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Pakistan, US Move Toward New Trade Agreement

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Pakistan and the United States have reaffirmed their commitment to strengthening economic ties, agreeing to advance negotiations on a new trade agreement that is expected to expand market access, boost investment, and create opportunities in key sectors.

The development came during a high-level meeting held on Friday at the Finance Division in Islamabad between Finance Minister Muhammad Aurangzeb and Natalie Baker, Chargé d’Affaires of the US Embassy. Both sides reviewed progress on trade discussions and underlined the importance of expanding bilateral cooperation.

Last month, the US government implemented a 19 percent reciprocal tariff on a range of Pakistani goods. The rate, imposed under an executive order by US President Donald Trump, was significantly lower than the initially proposed 29 percent. Pakistan's revised tariff structure now stands more competitive in the region compared to India (50%), Bangladesh (20%), Vietnam (20%), and Sri Lanka (20%).

During the meeting, Aurangzeb highlighted that Pakistan's economy had "turned a corner," pointing to recent upgrades in the country's credit ratings by international agencies. Moody's recently upgraded Pakistan's local and foreign currency issuer ratings to Caa1 from Caa2, bringing it in line with assessments from the other two major rating agencies. The finance minister said the reforms implemented by the government were beginning to yield results.

He further explained that Pakistan's tariff reforms were aimed at encouraging export-led growth and liberalising trade. Aurangzeb expressed appreciation for US economic and development support, recalling his recent visit to Washington, D.C., where he held discussions with US Secretary of Commerce Howard Lutnick and United States Trade Representative Ambassador Jamieson Greer on finalising the trade framework.

According to Aurangzeb, the forthcoming agreement has the potential to open a new chapter in Pakistan-US economic relations, particularly in sectors such as energy, minerals, information technology, cryptocurrency, and digital infrastructure. He noted that Pakistan's mining and energy sectors were ready for significant investment and development.

Natalie Baker described the proposed agreement as a valuable opportunity for both countries, noting that American companies were increasingly interested in Pakistan's emerging market. She highlighted potential areas of cooperation in supply chain management, energy, mining, oil exploration, and project development.

The meeting concluded with both sides reaffirming their commitment to move forward with the trade talks and to strengthen bilateral economic ties in a way that delivers mutual benefits.