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Pakistan faces trade shifts amid US tariffs

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Pakistan is grappling with the implications of a 29% tariff imposed by the United States, as President Donald Trump's decision escalates the global trade war. This move, which affects several countries, aligns with Pakistan's own 58% tariffs on US imports. While the tariff brings immediate challenges, experts believe it may also open doors for future economic growth.

The US remains one of Pakistan's largest trading partners, with nearly 20% of the country's exports directed toward the American market. However, the impact on the national economy may not be as severe as anticipated. Ali Hasanain, an economics professor at LUMS, pointed out that exports to the US account for less than 1.5% of Pakistan's GDP, meaning the overall economic impact would be minimal. The primary concern, he added, lies in Pakistan's own economic mismanagement, which has had a more pronounced effect on growth.

Experts suggest that diversifying export markets will be key to mitigating the negative effects of these tariffs. Sajid Amin of the Sustainable Development Policy Institute recommended subsidies for local production to maintain competitiveness, though approval from the IMF would be necessary.

The textile sector, a major export to the US, faces significant challenges. Economists like Adil Nakhoda from IBA Karachi urge Pakistan to increase exports to the EU and strengthen trade ties with other regions. In the long run, they believe Pakistan could capitalize on markets with lower tariffs, such as Bangladesh and Vietnam.

To navigate these shifts, Pakistan must enhance export competitiveness and explore new markets. The coming months will determine the country's ability to adapt to evolving global trade dynamics.