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Current Affairs Test-2

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Q. 1

1- Introduction

The United States' recent decision to double tariffs on Indian imports (from 25% to 50%) marks a serious turning point in their economic and political relations. While officially described by President Trump as a "reciprocal" measure to correct trade imbalance and discourage India's ~~cont~~ continued oil import from Russia, it has created deep economic and diplomatic ripples. These tariffs now risk undermining a critical US-India partnership that has been a cornerstone of Indo-Pacific Strategy for over two decades. This write-up will critically examine the economic, regional, and global geopolitical implications of the U.S. tariffs on India and assess how they may reshape future power politics.

2- Economic Implications

a - Trade Disruptions:

The United States is India's largest trading partner, receiving almost 20% of India's total merchandise exports, according to Council on Foreign Relations in 2025. The doubled tariffs have hit major Indian sectors such as textiles, jewelry, and auto parts, which together make up over 55% of exports to the US. This will reduce India's export competitiveness, leading to lower trade volumes and possible job losses in export industries.

b - Investor and Market Confidence

The uncertainty caused by tariff hike may discourage foreign investors who see India as a risky market. American companies might also slow down investment plans in India, fearing retaliatory measures or political instability in trade policy.

c - Regional Economic Rebalancing

While India faces higher tariffs, Pakistan and Bangladesh has managed to negotiate lower tariff rate (around 20%) with Washington, gaining a trade advantage. This shift may

may redirect American imports and investment toward these neighboring economies.

d- Oil Imports

The US linked an additional 25% tariff to India's purchases of Russian oil, arguing that these funds indirectly support the war in Ukraine.

To avoid penalties, Indian refiners have already started reducing oil imports from Russia and increasing purchases from U.S. suppliers, according to Stimson Center (2025).

3- Geopolitical Implications

a- Strain on U.S.-India Strategic Partnership

The tariffs expose the limits of the US-India Partnership. While defense and security cooperation have strengthened since 2005, the economic pillar remains fragile. Trump's tariff diplomacy, described as a "pressure tactic" rather than a strategic rupture, Analyst

Elizabeth Threlkeld (2025) note that the dispute shows Washington's shift from strategic cooperation to transactional diplomacy.

b- Rebalancing Regional Power

The U.S. appears to be diversifying its engagement by improving ties with Pakistan and Bangladesh, offering better trade conditions and new investments in critical minerals and energy. This reorientation signals a more transactional and bilateral American approach to South Asia, moving away from India-centered Indo-Pacific framework, ^{thus} possibly reducing India's central role in American South Asian policy.

c- China's Strategic Gain

The growing rift between India and the US could indirectly benefit China. If New Delhi distances itself from Washington, Beijing may find new opportunities to strengthen its influence in South and Southeast Asia. A divided Indo-Pacific strategy weakens collective efforts to counter Beijing's influence in trade, technology, and security matters.

d- Impact on India's Strategic Autonomy

India has long balanced relations with both Russia and the West. By linking tariffs to India's oil imports

from Russia, the U.S. is directly challenging India's strategic autonomy. This development forces it to reconsider its energy and defense dependencies on Russia, potentially reducing its independence in foreign policy decisions.

4- Global Power Politics

a- Erosion of Multilateralism

The U.S.'s protectionist approach under President Trump's new term reflects a broader retreat from free trade and global cooperation. The U.S. decision reflects a growing shift from multilateral to bilateral trade policy, weakening institutions like the World Trade Organization (WTO).

Other nations may adopt similar protectionist tactics, deepening global trade uncertainty.

b- Impact on the Indo-Pacific Strategy

The U.S. India rift could weaken the Quad alliance (U.S., India, Japan, Australia), which serves as a strategic counterbalance to China. If the tariffs persist, cooperation on defense technologies, semiconductors, and maritime security may suffer.

C- Possible Diplomatic Resolution

Former U.S. Ambassador Kenneth Juster believes these tariffs are primarily a negotiating tactic, not a break in partnership. American consumers and industries are also affected, as prices of Indian goods, from jewelry to auto parts, rise. The mutual economic loss increases pressure on both sides to reach a compromise.

5- Conclusion

In conclusion, the US decision to double tariffs on India has both economic and geopolitical consequences. Economically, it threatens India's export competitiveness, investment climate and regional trade balance. Geopolitically, it tests the strength of the US-India strategic partnership, alters power dynamics in South Asia, and opens new space for China's influence. While the long-term logic of cooperation between India and the United States remains robust, this episode shows how fast domestic politics and leadership styles can disrupt even the most carefully built relationships. The coming months will decide whether this is a short-term dispute or the start of a deeper realignment in global power politics.

Q. 3

1- Introduction

Pakistan's foreign policy today faces one of its most complex balancing acts, managing a renewed engagement with the United States while maintaining a long-standing "all weather" strategic partnership with China. As global politics shifts toward multipolarity, Islamabad must safeguard its national interests by avoiding alignment in the emerging US-China rivalry. The recent developments including President's tariff war, May 2025 Pak-India standoff, the Shanghai Cooperation Organisation (SCO) summit, and Washington's growing interest in Pakistan's security and economy. The challenge for Islamabad is to turn this renewed US attention into long-term stability without compromising its partnership with Beijing.

2- Global Context: Shifting Global Alignments

President Trump's "disruptive" trade and foreign policies have accelerated global realignments. His tariff war against allies and adversaries, including India, has pushed China, Russia, and parts of the Global South closer together.

At the SCO summit in Tianjin (2025), President Xi Jinping emphasized the need for a fairer, multipolar world order, opposing unilateralism and coercive measures, a veiled reference to U.S. policies.

In this changing context, Pakistan finds itself at the intersection of two major power blocs:

The U.S.-led Western order, with which Islamabad seeks renewed cooperation on security, trade, and counter-terrorism.

The China-led Eurasian order, represented by initiatives like CPEC, SCO, and BRICS, where Pakistan is a key participant.

Balancing these two relationships is therefore both a necessity and a challenge.

3- Pakistan's Renewed Engagement with the United States

The Pakistan-US relations gained new momentum in 2025. The White House meeting between Prime Minister and President Trump, Washington's \$500 million investment in Pakistan's mineral sector and humanitarian aid after the

floods indicated a shift in tone, showing that the US still considers Pakistan relevant for regional stability.

Moreover, the US reduced certain trade tariffs from 25% to 19% on Pakistan, giving Islamabad breathing space amid an economic crisis. Pakistan's engagement with the US has entered a 'reset' phase marked by mutual recognition of shared interest.

Pakistan has been a major non-NATO ally and played a central role in dismantling terrorist networks such as Al-Qaeda and Daesh. The US now acknowledges Pakistan's sacrifices and strategic importance, especially concerning Afghanistan and regional stability.

The 'reset' symbolizes Pakistan's ability to pursue diversified diplomacy.

4- Pakistan's Strategic Partnership with China

a- Economic Cooperation

China remains Pakistan's most trusted ally, with CPEC as the flagship project under the Belt and Road Initiative (BRI). The next phase

of CPEC (2025-2029) focuses on industrial zones, agriculture, and digital connectivity, crucial for Pakistan's economic revival.

During PM meeting with President Xi Jinping and Premier Li Qiang at the Tianjin Summit, both signed over a dozen MoUs under a new Action plan (2025-2029), reaffirming CPEC as Pakistan's "economic lifeline."

b- Strategic Assurance and Diplomatic Support

The relationship is rooted in mutual respect and non-interference, surviving changes in government and global pressures. China views Pakistan's engagement with the US positively.

President Xi Jinping emphasized security for Chinese workers in Pakistan, while also recognizing the limited US engagement could help stabilize security challenges in Balochistan and KP, where both Chinese and American interests overlap.

c- Global Coordination

Both countries cooperate closely in SCO, BRICS, and UN forums on issues like counterterrorism, regional connectivity, and the Palestinian

cause. Their alignment represents part of the Global South's collective voice.

4- Balancing the Two Relationships

To balance its relations effectively, Pakistan must pursue a multidimensional, non-aligned approach that prioritizes national interest over bloc politics.

a- Issue-based Cooperation

~~Balance with~~ Maintain an independent foreign policy that avoids taking sides in the US-China rivalry.

Pakistan should engage both powers based on issue-specific cooperation rather than ideological alignment.

b- Economic Diversification

While CPEC remains central, Pakistan should attract Western investment and technology to complement Chinese infrastructure funding. This will reduce dependency on any single partner.

c- Security Cooperation

Washington has sanctioned Balochistan armed group in Pakistan, a group responsible for attacks on Chinese targets. This aligns with Beijing's

concerns creating potential common ground for both powers in counterterrorism. Shared security interests can help Pakistan strengthen its internal stability.

d. Soft Power and Global Image
 Play the role of bridge between great powers and promote Pakistan as a moderate, peace-oriented nation contributing to counterterrorism, humanitarian causes, and regional development. This enhances Pakistan's diplomatic value.

5- Conclusion

Pakistan's foreign policy equilibrium depends on strategic, careful, and interest-driven engagement rather than emotional alignments. Pakistan's renewed engagement with the United States, following \$500 million investment and tariff adjustments, reflects a diplomatic opening. At the same time, China remains Pakistan's most trusted strategic partner with deep economic and security roots. Both relationships are vital and not mutually exclusive. The world is entering a multipolar era shaped by non-western powers seeking a new world order. In such a landscape, Pakistan's best path forward lies

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in pragmatic, balanced, and independent
diplomacy through maintaining trusted
ties with China while rebuilding confidence
and cooperation with the United States.

The goal should not be to choose
sides, but to ensure that Pakistan
remains a confident and sovereign
actor in the evolving global power game.



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