



PAK-KENYA TIES: FUTURE AHEAD

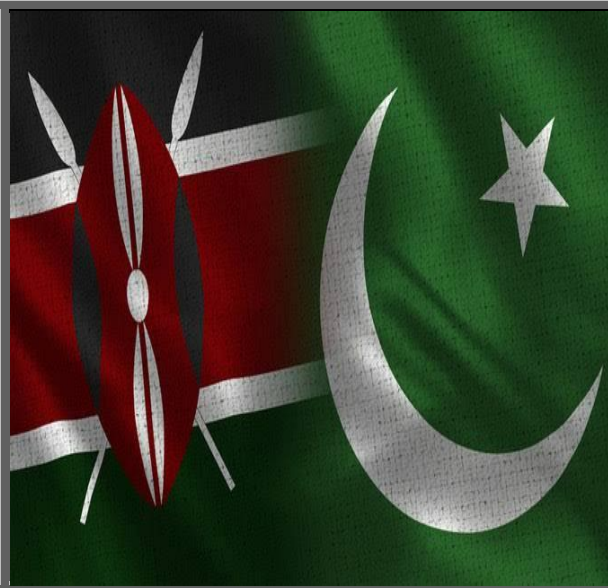
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October 12, 2021

(Views expressed in the brief are those of the author, and do not represent those of ISSI)



Pakistan and Kenya have long-standing trade relations and vast potential for bilateral trade. The trade volume between Pakistan and Kenya stood at 705 million USD in 2020 compared to 283 million USD in 2008, showing an upward trend. This upward trend must continue and accelerate as the trade potential between the two states is much higher.¹

The tariff war between Pakistan and Kenya has finally ended after Pakistan, on August 16, 2021, announced the removal of the attestation fee charged by the Pakistani High Commission in Nairobi on tea exports to Pakistan from Kenyan tea traders which was a major impediment in bilateral trade.² The fee, which had been charged at a rate of 0.5% of the total export volume, had made Kenyan tea more expensive in Pakistan, thus negatively impacting Kenyan tea exports.³ The situation erupted between the two countries when Pakistan imposed the attestation fee in response to Kenya's taxation of Pakistani rice at 75% in 2007.⁴

Pakistan's Engage Africa Policy

- 1 Trading Economics, "Pakistan Exports to Kenya", September 15, 2021. <https://tradingeconomics.com/pakistan/exports/kenya>
- 2 Bilaterals.org, "Kenya-Pakistan end tariff wars, draft MoUs for more trade", August 31, 2021.
- 3 Fresh Plaza, "Kenya and Pakistan drafting MoUs to increase bilateral trade", September 01, 2021. <https://www.freshplaza.com/article/9351340/kenya-and-pakistan-drafting-mous-to-increase-bilateral-trade/>
- 4 Ibid.

Pakistan deeply values its long-standing relations with Africa that are premised on mutual trust and understanding. For this purpose, Pakistan has devised the “Engage Africa” policy which aims to foster ties with the various countries of the continent and Kenya is one of the important countries in this regard. A breakthrough was made in January 2020 when the "Pakistan-Africa Trade Development Conference" was organised by Pakistan in Kenya, Nairobi. The Pakistani convoy was jointly led by Foreign Minister Shah Mahmood Qureshi and Commerce Minister Razzaq Dawood. The Conference was inaugurated by Kenyan President, Uhuru Kenyatta, who maintained the importance of Pak-African ties and potential economic opportunities within.⁵ The platform was the first of its kind for business communities of Pakistan and Africa in general and Pakistan and Kenya aimed at exploring different bilateral avenues for trade and commerce.

However, keeping this premise in mind, at this stage bolstering economic ties with Africa on a long-term basis and the practical implementation of Engage Africa policy is essential for Pakistan in establishing a robust bilateral economic partnership with the African continent.

Growing Pak-Kenya Ties

In line with Pakistan’s growing outreach to Africa, Pakistan has been increasingly engaging with Kenya. Besides removing tariffs and fees on trade between Pakistan and Kenya, certain MoUs are in progress to address the sanitary and phytosanitary issues hampering bilateral trade.⁶ Kenyan Trade Principal Secretary, Ambassador Johnson Weru said, “An MoU between Kenya Bureau of Standards (KEBS) and Pakistan Standard Quality and Control Authority (PSQCA) on matters of the standard will be signed soon.”⁷

Furthermore, MoUs regarding the export of mangoes and citrus fruits from Pakistan to Kenya and avocado and nuts to Pakistan from Kenya are underway. Pakistan and Kenya are also closely working on enhancing cooperation in trade and investments, health and pharmaceuticals, customs, leather and textile industries, vocational, technical training and tourism.⁸ It goes without saying that these MoUs and the removal of trade barriers with the African nations align with Pakistan's policy on Africa, which aims to utilize Africa’s emerging market and resources.

⁵ Press Release, "Foreign Minister's Visit to Kenya", February 1st, 2020.
<http://mofa.gov.pk/foreign-ministers-visit-to-kenya/>

⁶ Bilaterals.org, “Kenya-Pakistan end tariff wars, draft MoUs for more trade”, August 31, 2021.
<https://www.bilaterals.org/?kenya-pakistan-end-tariff-wars>

⁷ Xinhua, “Kenya, Pakistan to sign pact to boost bilateral trade”, September 01, 2021.
http://www.news.cn/english/africa/2021-08/31/c_1310160089.htm

⁸ Ibid.

Kenya is a country hosting a large community of Pakistani diaspora, actively playing a role in its pharmaceutical, medical and other business sectors.⁹ A constant people-to-people interaction between both countries can help the business community of each state to exploit relative economic resources and explore other avenues of commerce and industry. This should be supplemented by a trade-friendly environment developed by signing a Memorandum of Understanding (MoU) on trade to ensure reasonable tariffs, reduced economic barriers, and to ensure that technical assistance is in place at micro and macroeconomics.

On September 07, 2021, Kenya's Defence Minister Monica Juma and Pakistan's Foreign Minister Shah Mehmood Qureshi had a telephonic conversation in which matters related to the bilateral ties were discussed.¹⁰ Moreover, the visit of the Chief of the Kenyan Armed Forces, General Robert Kariuki Kibochi, to Pakistan in June 2021 was another important step in enhancing bilateral ties; it was focused on various matters of maritime security, stability and mutual interest including bilateral collaboration respectively.¹¹

Areas of collaboration

Pakistan and Kenya are involved in the bilateral trade of rice and tea via Gwadar port in Pakistan and Port-Mombasa in Kenya. These ports have great potential to supplement the blue economies of both countries. Similarly, the newly launched Lamu Port in Kenya -the largest deep-water port in the Sub-Saharan region - can help Pakistani products make a niche in the African continent.¹²

Kenya is a key player in the East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA); therefore, a close politico-economic collaboration with Kenya can help Pakistan to find a niche within untapped African economic fronts and thus benefit from new arenas such as African Continental Free Trade Area (AfCFTA).

In 2016, the National Database and Registration Authority (NADRA) of Pakistan helped the Kenyan government acquire a machine-readable passport facility upgraded to a new generation e-passport under the standards of the International Civil Aviation Organization (ICAO).¹³ The provision of

⁹ Press Release, "First session of Pakistan-Kenya Joint Trade Committee", April 7th, 2021.

<https://www.commerce.gov.pk/pakistan-kenya-joint-trade-committee/>

¹⁰ Proiqra, "Kenyan Defense Minister calls Foreign Minister Shah Mehmood Qureshi", September 07, 2021.

<https://proiqra.com/national/kenyan-defense-minister-calls-foreign-minister-shah-mehmood-queshi/>

¹¹ The Express Tribune, "Kenyan military chief lauds professionalism of Pakistan Army", June 20, 2021

<https://tribune.com.pk/story/2306673/kenyan-military-chief-lauds-professionalism-of-pakistan-army>

¹² News Desk, "A new Kenya port has opened for business.", May 21st, 2021.

<https://www.portstrategy.com/news101/world/africa/kenya-port-opens>

¹³ NADRA, "Passport Issuance & Control System Kenya"

<https://www.nadra.gov.pk/international-projects/passport-issuance-control-system-kenya/>

technical assistance shows that there lies a potential for both countries to integrate their IT sectors and put a collective effort towards elevating their respective digital markets.

Recommendations

- The government of Pakistan should take all stakeholders on board related to trade and economy to implement reforms in the economic policies by holding joint sittings at the Economic Coordination Committee (ECC) for the national interest.
- There should be an increase in constant bilateral interactions, such as through different joint sessions, depicting robust bilateral diplomacy between the two nations.
- Both countries can work in symmetry to deal with the socio-economic challenges at the grass-root level by initiating people-centric projects at different levels of society.
- Airlines from both countries should operate direct flights to enhance socio-economic ties and increase people-to-people interaction.
- Pakistan's textile industry must explore the potential market of Kenya to increase exports.

Pakistan and Kenya have limited economic engagement, which can help both nations to cement their relations. Pakistan needs to streamline its policies towards Kenya and exercise proactive diplomacy. Likewise, collaboration in Pakistan-Kenya policies regarding socio-economic engagements can help bolster economic developments on both sides. Similarly, Pakistan's trade community along with other stakeholders in Kenya should be taken on board and asked to suggest possible areas of trade and commerce engagements.