



Current Affairs Test #02

Tariff Fallows

Q Examine Global fallout of Trump's
Tariff policies

Introduction

Donald Trump's tariff policies represented a fundamental departure from the post World War II, reflecting the "America first" doctrine and revival of nationalism. By imposing tariff on China, EU and other major trade partners US aimed to protect trade deficit and protect domestic industries.

However these triggered retaliatory tariff and disrupted global supply chains in international market. This tariff war especially between US and China, weakened multilateral trade institution such as WTO. Consequently this tariff regime reshaped global economic alignments.

Trump's Tariff Policies - Global
Economic Fallows



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Trump being nationalist leader made all policies - that coincide with the fundamental concept of Make the America Great Again. Tariff policy is also among them.



1. USA - China Trade War

In order to keep the stance of Trump, he has to do all the measures that will make America the great country again to compete. This is the most high competition against them was China. So this tariff policy was to effect them the most.

— Tariff on ~370 \$bn chinese goods

— Chinese retaliatory tariffs on US Agriculture

— Resulted in partial decoupling of supply chains

2. Impact on Allies

— Tariff on EU steel, aluminium strained transatlantic ties

— North American free Trade Agreement renegotiated into USMCA, increasing US leverage

3. Global Markets

This tariff policy impacted global market in a way the most effected victim became the consumer of product

byer Because

— Increase Market
Volatility

— Rising production
Costs

— Slow down in
global trade growth

Reshaped Major Power Dynamics

This contributed in reshaping
major power dynamics as

— China accelerated self-
reliance strategy

— EU Union sought
strategic autonomy

— Emerging economic
caught in crossfire

Long term Consequences

Trump's tariff policies influenced

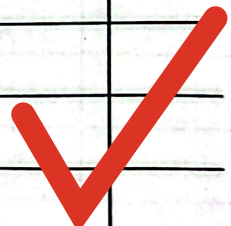


and impacted so deeply that
last long term impacts.

• Fragmentation of Global Trade System

This diversion in US china
and EU or other major
world market contributors
due to high tariffs resulted
in fragmentation of Global
Trade System

• Decline of WTO Effectiv- -ness



Before this tariff policies World
Trade Organization has an
influential market place with
binding agreements but not
this diversion resulted in
decline of World Trade Organiz-
-ation effectiveness.

• Shift from Globalization to Regionalization

This shifting of World market and limiting to region like in Asia and EU in Europe made this world trade from globalization to regionalize.



• Persistent Inflationary Pressure

In the end its consumer who pays the price to compensate this tariff amount the cost price of product is increased upto several times resulting in a persistent pressure for inflation.



Conclusion

Tump's tariff policies weakened the rule-based economy. In order replacing cooperation with coercion. While politically appealing domestically they produced systemic inefficiencies and long term instability in global trade.

Q. Evaluate CPEC-II. Policy measure taken by Pakistan

Introduction

CPEC, the flagship project of China's belt and road initiative, entered its second phase with the objective of shifting from infrastructure-led growth to industrialization, economic diversification and people-centric development. Phase I focused on energy and transport

Phase II - focus on economic agriculture, technology transfer. However rising geopolitical domestic governance challenges and US-China rivalries pose complexity for Pakistan. Thus its success hinges not only project execution but Pakistan's ability to pursue balanced pragmatic foreign policy.

Multi-Dimensional Challenges of CPEC - Phase II

1. Security Challenges

Persistent militancy in KP and Balochistan threatens Chinese personnel and project. Attack on CPEC's installation undermines investor's confidence. Regional instability especially



Afghanistan adds to security vulnerability.

2. Governance and Institutional Weakness

Delay in decision making due to bureaucratic inertia. Lack of coordination between federal and provincial government. And also the inconsistent policy frameworks affecting economic development.

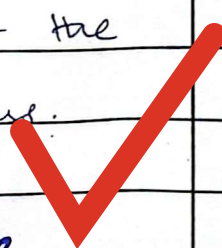


3. Economic Financial Constraints

Pakistan's balance of payment crisis limits fiscal space. Debt sustainability concerns raised by international financial institutions. Slow industrial relocation from China due to inadequate infrastructure readiness.

4. Local Industrial and Human Capital Deficit

Pakistan has limited skilled work force to support industrial growth. Weak linkages between SEZ's and local industries. And fear of chinese firms dominating markets at the expense of local business.



5. Geopolitical Pressure

US concerns over CPEC's strategic implementations.
India's opposition, particularly regarding projects in Gilgit Baltistan
Narrative of debt-trap
diplomacy affecting Pakistan's global image

Prospects and Opportunities of CPEC Phase II

1. Industrialization through SEZ's

Development of SEZ's like Rashakai, Allama Iqbal and Dhakeji. Also built potential for export-oriented manufacturing, technology transfer and industrial upgrading.

2. Employment Generation And Skill Development

Opportunities of large scale job creation for youth. And for vocational training and technical education. Also the option of reduction in regional economic disparities.

3. Agricultural Modernization

Introduction of modern farming techniques, improvement in value chains, storage and agricultural exports, will also improve food security.

4. Regional Connectivity And Trade

Integration with Central Asia, Middle East and Africa. Gwadar port as hub for transshipment and energy trade. Strengthening Pakistan's geo-economic relevance.

5. Strategic Partnership With China

Long term economic and diplomatic cooperation with

china that will enhance
resilience against external
economic shocks. Shared
the vision of development
and connectivity

Policy Measure to Streng-
-then ties with China
via CPEC →

Improve Governance And
Transparency

- Establish a single
empowered CPEC Authority
- Ensure transparency in
contracts and project
financing

Enhance Security Architecture

- Integrated Civil-military
security framework

- Community Engagement in CPEC Areas
- Intelligence led counter terrorism measures

Focus on local Capacity Building

- Mandatory local employment Quotas
- Joint Ventures with Pakistani firm

Balancing Relation With USA

Adopt Strategic Neutrality

- Avoid Alignment with single power bloc
- Emphasise Pakistan's role as Bridge.



Diversify Economic Partnership

- Encourage US trade, IT, climate finance and health sector.
- Encourage American investment in non-CPEC sector.

Conclusion

CPEC phase II holds transformative potential for Pakistan's economic revival through industrialization, employment generation. However, its success depends on overcoming governance bottlenecks, security concerns, ensuring transparency and pursuing a balanced foreign policy.