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Pakistan Eyes US Market Amid Global Trade Shifts

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— Categories: Finance

The United States' sweeping trade policy changes are redrawing global supply chains and creating fresh opportunities for exporters worldwide. For Pakistan, this disruption could mark a turning point in its long struggle to expand overseas trade.

Washington's steep tariff hikes on key exporters such as China, India, and Brazil, averaging 50 percent or more, are forcing American importers to rethink sourcing strategies. By contrast, Pakistan faces tariffs of just 19 percent, a significant cost advantage that could help it capture new market share.

Textiles remain Pakistan's strongest export to the US, currently worth over \$5 billion annually. China ships \$40 billion in the same category, and India about \$9 billion. Even a modest redirection of orders from these giants could translate into sizable gains for Pakistan, given its established infrastructure in apparel and textiles.

Other sectors also hold promise. Pakistan's leather exports to the US stand at \$171 million, while its global leather trade is valued at \$710 million. The country's sports goods industry, especially football manufacturing, already generates nearly \$400 million in exports and has scope for further growth with stronger branding and improved access to US markets. A newer success story is the export of truck and bus radial tyres, which crossed \$100 million last year, posting more than 20 percent annual growth.

However, Pakistan lags in critical industries such as mobile phone assembly and engineering goods. India's mobile exports to the US reached \$7.5 billion in 2024–25, while Pakistan's were just \$160 million. The 2020 mobile device policy boosted local assembly

for domestic demand but failed to build a strong export base. Similarly, Pakistan's engineering exports to the US are below \$0.5 billion, compared to India's \$18 billion. Analysts argue that outdated import-substitution policies continue to restrict these high-value sectors.

Recent budget reforms have shown encouraging signs. A record 17 percent monthly surge in exports and a 42 percent rise in import-related taxes suggest that tariff rationalisation and greater openness are starting to yield results. Economists note that short-term trade deficits are common in emerging markets but often pave the way for long-term industrial upgrading, as seen in countries like China and Vietnam.

Pakistan's challenge now is to translate this rare opening into sustained growth. By focusing on competitiveness, freeing high-potential sectors from restrictive policies, and diversifying beyond textiles, the country could secure a stronger position in the reshaped global economy.