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U.S. and Pakistan Finalize Oil Development Agreement Amid Shifting Trade Dynamics

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The United States and Pakistan have reached a trade agreement focused on the joint development of Pakistan’s oil reserves, with Pakistani officials indicating that the deal may also result in reduced tariffs on the country’s exports to the U.S.

President Donald Trump announced the deal on Wednesday through his social media platform, Truth Social, stating that Washington and Islamabad would collaborate on expanding Pakistan’s untapped oil resources. “We have just concluded a Deal with the Country of Pakistan, whereby Pakistan and the United States will work together on developing their massive Oil Reserves,” Trump wrote.

Pakistan's Deputy Prime Minister and Foreign Minister, Ishaq Dar, confirmed the agreement with a brief post on X (formerly Twitter), though he did not provide further details. Pakistan's Finance Minister Muhammad Aurangzeb described the deal as a "win-win" during meetings with senior U.S. officials in Washington. He emphasized that the effort was aimed at pairing trade with investment, adding that negotiations had moved into their final phase during his second visit to the U.S. capital in two weeks.

While the terms of the agreement remain largely unspecified, including which oil company may lead the project or the specific oil reserves being considered, the deal reflects broader efforts to expand U.S.-Pakistan economic cooperation. Trump did not mention tariff adjustments in his statement, but Pakistan maintains that a key element of the deal includes lower U.S. tariffs on its goods.

The timing of the announcement follows a temporary suspension of a proposed 29% tariff on Pakistani exports earlier this year. That suspension, lasting 90 days, created room for formal trade negotiations, culminating in the current agreement.

The U.S.-Pakistan development also comes shortly after Washington imposed new trade penalties on India, Pakistan's regional rival. A 25% tariff on Indian goods is set to take effect August 1 in response to India's ongoing trade with Russia amid the conflict in Ukraine. President Trump criticized both Russia and India during his remarks, referring to their economies as "dead" and citing India's historically high tariffs as a barrier to stronger U.S. trade relations.

"I don't care what India does with Russia. They can take their dead economies down together, for all I care," Trump said. "We have done very little business with India, their Tariffs are too high, among the highest in the World."

In a remark that drew attention, Trump added that Pakistan might eventually supply oil to India, saying, "Who knows, maybe they'll be selling Oil to India some day!"

The agreement reflects a strategic realignment in U.S. foreign trade policy, with closer energy cooperation between Washington and Islamabad potentially serving both economic and geopolitical interests in the region. Further details on implementation and involved partners are expected in the coming weeks.