

OpenVoiceNews Pakistan

Transparent. Unbiased. Yours.

U.S. and Pakistan Push for Trade Deal Amid Tariff Strains, Seek Broader Ties

July 19, 2025

– Categories: Defence & Security



In a pivotal move, the United States (U.S.) and Pakistan held high-level trade talks in Washington, D.C., on July 18, 2025, aiming to resolve tariff disputes and expand economic cooperation beyond textiles. Led by Pakistan's Finance Minister Muhammad Aurangzeb, U.S. Commerce Secretary Howard Lutnick, and U.S. Trade Representative Jamieson Greer, the discussions follow a 29% tariff imposed on Pakistani exports under President Donald Trump's trade policies, signaling a critical juncture for bilateral ties.

The talks come as Pakistan grapples with the economic fallout of Trump's "Liberation Day" tariffs, announced in April 2025, which targeted nations with trade surpluses, including Pakistan's \$3 billion surplus with the U.S. in 2024. Aurangzeb emphasized Pakistan's role as a key U.S. trading partner, advocating for cooperation in non-traditional sectors like information technology (IT), critical minerals, and agriculture. "The U.S. remains our largest trading partner, and we're committed to a mutually beneficial relationship," he told reporters in Islamabad, highlighting Pakistan's push to diversify exports amid global trade uncertainties.

Textiles, which account for 77% of Pakistan's exports to the U.S., face significant pressure from the 29% tariff, potentially costing Pakistan \$1-2 billion annually. Yet, opportunities have emerged as higher tariffs on competitors like Vietnam and Bangladesh could redirect U.S. textile orders to Pakistan. Zubair Motiwala, a textile manufacturer and former Trade Development Authority of Pakistan (TDAP) chief, noted, "Pakistan's textile exports could see a boost as U.S. buyers pivot to us over pricier alternatives." The government's recent energy cost reductions for commercial users further bolster exporters' competitiveness.

Beyond textiles, both nations explored investment in Pakistan's mining and energy sectors, notably the \$7 billion Reko Diq copper and gold project, with the U.S. Export-Import Bank considering \$1 billion in financing. Pakistan's offer to import U.S. crude oil and cotton aims to address the trade imbalance, a move seen as pragmatic diplomacy. "This deal buys time and builds confidence," said Commerce Secretary Jawad Paal, underscoring the strategic importance of economic ties over political tensions.

As global trade wars loom, Pakistan's proactive stance in these talks reflects a bid to secure economic stability. With a formal agreement pending, both sides expressed optimism, signaling a potential thaw in tariff tensions and a foundation for deeper U.S.-Pakistan economic collaboration.