CA-2

Ammar Yasir Date: 3/11/25

Q1- Introduction

Back during Trump's first presidency, tariff and trade wars were solely initiated with China. However, as soon as he presided into power once again, Trump announced isolationist 'America first' tariff policies on a number of countries. Among them, India also faced the tariff of the White House. For India, tariff imposition meant a reduce in export competetiveness of goods to U.S. For countries like Vietnam and Pakistan, it has become an opening window of enhanced trade with U.S. The pressure on India to halt purchase of Russia oil by the U.S further delicates the situation. These measures have pushed India more towards China and Russia through platforms like BRICS and SCO. Howevers, it is being termed as a short-term coercion due to entrenched stretegic relations of both countries in technology and defence.

Date:

Events leading towards double tariff on India

The United States have imposed 50% tariff on Indian goods. Initially at 26%, then double tariff imposition resulted from a chain of events. First, Indian Prime Minister Narendra Modi cancelled his visit to the United States. Second, the Modi government did not recognized the role of Trump as a peacemaker in India-Pakistan war. Third, ~~the~~ India did not stopped buying oil from Russia despite American warnings. Consequently, Trump administration increased the tariff until India stops buying Russian cheap oil. This could affect India's $45 billion surplus with U.S.

Economic & geopolitical impacts/implications on regional and global power politics

Date:

Indian dilemma of U.S tariff and Russian oil.

Indian may have to choose between the removal of doubled U.S tariff or the cheap Russian oil for its large economy.

1. Removal of double tariff

If India forgoes cheap Russian oil for ~~the~~ a negotiated tariff agreement, it will be able to save its exports size from declining. It hold a surplus of approximately $47 billion on trade with U.S. Rising tariffs will reduce its international competetiveness in export to those countries with less U.S tariff. ~~Rem~~ However, the cost of production will eventually increase due to halt in purchase of cheaper Russian oil.

2- Maintaining its position on buying Russian oil

Date:

~~Russ~~ India can still maintain its stance on buying Russian oil. However, it must seek alternate diplomatic routes to negotiate trade tariffs with India. Holding deep strategic and defence ties with U.S, it can use soft channels to bring U.S on negotiating table that includes cheaper Russian oil. This may include reduction in Indian tariff on American good. Recently, it tried to coerce United States by actively participating in BRICS and SCO summit and visited China. On X, ~~the~~ experts noted his friendly posture while meeting his Chinese and Russian counterparts. However, these measures may backfire and must be carefully calculated.

Opportunity for Pakistan to expand trades with U.S:

Post-Pahalgam attack events include the warming relation between the Islamabad

Date:

and Washington. Both countries have expanded ties in trade cooperation in the fields of Artificial intelligence, rare-earth elements, energy and crypto currency. Moreover, U.S is the largest export market of Pakistan. Recently, both the countries agreed on 19% tariff after a trade deal, the second lowest in South Asia. Hence, it creates a window of opportunity for Pakistan to increase its trade with U.S further, as India faced huge tariffs. The same opportunity also exists for Vietnam with U.S tariff of 20%.

~~Russian oil~~ U.S sanction and pressure on Russia will intensify if India halts oil purchase:

U.S sanction on Russia has intensified after Ukraine war. One of the primary concerns of U.S is India's purchase of Russian hydrocarbons to meets the need of its huge economy. Trump claim that the Indian money is being used to intensify Ukrainian war. If India succumbs to Trump's demand, Russia's market diversification will decrease and its reliance on China will increase further. This exposes Russia's vulnerability, followed by economic setback. For U.S, it provides better position to Washington at the negotiating table with Mascow over Ukraine.

Uncertain global oil prices and Indian needs.

Indian needs for oil is vast. It has world's highest population constituting of 1.4 billion people. If India agrees to stop the purchase of Russian oil, it will result in [illegible] rise in prices of oil globally. This is because Indian demand would increase total global demand. Consequently, global inflation could increase, and it may result in economic crises in many countries. Hence, every action taken by India should be carefully caliberated.

Date:

Conclusion

U.S imposed double tariff of upto 50% on India. This threatens the total valuation of exports to U.S and creates an economic dilemma. Either it has to forgo the purchase of Russian oil to save its exports or else it has to continue the purchase of Russian oil and find an alternative point of negotiation. Moreover, it created an opportunity for Pakistan to increase its presence in U.S market. If India agrees on stopping purchase of Russian oil, it will increase the vulnerability of Russian economy. Lastly, a rise in demand by India for non-Russian oil may flare-up global oil prices. It must be noted that U.S has deep defense and strategic ties with India, which means their relation will be rebounded to counter China

Date:

Introduction

Q3- Pakistan's foreign policy is based on diplomacy of balance, particularly among the superpowers. In the past, it managed to keep balanced ties with both Iran and Saudi-Arabia without agitating any of the two parties. Recently, it has faced the challenge of maintaining bilateral relations with both U.S and China through calculated diplomacy. On one hand, it has leveraged Trump's leadership style ~~and~~, trade deals and security to appease the White House. On the other hand, it maintains relation with Beijing through CPEC, defense cooperation and trade. These relations are carefully analysed by avoiding being tilted too much towards one party.

The art of Balancing in the Contemporary environment

Date:

The all-weather friendship of Pakistan and China:

1- Historical viewpoint

Pakistan and China has maintained coordial relations through mutual trust and cooperation since 1960s. Throughout the timeline, Pakistan was part of the capitalist bloc during the cold war but still maintained warm ties. These relations were maintained through trade, defense cooperation, cultural exchanges and investment. Interestingly, Pakistan initially brought Washington and Beijing together. In Soviet War and Global War of Terror, it became a strategic NATO partner while also maintaining ties with China. This is because Pakistan leveraged its position with U.S during Afghan Jihad and war on terror to balance ties between both the regions. History has proven that Pakistan has frequently maintained ties with both nations.

Date:

2) Investment and the geo-strategic importance of CPEC

China is the major contributor of Foreign Direct Investment (FDI) in Pakistan. Through BRI (Belt and Road Initiative) and China Pakistan Economic Corridor (CPEC), China agreed to inject $60 billion by 2030. ~~It~~ This route is geo-strategically important for China for a number of reasons. First, it ~~was~~ provides shortest route towards oil producing countries of Middle East. Second, China wants alternative trade route due to the issue of Taiwan, South China sea and Indo-pacific threats. Hence, Pakistan can leverage these factors to maintain its strong ties with China.

3) Defence cooperation with China

Pakistan and China have developed strong

Date:

defense ties to balance the South Asian region from the dominance of India. U.S made several defense and strategic agreements like COMCAS, LEMOA and BECA to counter China. Hence, China has developed deep defense ties with Pakistan to deter India. Transfer of technology, cooperation in air defense and provision of anti-balistic missile systems are few examples of this cooperation. This entrenched ties between both the nations gives edge to Pakistan to not create concerns ~~w~~ for China by warming ties with U.S.

The oscillating relations between Pakistan and United State:

1. U.S is Pakistan's largest export market

Pakistan's largest export is United State with major trade in cotton. The total trade surplus with United State is value at around $4 billion. Recently, it aims to

Date:

expand trade cooperation with U.S through exports of rare-earth elements. Pakistan states that the expanding cooperation with U.S is to increase its economic strength and improve the growth rate. Minerals in Pakistan are worth in trillions which country claims to utilise. Similarly, it has encouraged and utilised Chinese investment to utilise minerals. Thereby maintaining a balance between both countries.

2- Cooperation is counter-terrorism

Pakistan has maintained deep ties with U.S in counter terrorism. The recent handover of ISKP mastermind Sharifullah to U.S was met with positive response from U.S. This move was not ~~agi~~ objected by China and triggered warming ties with United States.

Date:

3. Leveraging Trump's leadership style

Pakistan took an opportunity to warm ties with U.S ~~the~~ by appeasing Trump in number of ways. First, it gave Trump the credit of mediator ~~between~~ in Pakistan - India conflict. This drove India away from U.S which provided optimistic window to China in two ways. ~~First~~ One, U.S - India relations weakened, and second, India came closer to China. This ~~was~~ gave strategic edge to China in its tussle with U.S. Second, Pakistan's top leadership were visiting both China and U.S. This gave an impression to both regarding Pakistan's interest in keeping ties with both superpower.

Conclusion

In conclusion, Pakistan has mastered the art of balanced diplomacy. With China, it continues expanding ties in trade, defense and investment

Date:

With U.S, it is has successfully tested its emerging ties in minerals, counter terrorism and trade cooperation while appeasing Trump as the 'ultimate peacemaker.'