced foreign policy in the midst of the competing interests of the world and regional powers. The country has been put in a very awkward situation by the strategic alliance between it and the United States and the Gulf countries, as well as the fact that the country is geographically near Iran, and as a result, it may hardly remain a neutral country. (Gul et al., 2025)

Economically, the paper concludes that Pakistan will be prone to foreign shocks, especially when it can highly rely on imported energy. The failure of the oil chains of the world, especially the operation of the big pipelines such as the Strait of Hormuz, could lead to increased energy prices, inflationary pressures, and an ever more volatile and expansive economy. In addition, the conflict can also impede the economic collaboration between Pakistan and Iran since there are no prospects of engaging in trade and energy cooperation. (Hormuz disruption deepens global economic strain across trade, prices, and finance, 2026)

In the paper, one can also see that the political and economic aspects are greatly interdependent. Not only can diplomatic relations be influenced by geopolitical tensions, but the stability and progress of the economy can be directly influenced as well. The interdependence also helps to underline the relevance of the combined approach to developing the analysis in the context of the influence of the conflicts in the region.

In sum, the study will add to the current literature on the topic at hand as it will offer a comprehensive insight into how such a massive conflict of the geopolitical scale can transform the nature of the local relations and economic processes, particularly, the relations between Pakistan and Iran.

7.2 Policy Recommendations

As far as the policy recommendations that could be given based on the findings of the study are concerned, the following recommendations can be given:

Bring about Strategic Balance on Foreign Policy.

Pakistan needs to tone down a realistic foreign policy that is not aligned to any of the blocs but instead establishes healthy relations with all the big players. Additional diplomacy has to be improved as well in order to reduce the external factors and maintain strategic isolation.

2. Enhance Energy Security

Pakistan is a high importer of energy, and as such, it should diversify into energy. This includes:

- Investing in green sources of energy.
- Producing additional energy in the country.
- Finding other sources of imports and suppliers.

They will be better equipped to handle any external shock since the call to reduce dependency on a given region as the source of energy imports will be undertaken.

3. Make Economic Resilience Stronger.

The policies that have to be adopted by Pakistan have to help it cement its economic position and respond to the economic impacts of the instability in the region. These include:

- Enhancing fiscal management.
- Improvement of the foreign exchange reserves.
- Diversifying export market.

This will expose the country to more vulnerability to external economic shocks.

4. Stimulate Regional Cooperation.

Whichever side of geopolitics it is, Pakistan must consider regional cooperation, especially with its neighbors. The negative effects of the world power competition can be reduced by enhancing economic and diplomatic ties in the area.

5. Work on Crisis Management Programs.

The collapse of the regional conflicts may result in a crisis, and Pakistan should be the first to act on it. This includes:

- Developing energy emergency situations.
- Improving border security measures.
- Improving the ability of rapid response by institutions.

7.3 Future Research Directions

Although the study is a full-fledged analysis, there are several areas that will be explored further. Future studies can be based on:

Quantitative approaches of economic modeling have been based on empirical studies of economic effects.

Comparative analysis, geopolitical resemblances, and how the conflicting issues impacted the region.

The non-state actors and the influence they have had on the process in the region will be discussed.

This type of research would aid in developing knowledge about the dynamic elements of international relations and conflicts.

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