

## AN ASSESSMENT OF PAKISTAN'S 'ENGAGE AFRICA' POLICY

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



Embracing the title of the 'Continent of the Future,' Africa stands at the forefront of global anticipation. Driven by its compelling economic potential, attractive investment opportunities, abundant natural resources, and a high percentage of the young population, it represents a vibrant force shaping the trajectory of tomorrow. For nations like Pakistan, which are focused on a shift to geo-economics, Africa stands out as a land of immense opportunities. Despite maintaining cordial relations, trade figures between Pakistan and African nations have remained modest, at around \$6 billion. Nevertheless, Pakistan's 'Engage Africa' Policy underscores a commitment to prioritize economic outreach to the African continent.

Both Pakistan and African nations hold distinct geostrategic importance, with Africa's strategic location facilitating global trade. Pakistan and Africa share numerous similarities, having both confronted historical challenges such as poverty, inflation, and unemployment. Currently, they are actively working towards stabilizing their respective regions to overcome these common obstacles.

In 2017, the 'Look Africa' policy was initiated by the Ministry of Commerce to reinvigorate trade ties with Africa.<sup>1</sup> It was later incorporated in the overall 'Engage Africa' Policy. 'Look Africa' represented

<sup>1</sup> "Pakistan Decides to Enhance Relationship with African Countries." *Pakistan Today*, May 4, 2023. <https://profit.pakistantoday.com.pk/2023/05/04/pakistan-decides-to-enhance-relationship-with-african-countries/>

an attempt toward geographical and product diversification of exports. Under this policy, the top 10 African nations based on their economic size — Nigeria, Kenya, South Africa, Morocco, Algeria, Egypt, Sudan, Ethiopia, Tanzania and Angola — were identified to enhance and double trade with African countries by the year 2025.<sup>2</sup> In addition, Preferential Trade Agreements (PTA) with three African trading blocs — SACU, ECOWAS and EAC — were envisaged as the key aspects of the policy. The Trade Development Authority of Pakistan (TDAP) was designated to provide a special subsidy of 80% for Pakistani companies to encourage their participation in trade fairs in Africa. The focus was also on establishing new missions in various parts of the Continent.

Under the 'Engage Africa' Policy, Pakistan has expanded its diplomatic footprint and opened five new missions in Africa -- Rwanda, Djibouti, Ivory Coast, Ghana and Uganda -- and upgraded embassies in Niger and Tanzania to the Ambassadorial level. Moreover, a resident Ethiopian Mission has been established in Pakistan in 2022.

Additionally, Pakistan has appointed 26 honorary consuls and established an Africa Fund.<sup>3</sup> Along with this, six trade wings have been established in Algeria, Egypt, Ethiopia, Sudan, Senegal and Tanzania. Within these wings, individuals from the local community have been appointed as trade development officers in several African countries where official diplomatic missions have not yet been established. These officers operate under the supervision of an accredited ambassador and are tasked with overseeing trade and development activities in their respective regions.<sup>4</sup>

To promote Pakistan's trade with African nations, a series of Pakistan–Africa Trade Development Conferences (PATDC) & Single Country Exhibitions (SCE) have been held in different parts of the Continent since 2020-2023. The first PATDC was held in January 2020 in Nairobi; the second in Lagos in November 2021; the third in Johannesburg in November 2022; and the fourth in May 2023 in Karachi. These conferences were attended by hundreds of participants from various African nations to determine how trade could be increased to its maximum potential. The conferences discussed common interests that will be beneficial for both Pakistan and the African Continent.<sup>5</sup>

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<sup>2</sup> "The Pakistan Engage Africa Policy has Rejuvenated Trajectory of Relations with African Countries, *The Nation*, October 25, 2022.

<https://www.nation.com.pk/25-Oct-2022/pak-engage-africa-policy-has-rejuvenated-trajectory-of-relations-with-african-countries-na-committee-told>

<sup>3</sup> "Foreign Policy Brief 9: Pakistan Engage Africa Policy." Institute of Policy Studies, February 2022.

<https://www.ips.org.pk/wp-content/uploads/2022/02/07-Foreign-policy-Brief-9-Pakistan-Engage-Africa-Policy.pdf>

<sup>4</sup> Ibid.

<sup>5</sup> "Post Event 3rd PATDC Report." Trade Development Authority of Pakistan, August 2023.

[https://tdap.gov.pk/wp-content/uploads/2023/08/Post\\_Event\\_3rd\\_PATDC\\_Report\\_final.pdf](https://tdap.gov.pk/wp-content/uploads/2023/08/Post_Event_3rd_PATDC_Report_final.pdf)

To enhance trade relations with Africa, Pakistan can export a diverse range of products, including rice, frozen food, machinery, and textile apparel. Pakistan's significant contributions to agriculture, exemplified by Millat Tractors, play a pivotal role in fostering market development and trade engagement in Africa. It secured an export order for 600 tractors to Angola in December 2020 which was an important milestone towards the practical implementation of the 'Engage Africa' Policy.<sup>6</sup> Other exporters should follow a similar approach by exporting unconventional products to African markets; this will help boost trade activity. Moreover, it is also crucial to recognize that, particularly at this juncture, understanding the significance of geographical diversification in exports will form the foundation for the global expansion of trade and businesses in the future.

To enhance business activities, the Pakistan-South African Association collaborates closely with the Pakistan mission in South Africa. This association extends its operations to various parts of Africa, including Malawi, Zambia, Kenya, Maputo, Swaziland, Lesotho, and Namibia.<sup>7</sup> Within this association, numerous Pakistani businessmen are diversifying their ventures in sectors such as textiles, infrastructure development, and imports and exports.

In the realm of public health, Africa faces significant challenges, grappling with prevalent diseases such as malaria, typhoid, cholera, and dengue fever. This health crisis presents an opportunity for Pakistani pharmaceutical companies to collaborate with relevant stakeholders in Africa, drawing on Pakistan's expertise in dealing with diseases like malaria and dengue fever. Pakistani pharmaceutical firms are well-equipped and willing to invest in both Western and Eastern regions of Africa to address large-scale health issues effectively. The current Pakistani government's commitment to increasing pharmaceutical exports to \$5 billion by 2030 has led to the establishment of a Pharmaceutical Export Promotion Committee, aimed at encouraging the production and export of medicines and medical products to African countries as well such as Kenya, Rwanda, Ivory Coast, and Djibouti.<sup>8</sup>

The African Continental Free Trade Agreement (AfCFTA) presents a unique opportunity for Pakistan to reinforce its trade and investment connections with African nations, opening up new possibilities

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<sup>6</sup> "The Pakistan Engage Africa Policy has Rejuvenated Trajectory of Relations with African Countries, *The Nation*, October 25, 2022.

<https://www.nation.com.pk/25-Oct-2022/pak-engage-africa-policy-has-rejuvenated-trajectory-of-relations-with-african-countries-na-committee-told>

<sup>7</sup> "The Pakistan Engage Africa Policy has Rejuvenated Trajectory of Relations with African Countries, *The Nation*, October 25, 2022.

<https://www.nation.com.pk/25-Oct-2022/pak-engage-africa-policy-has-rejuvenated-trajectory-of-relations-with-african-countries-na-committee-told>

<sup>8</sup> "Pakistan Eyes \$5B Pharma Exports." *The Express Tribune*. July 2023.

<https://tribune.com.pk/story/2425967/pakistan-eyes-5b-pharma-exports>.

for businesses and strengthening overall economic ties with Africa. Specifically, it has the potential to play a crucial role in the successful execution of the 'Engage Africa' Policy, fostering additional avenues for mutually beneficial collaboration. It would allow Pakistan better ingress into the African market, which comprises over 1.2 billion individuals and boasts a combined GDP exceeding \$3 trillion.

To establish meaningful and favorable ties with African markets, Pakistan must employ conventional marketing methods. For example, Pakistani confectionery manufacturers can enter African markets by offering low-cost packaging for products targeting low-income groups, potentially evolving into a major business venture. These products may encompass consumer goods, fiber foods, textiles, pharmaceuticals, and chemicals. Additionally, marketing strategies should incorporate efforts to mobilize 'Duty-Free Agreements' across various African regions through foreign missions, fostering robust trade linkages.<sup>9</sup>

Cooperation can be further reinforced by focusing on areas of mutual interest, including cross-cultural diplomacy. Sports leagues, such as cricket diplomacy, can enhance cross-cultural interconnectedness and provide a platform for the advertisement of Pakistani products in African markets. Establishing a permanent Pakistani business exhibition center and hosting musical concerts can serve as catalysts in strengthening Pakistan-Africa ties and deepening cultural cooperation.

The formulation of the 'Engage Africa' Policy represents a significant achievement; nevertheless, substantial efforts are requisite to address deficiencies in the foreign trade policy arena. Moreover, notable irregularities within the bilateral trade framework should be addressed. Specifically, South African authorities imposed antidumping duties ranging from 14% to 77% on prominent Pakistani cement exporters. Consequently, Pakistan incurred a substantial loss of \$67 million in Portland Cement exports to Africa between 2015 and 2016.<sup>10</sup> Conversely, Pakistan has assumed a pivotal role as a primary destination for South African coal exporters, with an annual demand for imported coal valued at \$1 billion to \$1.5 billion since 2017.

Furthermore, in the context of trade relations with Kenya, Pakistan imports approximately 87% of its black-fermented tea and the applied average tariff stands at 11%.<sup>11</sup> In contrast, non-basmati rice, a

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<sup>9</sup> "Pakistan Decides to Enhance Relationship with African Countries." *Profit by Pakistan Today*. May 4, 2023. <https://profit.pakistantoday.com.pk/2023/05/04/pakistan-decides-to-enhance-relationship-with-african-countries/>.

<sup>10</sup> "The Pakistan Engage Africa Policy Has Rejuvenated Trajectory of Relations with African Countries, *The Nation*, October 25, 2022. <https://www.nation.com.pk/25-Oct-2022/pak-engage-africa-policy-has-rejuvenated-trajectory-of-relations-with-african-countries-na-committee-told>

<sup>11</sup> Ibid.

prime export commodity from Pakistan to Kenya, encounters a considerably higher average tariff of 35% and is frequently subjected to stringent scrutiny. It is noteworthy that 'Ugali,' a staple diet among the indigenous population of East Africa, is prepared from non-basmati rice. Similar inconsistencies can be witnessed in other African economies, such as Nigeria, Egypt, and Ethiopia.

To rectify these imbalances, concerted negotiations are imperative with African authorities to help establish a level playing field. Additionally, proactive measures should be undertaken to mitigate anti-export biases, including the implementation of credit guarantee schemes akin to those adopted by other countries. Furthermore, beyond negotiating Preferential Trade Agreements (PTAs) with the aforementioned trade blocs in Africa, strategic initiatives should be pursued to engage with countries in the Continent. Pakistani investors and manufacturers should innovate and implement ideas that would not only benefit the economy but also create sustainable trading channels. However, at this stage, policy-making decisions, coupled with a thoughtful approach, will play a substantial role in realizing these opportunities.