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Pakistan Secures Low US Tariff Rates on Exports

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Pakistan avoids punitive US tariffs, securing a competitive 19% rate on exports, boosting its trade prospects compared to regional rivals like India.

Pakistan has secured a favorable position in its trade relations with the United States, with the US imposing no punitive tariffs on Pakistani exports, contrary to earlier concerns. Parliamentary Secretary for Commerce Zulfiqar Ali Bhatti announced on Thursday that Pakistan now enjoys one of the lowest tariff rates among regional competitors, including India, as reported by ProPakistani.pk. This development, finalized after trade negotiations concluded on August 1, 2025, positions Pakistan's exports, particularly textiles, to maintain a competitive edge in the US market, which accounted for \$5.3 billion in Pakistani exports in 2024, per Dawn.com.

The US initially proposed a 29% reciprocal tariff on Pakistani goods in April 2025, citing Pakistan's alleged 58% tariffs on US imports, according to The Express Tribune. However, following diplomatic efforts led by Finance Minister Muhammad Aurangzeb, the tariff was reduced to 19%, significantly lower than rates imposed on competitors like India (25%), Bangladesh (20%), and Vietnam (20%), as noted in an executive order from the White House. Bhatti, responding to a query from Member of the National Assembly (MNA) Tahira Aurangzeb, clarified that fears of a \$1 billion loss were unfounded, emphasizing that the Ministry of Commerce is working with trade bodies to bolster export growth. He highlighted Pakistan's \$3.3 billion trade surplus with the US, projecting further increases due to the favorable tariff structure.

The agreement also opens avenues for cooperation in energy, mining, and technology sectors, with Pakistan committing to import US crude oil, per Reuters. Bhatti addressed concerns from MNA Dr. Shazia Sobia about export facilities in regions like Gilgit-Baltistan, acknowledging the need for improved logistics and cold chain infrastructure to support perishable goods like fruits. The government is actively developing these facilities to enhance regional trade contributions, as reported by ProPakistani.pk.

This tariff reduction provides Pakistan a strategic advantage over regional rivals, particularly in textiles, which constitute 77% of its US exports, according to The Express Tribune. The Ministry of Commerce is encouraging exporters to adopt aggressive marketing strategies to capitalize on this opportunity, while also pushing for policy reforms to diversify export markets and products, including IT and halal food, to ensure long-term economic stability.