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6. Conclusion and Recommendations

6.1. Conclusion

This study aims to analyse Pakistan's existing and potential trade with members of Africa region. The primary focus is on identifying export products with potential exports to Africa and trade partners in Africa with high and untapped Pakistan's exports potential. The study uses the indicative potential method of identifying exports products with potential exports¹ and the gravity model approach for identifying trade partners' economies with untapped exports potentials to the Africa region.

The findings reveal that a large portion of Africa's global trade is consisted of intra Africa trade. However, during the recent years the volume of intra Africa trade is declining, while, the inter – regional Africa trade is increasing, indicating that Africa is becoming attractive for the outsider regions. It is also found out that Africa's global trade is diverting from traditional towards emerging economies, indicating that Africa is becoming an attractive hub of trade for emerging economies.

The study findings conclude that the volume of Pakistan's trade with Africa is quite lower than potential. This indicates that Africa is still an untapped market for Pakistani exports. The primary reason of Pakistan's untapped potential exports to Africa is the lack of outward oriented and market friendly policies, which have been helpful for developed and developing economies in reaping up the benefits of trade expansion. In contrast, regional countries such as China, India, Hong Kong, Korea, Taiwan, Singapore and Malaysia have changed the structure of their economies from primary exports to manufactured goods exports². ***Therefore, the study concludes that being a non – traditional market, Africa should be Pakistan's primary focus for exports market diversification.***

The study findings indicate that although Pakistan's current volume of exports to Africa region is quite lower than potential, however, it exhibits an increasing trend of exports to most of its top

¹ The idea behind this approach is that under this approach, the domestic economy's global exports is compared with the partner economy's global imports and then subtracting the domestic economy's current exports to the partner's economy from minimum of the two global quantities. The estimates of potential exports obtained in this way - termed as indicative potentials as they just give an indication to what extent the domestic economy exports could be increased.

² <https://fp.brecorder.com/2018/07/20180720392463/>

export destination economies in Africa. On the other hand, Africa region share in Pakistan's exports is also low and stays around 5 to 6 percent. Likewise, Africa share in Pakistan's imports is also small despite Pakistan's high imports potentials from Africa. This concludes that by following the outward oriented and market friendly policies for expansion of bilateral trade may lead to increase in bilateral trade and win – win gains.

The study finding indicate that Africa is the top destination of certain top Pakistani exports, such as cereals, textile items (wadding – nonwovens), vehicles (primarily tractors) and miscellaneous chemicals products. However, share of other Pakistan's top export products – cotton, apparels, sugars, pharmaceutical products and plastic and articles of plastics etc. in Africa's global imports is smaller – *indicating that there is a sizeable market for Pakistani exports in the Africa region.*

The research findings indicate that the existing bilateral trade in services between Pakistan and Africa is significant. Therefore, keeping in view Africa' global services demand structure and size, Pakistan's can avail the benefit of expanding trade with Africa by increasing services exports.

The study identifies a number of export products to Africa with high and untapped exports potentials. The largest potential exports are revealed by articles of apparels, cereals (rice, wheat and muslin, maize etc.), articles of leather, sugar and sugar confectionary (cane or beet sugar and chemically pure sucrose), pharmaceutical products – mainly medicaments etc., instruments and appliances used in medical and surgical sciences, mineral fuels and oil – mainly, medium oil and preparations and petroleum oil etc., chemical products (*insecticides, paints and varnishes, animal or vegetable fertilisers, etc.*), vehicles (*parts and accessories, gear boxes and parts thereof and radiators and parts thereof for tractors & motor vehicles*).

The study also identifies Pakistan's competitors of its top exports in South Africa. The findings of the study indicate that in South Africa, Pakistan's competitors in most of its top exports products such as apparels (other made-up textile articles; sets), cotton, articles of apparel and clothing accessories (knitted & non – knitted), cereals, articles of leather, are China and India. Therefore, the study concludes that to capture the market in South Africa, Pakistan should join the global value chain to enhance the exports competitiveness and produce high value-added goods to compete with China and India in the African region.

Likewise, the study identifies a number of export products with potential exports to Kenya, including cereals (rice and wheat and Maslin), cane and beat sugar, articles of apparels, pharmaceutical products, machinery and, mechanical appliances, mineral fuels, articles of iron & steel and instruments and appliances used in medical and surgical sciences etc. Pakistan's competitors of these exports in Kenya are Mexico, Russia and Argentina (rice), China (articles of apparels and machinery etc.), India (apparels, pharmaceutical products, machinery, mineral products, and articles of iron & steel etc.), Brazil in sugar and meat products and UAE and KSA in plastic and articles thereof etc. Likewise, Pakistan's competitors of its exports in Egypt include India (cotton), China (instruments and appliances used in medical and surgical science and articles of apparels), Russia (cereals), Brazil (sugar) and Vietnam (fish and crustaceans) etc.

Tanzania is the other top export destination of Pakistan. Its top exports potentials to Tanzanian include apparels, cereals (rice), sugar, medical instruments, plastic and articles of plastic, pharmaceutical products, machinery and mechanical appliances etc. The findings of the study indicate that Pakistan's competitors in Egypt are China (apparels, plastic and articles of plastic, machinery, electrical equipment and articles of iron and steel etc.) and India (apparels, sugar, plastics, machinery and electrical equipment etc.).

Morocco is Pakistan's other top exports destination in Africa, however, the current volume of exports is nearly negligible and below than potential. The study identifies a number of export products with potential exports to Morocco. It also identifies Pakistan's top competitors in Morocco, that include; Turkey (cotton and apparels), China (apparels, instruments and appliances used in medical and surgical sciences, man -made staple fibre products, and machinery and appliances etc.) and Spain (cotton, apparels, plastics and articles of plastics and machinery and appliances).

This study identifies a number of export products with potential exports to Nigeria that include, pharmaceutical products, machinery and mechanical appliances, sugar and sugar confectionary, mineral fuels, salt and sulphur, ethyl alcohol and fish and fish crustaceans etc. Like other countries of Africa, Pakistan's export competitors in Nigeria are China and India in most of Pakistan's top export products. Therefore, the findings once again conclude that to capture the market in Africa for its top exports and to compete the goods coming from China and India, Pakistan should produce high value goods and increase competitiveness of its exports.

To propose and develop a market diversification strategy for export enhancement, the study employs the gravity model approach to identify export partners with high and untapped exports potentials to Africa. The gravity model suggests a number of traditional and non-traditional export partners in the Africa as the potential export destination economies, with whom Pakistan has high scope of increasing exports. These include; Chad, Rwanda, Equatorial G. Burkina Faso, Burundi, Zambia, Swaziland, Gabon, Mali, Uganda, Ghana, Malawi, Nigeria, Botswana, Morocco, Myanmar, Algeria, Liberia and Seychelles etc. (detail is given in Table 5.18).

6.2. Policy Recommendations

The study yields very interesting results from which certain policy recommendations can be suggested. They are summarized as follows.

1. The gravity model identifies a number of export destination economies in Africa with high and untapped potential exports. The study suggests particular concentration on these economies. The specific measures may include:
 - Pakistan needs to send fact-finding missions to these economies for exploring business opportunities for the purpose of exploring long-term sustainable export market.
 - The study suggests that Pakistan needs to increase its diplomatic presence and trade missions in these African countries. This will ensure a more profound representation, cooperation on regional and global issues and most importantly, an opportunity of closely interacting and establishing relations with local communities.
 - The study findings suggest opening up display centres in these economies to showcase our export products. They may conduct market studies, which may be helpful for Pakistani businesses to enter in the African region.
 - The study suggests that Pakistani companies should participate in all Africa exhibitions as well as it must hold its own products-based exhibitions.
 - The study also recommends arrangement of the B2B meetings between the domestic companies and Africa region importers.
2. The study identifies a number of non – traditional export products to Africa with potential exports. These include meat & meat preparations, cane & beet sugar, engineering goods and sports goods, leather products and construction material. As Many African countries import meat despite being rich in livestock. This gives Pakistan an opportunity for investing in meat processing units in Africa. A significant majority of the population is

Muslim in Africa, which also represents the potential for Halal products. Due to the scarce supply of Halal products in the world, there is a great opportunity for Pakistan to capture this market as a supplier of Halal certified products to African countries.

3. The study further identifies China and India as the main competitors of supplying top exports to Africa. To compete with goods coming from China and India, there is need to shift the exports base towards value-added goods from primary commodity. Our exporters should learn from the experience of Asian economies and start with based commodities and then gradually shift to capital - intensive production of electronics and other light and heavy engineering goods.
4. The gravity model results suggest a negative and significant impact of per capita income differentials on Pakistan's export performance. This implies that a larger difference between the demand structures (consumer's preferences) of Pakistan and its competitors, constitute smaller volume of exports and vice versa. Thus, for a better export performance, the primary focus should be on non – traditional African economies (having same demand structures and consumer preferences) as an emerging market for Pakistani exports. The study suggests bilateral trade agreements with these economies.

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