Veritas: A Multidisciplinary Journal of Social Sciences and Humanities
ISSN: 3107-748X (Online)

The Impact of Emerging U.S.A–Pakistan Bilateral Relations on India: Strategic, Economic, and Geopolitical Implications

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Abstract

This study explores the evolving bilateral relationship between the United States of America and Pakistan. It has significant implications for regional stability, strategic balance, and economic dynamics in South Asia. This study examines the multidimensional impact of emerging U.S.–Pakistan engagement on India, focusing on strategic security concerns, economic interests, and broader geopolitical consequences. It hurts India's Strategic and Security Challenges and Counterterrorism Pressure on Pakistan and reduces U.S. support on India-centric issues like indo Pacific open navigation, China aggression on border, Pakistan Increase cross-border terrorism against India and India's united nation position.

Keyword: *USA- Pakistan relation, security concern, Counterterrorism, economic implications, strategic balance, indo Pacific*

Introduction

India is one of the prominent partners of the United States of America in the Indo- Pacific and south Asia region. Both countries have deeply engaged in defence cooperation, energy cooperation, and support free navigation agenda in the Indo -Pacific. Both countries are part of the Quadrilateral security dialogue to counter China influence in the Indo-Pacific. During Donald Trump's second term Pakistan's engagement with the United States has seen a resurgence in 2025. The two nations have concluded several agreements This includes the revival of the US–Pakistan Counterterrorism Dialogue, accords on critical minerals and hydrocarbons and discussions regarding opportunities for cooperation with cryptocurrency. Pakistan has secured notable concessions, including a 19 per cent tariff rate — the lowest in South Asia — and the Baluchistan Liberation Army's designation as a foreign terrorist organisation. It affects India's multidimensional area like strategic security concerns, economic interests, and geopolitical consequences. Usa block oil purchasing India's growing energy demands have made it increasingly dependent on affordable crude oil imports, particularly from Russia, Iran, and Middle Eastern suppliers. However, this has created friction with the United States, which expects partners like India to align with its sanctions-based foreign policy, especially against Iran (after U.S. withdrawal from the JCPOA in 2018) and more recently against Russia following the Ukraine conflict. Washington has repeatedly expressed concern over India's discounted crude purchases from Russia, arguing that such imports indirectly support Moscow's strategic capabilities. For India, however, access to low-cost oil is essential for domestic economic stability, inflation control, and energy security. This divergence creates a diplomatic dilemma: India must balance its strategic partnership with the U.S. while safeguarding its sovereign right to pursue independent energy policies. The U.S. pressure on limiting oil imports—whether from Iran earlier or Russia now—thus complicates India's foreign policy autonomy and exposes the contradictions inherent in navigating relations with major powers.

ISSN: 3107-748X (Online)

Strategic and Security Challenges for India

The evolving U.S.–Pakistan bilateral relationship poses significant strategic and security challenges for India. U.S. military aid to Pakistan has long been a source of strategic concern for India, as much of the assistance—whether in the form of equipment, training, or financial support—enhances Pakistan's military capabilities in ways that indirectly affect India's security environment. Although the United States often justifies this aid as necessary for counterterrorism operations or regional stability. Pakistan has historically diverted portions of American-supplied defence assets toward its conventional military posture against India. Upgrades to fighter aircraft such as the F-16 fleet, advanced surveillance technologies, and logistical support packages strengthen Pakistan's ability to maintain a credible deterrent and influence crisis dynamics in the region. For India, this creates an imbalance by emboldening Pakistan's military confidence and potentially encouraging more aggressive behaviour along the Line of Control. Moreover, U.S. military engagement reduces pressure on Pakistan to dismantle anti-India militant networks, thereby worsening cross-border terrorism risks. As a result, American military aid, even when limited or conditional, continues to pose strategic challenges for India's national security and defence preparedness.

Impact on Counterterrorism Pressure

A softening of U.S. pressure on Pakistan in the context of renewed bilateral engagement can unintentionally allow groups such as Lashkar-e-Taiba (LeT) and Jaish-e-Mohammed (JeM) greater operational room. Historically, these organizations have benefited from periods in which Pakistan faced reduced international scrutiny, enabling them to reorganize, recruit, and expand their networks under the guise of charitable or social outreach fronts. If Washington prioritizes short-term strategic objectives—such as counterterrorism cooperation in Afghanistan, intelligence exchange, or limiting China's influence—over stringent oversight of Pakistan's internal security environment, Islamabad may feel less compelled to take decisive action against anti-India militant groups. This relaxation of pressure weakens efforts to curb financing, training infrastructure, and ideological mobilization associated with these groups. For India, the consequences are severe: enhanced militant capabilities increase the risk of cross-border infiltration, terror attacks, and destabilization in Jammu and Kashmir. Ultimately, any diplomatic shift that reduces external accountability for Pakistan's handling of extremist organizations directly threatens India's internal security and regional stability.

Geopolitical challenges for India

Kashmir-related narratives: Pakistan's diplomatic strategy on Kashmir is centred on internationalizing the issue and framing it as an unresolved territorial and humanitarian dispute that requires global intervention. Pakistan consistently raises Kashmir in multilateral forums such as the United Nations General Assembly, the Organisation of Islamic Cooperation (OIC), portraying India's actions as violations of international norms and calling for third-party mediation. By emphasizing narratives of self-determination, human rights concerns, and regional instability, Pakistan seeks to get sympathy from Western governments, Muslim-majority nations, and international advocacy groups.

Power shift in South ASIA: - The re-emergence of U.S.–Pakistan cooperation injects new momentum into the ongoing regional power competition in South Asia, where India seeks to consolidate its status as the predominant strategic actor. Pakistan, backed by its partnership with China and supplemented by

ISSN: 3107-748X (Online)

renewed U.S. engagement, can position itself as a counterweight to India's expanding regional role. This triangular competition complicates South Asia's security architecture and amplifies zero-sum dynamics over territory, influence, and economic connectivity. As India strengthens partnerships with the United States, Japan, and other Indo-Pacific stakeholders, Pakistan may interpret closer U.S. ties as an opportunity to maintain relevance in the strategic balance and deter India's rise. These competing alignments can exacerbate rivalries, encourage military modernization races, and heighten geopolitical fragmentation across the region. Ultimately, the intensification of power competition undermines India's ability to shape a stable, integrated, and India-centric regional order

Economic and Trade Concerns

During a potential second term of Donald Trump, trade tensions between India and the United States would likely intensify, given Trump's preference for aggressive tariff policies and his earlier characterization of India as a "tariff king." Trump imposes a 50% tariff against India. In his first term, the Trump administration revoked India's Generalized System of Preferences (GSP) benefits, demanded greater market access for American agricultural goods, medical devices, and technology products, and pushed for sharp reductions in India's tariffs on motorcycles, ICT equipment, and dairy products. A second Trump presidency would likely revive these pressures, with Washington adopting a more transactional approach that prioritizes trade balance corrections over strategic alignment. This could result in renewed U.S. demands for tariff cuts, stricter intellectual property protections, and reduced digital taxes, along with the threat of punitive tariffs on Indian exports such as textiles, pharmaceuticals, and steel. India, in response, might impose countermeasures or further safeguard domestic industries, deepening the trade conflict. Thus, a Trump second term could re-escalate the trade war environment, complicating the broader India–U.S. strategic partnership despite shared geopolitical interests.

Energy concern for India

During Donald Trump's presidency, U.S. pressure on India's oil procurement became a significant source of bilateral friction, particularly as Washington sought to enforce stringent sanctions on Iran and later on Venezuela. India, which had long relied on Iranian crude due to its competitive pricing, favourable payment terms, and logistical proximity, was compelled to drastically reduce—and ultimately halt—its imports under repeated U.S. warnings. This sudden shift forced India to turn to more expensive alternatives such as U.S. shale oil and Middle Eastern suppliers, raising its energy import bill and disrupting established supply chains. The Trump administration also pressed India to limit purchases of Russian oil and energy equipment, adding another layer of restriction. These pressures constrained India's strategic autonomy in energy decision-making, increasing dependence on politically sensitive suppliers and complicating long-term energy security planning. While the U.S. justified these measures on geopolitical grounds, India experienced them as a unilateral imposition that placed economic burdens on a developing economy, revealing the structural tension between U.S. sanctions policy and India's sovereign energy needs.

Research objectives

ISSN: 3107-748X (Online)

- The primary objective of this study is to examine how the evolving U.S.–Pakistan bilateral relationship influences India's strategic, economic, and geopolitical interests in a rapidly changing regional environment.
- Second, the research aims to analyse the recent shifts in U.S. engagement with Pakistan—spanning military assistance, counterterrorism cooperation, and diplomatic signalling—and assess how these developments affect India's security calculations and deterrence posture.
- Third, it also seeks to evaluate the implications of U.S. trade pressures, technology restrictions, and energy-related sanctions on India's economic growth and strategic autonomy.

Summary of Findings

The study finds that the renewed U.S.-Pakistan bilateral relationship carries significant strategic and geopolitical implications for India. While U.S.–India ties have strengthened in the Indo-Pacific and defence domains, Washington's continued military and intelligence cooperation with Pakistan still enhances Pakistan's conventional and asymmetric capabilities in ways that indirectly threaten India's security. U.S. diplomatic engagement with Pakistan allows Islamabad to revive global narratives on Kashmir, limiting India's diplomatic manoeuvrability. Economically, India faces challenges from U.S. trade pressures, technology restrictions, and sanctions-driven constraints on energy imports from Iran and Russia. Geopolitically, the triangular dynamics involving the U.S., Pakistan, and China-particularly through CPEC-intensify regional competition and create structural constraints for India's regional leadership. Overall, the study concludes that the U.S.–Pakistan relationship, though not as dominant as during the early War on Terror period, still influences India's strategic environment in profound and interconnected ways.

Conclusion

The evolving U.S.–Pakistan bilateral relationship presents a multidimensional challenge for India, affecting its strategic security, economic interests, and geopolitical aspirations. While India and the United States have deepened cooperation through the Indo-Pacific framework, defence partnerships, and shared concerns about China's rise, Washington's parallel engagement with Pakistan often complicates New Delhi's strategic environment. Continued U.S. military assistance and counterterrorism coordination with Pakistan risk enhancing Pakistan's capabilities in ways that indirectly undermine India's deterrence posture. Simultaneously, U.S. pressure on India's energy imports from Iran and Russia, as well as recurring trade frictions, exposés structural vulnerabilities in India's economic and foreign policy autonomy. Pakistan's diplomatic use of its ties with Washington to revive Kashmir-related narratives further narrows India's strategic space at global forums. These intersecting dynamics underscore the importance of analysing U.S.–Pakistan relations not in isolation but as part of a broader triangular framework involving India and China. Ultimately, the study highlights that India must pursue a balanced approach—strengthening its partnership with the U.S., maintaining strategic autonomy, diversifying energy sources, and enhancing regional influence—to mitigate the adverse impacts of U.S.–Pakistan engagement. A comprehensive understanding of these

ISSN: 3107-748X (Online)

complexities is essential for shaping India's long-term foreign policy strategy and securing its role as a major regional and global power.

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