

Pakistan, Trump & the Crypto Axis

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Pakistan, Trump & the Crypto Axis: Emerging Digital Alliances

Context :

A major geopolitical and technological development is underway involving **cryptocurrency diplomacy between Pakistan and World Liberty Financial Inc. (WLFI)** — a firm associated with the **Trump family**.

This move aligns with:

- The **Trump administration's renewed engagement with Pakistan**.
- A broader American strategy to reassert **U.S. leadership in the global crypto economy**.
- Pakistan's shift from crypto prohibition to active digital alignment.

Pakistan-WLFI Cryptocurrency Collaboration

MoU and Strategic Goals:

- In 2025, a **Memorandum of Understanding (MoU)** was signed between **WLFI** and the newly formed **Pakistan Crypto Council**.
- Key individuals involved: **PM Shehbaz Sharif**, **Army Chief Asim Munir**, and the **WLFI delegation**.

Primary Objectives of the MoU:

- Use **blockchain technology** to promote **financial inclusion**.
- **Monetise untapped national assets**, especially **rare earth minerals**.
- Launch **stablecoins** for **cross-border trade and remittances**.

- Position **Pakistan as a regional hub** for crypto innovation.

Concerns and Viability:

- Pakistan's **fragile economy** casts doubt on project sustainability.
 - Heightened concerns about **potential misuse** of cryptocurrencies for **terror financing** and **money laundering**, especially from India's perspective.
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Trump's Second-Term Crypto Agenda

Policy Shift:

- Trump reversed his earlier scepticism towards crypto and committed to dismantling **Biden-era restrictions**.
- The industry welcomed this pivot with strong support.

Key Executive Orders:

- **Executive Order 1:**

- Introduced a **National Blockchain Innovation Strategy**.
- **Banned the U.S. Central Bank Digital Currency (CBDC)**.
- Created a **Presidential Working Group on Digital Asset Markets**, led by **David Sacks**.

- **Executive Order 2:**

- Established a **Strategic Bitcoin Reserve** and a **U.S. Digital Asset Stockpile**.
- Consolidated seized assets including **Bitcoin, Ethereum, and Solana**.
- Promoted **stablecoins** to reinforce **U.S. dollar dominance**.

Key Appointments and Market Reaction:

- Appointments: **Elon Musk, David Sacks** in senior crypto roles.
 - Regulatory changes:
 - **SEC paused lawsuits** related to crypto.
 - **Justice Department disbanded its crypto enforcement team.**
 - Market response:
 - **Bitcoin crossed \$100,000** (up from **\$74,000 in March 2025**).
 - Trump launched the meme coin "**\$TRUMP**", becoming a direct stakeholder.
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Pakistan's Crypto U-turn

Domestic Developments:

- Until 2024, Pakistan either **banned or restricted** crypto activities.
- In 2025:
 - **Bilal bin Saqib** appointed head of the **Pakistan Crypto Council**.
 - Also named **Special Adviser to the Prime Minister** to draft crypto regulations.
 - Estimated **25 million crypto users** and a **market size of \$2 billion** in Pakistan.

Diaspora Engagement Strategy:

- Inspired by **India's Pravasi Bharatiya Divas** model.
- Designed to engage **Pakistani-American tech entrepreneurs**.

- Diaspora convention focused on reinforcing **strategic and ideological ties** through digital finance.
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Strategic Implications for India

Security and Technology Risks:

- Draws parallels to India's **past underestimation of Pakistan's nuclear programme**.
- Potential for **terror financing and cross-border money laundering** via cryptocurrencies.

Regulatory Gaps in India:

- India has:
 - Over **100 million crypto users**.
 - A market worth approximately **\$7 billion**.
- Yet lacks a **clear national regulatory or strategic framework** for digital assets.

Judicial Concerns:

- In the **Shailesh Bhatt case**, the **Supreme Court**:
 - Highlighted the inconsistency of **taxing crypto without proper legislation**.
 - Warned of significant **economic and national security risks**.
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Conclusion - India's Strategic Imperative

The convergence of Trump's crypto diplomacy and Pakistan's digital pivot demands urgent strategic attention from India. A coherent and forward-looking approach is needed to:

- Develop a **comprehensive national cryptocurrency strategy**.

- Evaluate the **economic, security, and geopolitical dimensions** of digital finance.
- Avoid past mistakes rooted in **strategic inaction and policy delay**.

Dr. Shivakumar's



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