

# ECONOMIC DIPLOMACY IN AFRICA: OPTIONS AND OPPORTUNITIES FOR PAKISTAN

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## Abstract

*Pakistan's paradigm shift in foreign policy to geo-economics, necessitates that Islamabad look for opportunities within and outside the region to utilise its geographic and economic potential. This new policy shift makes the African region a key area of significance for Pakistan, owing to the huge trade and market potential of the region. The adoption of 'Look Africa Policy' by Pakistan is a key step. This paper aims to explore the options and opportunities for Pakistan in the African region. It analyses these opportunities and associated challenges in the light of economic diplomacy framework. The paper argues that Pakistan requires active diplomatic engagement at public and private levels both, to boost trade and economic relationship with African region for the mutual economic benefit.*

**Keywords:** *Africa, Economy, Trade, Pakistan, Look Africa Policy, Diplomacy*

## Introduction

Africa is a region of huge potential with around 54 countries and inhabited by more than one billion people. Among them 50 percent young population will be under 25 years of age by 2050.<sup>1</sup> The continent as a whole has huge potential being a vibrant and diverse market due to its young population and resource rich geography. Especially the region's natural resource richness further increases its importance in global arena. Despite its huge potential, challenges such as persistent conflict, economic uncertainty, increasing poverty, unemployment, migrations and chronic instability in the region overall have all left the region underdeveloped and marginalized. Amid all these challenges, certain countries' (Kenya, South Africa and Nigeria) impressive rise from conflict and taking a route to development has compelled the world community to explore the immense economic potential of the

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<sup>1</sup> "World Bank in Africa," World Bank's Regional Overview, January 15, 2022, <https://www.worldbank.org/en/region/afr/overview>.

region. In 2020, the economic activity in the region was badly affected due to Covid-19 pandemic; however, its GDP was projected to grow by 3.4 percent in year 2021.<sup>2</sup>

With the economy of \$2.4 trillion, the region holds tremendous economic opportunities for Pakistan. However, the region has remained neglected in the foreign and economic policy domains of Pakistan. The total global trade volume of Africa stood at USD 1.075 trillion in 2018 while Pakistan and Africa trade remained stagnant at USD 3 billion.<sup>3</sup> In the past few years the policy stakeholders in Pakistan have realized the economic potential of Africa. Especially the recent thrust of Pakistan's security and foreign policy towards "geo-economics" makes it important to further explore the options and opportunities in a promising region like Africa. Recently Pakistan initiated its Look Africa Policy, to harness economic and diplomatic ties between Pakistan and the potential African countries through exploring common economic, trade and security interests. Under this policy, Pakistan looks at multi-dimensional interactions with the region to share its experiences in public sector reforms, technical cooperation, infrastructure development and private investment with the African countries.<sup>4</sup>

In the pursuance of this policy, the government of Pakistan will increase diplomatic presence across Africa which is currently confined to 15 countries only. Pakistan seeks to establish diplomatic missions in six African countries that include Djibouti, Angola, Uganda, Ghana, Rwanda and Ivory Coast. Pakistan also wants to open commercial sections in Kenya, Senegal, Algeria, Nigeria, Ethiopia and Kenya.<sup>5</sup>

It is worth mentioning here that the African countries are equally keen to expand diplomatic and economic ties with Pakistan. In January 2020, the adviser to Prime Minister on Commerce, Industries and Production, Textile and Investment, Abdul Razzak Dawood, exclaimed that African countries were keen to explore the options of use of China Pakistan Economic Corridor (CPEC) and Gawadar Port to export their items to Central Asia and China.<sup>6</sup> He also informed that the Central Bank of Kenya allowed the Pakistani Banks to open branches in Africa in order to

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<sup>2</sup> "African Economic Outlook 2021," A Report by African Development Bank Group, January 15, 2022, <https://www.afdb.org/en/knowledge/publications/african-economic-outlook>

<sup>3</sup> "Africa Likely to Use Gawadar Port, CPEC to have Access to CARS, China," *The News*, February 3, 2020.

<sup>4</sup> "Pakistan Envisages 'Engage Africa Policy' for Economic Policy," *The Nation*, December 29, 2020.

<sup>5</sup> Areeba Arif Khan, "Expanding Diplomatic Footprint: Pakistan and East Africa," Center for Strategic and Contemporary Research, December 2020, <https://cscr.pk/explore/themes/trade-economics/expanding-diplomatic-footprint-pakistan-and-east-africa/>.

<sup>6</sup> "Africa Likely to Use Gawadar Port."

facilitate the trade between interested countries from Africa to enhance trade relationship with Pakistan.

The mutual desires both on the part of African countries and Pakistan and the recent shift to geo-economics in Pakistan's foreign policy sets the momentum for exploring and exploiting avenues of mutual economic and trade interests. The study aims at exploring and documenting the opportunities for Pakistan in the robust African continent using the analytical framework of economic diplomacy. The study also analyses prevailing challenges that both Pakistan and African countries may face while extending economic cooperation in various spheres. The study primarily relies upon key informant interviews with stakeholders involved in economic diplomacy in the African region and the secondary data, which is scarcely available on the topic under discussion.

### **Economic Diplomacy: Conceptual Framework**

The concept of economic diplomacy is a relatively recent phenomenon that attracted the attention of intellectuals and academics in the 1980s. Much of the focus in the debates on economic diplomacy revolves around the extent to which economic diplomacy is linked with the state and public interests or whether it pertains to a broader range of social actors and interests.<sup>7</sup> Traditionally, the concept is associated with the key role of state in promotion of its economic interests through various official interactions at the global level. However, in its contemporary connotations, diplomacy is not confined to inter-state relations in an international system, but also involves the social, economic, cultural and political relations among various political, diplomatic, social and economic actors both within domestic and international settings. The role of private and non-state actors such as businessmen, private entrepreneurs, industrialists and diplomats have enhanced in the economic diplomacy of any country. All these actors can equally generate goodwill within the international market to promote a state's economic interests.<sup>8</sup>

The traditional role of diplomats and their diplomacy in the promotion of the state's interests, owing to factors such as familiarity with cultures, language and situation, cannot be denied. But with the changing nature of global interaction in this era of globalization and information revolution the diplomats also need to engage the private sector, civil society and various socio-economic actors to promote the state's interests

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<sup>7</sup> Donna Lee and Brian Hocking, "Economic Diplomacy," in Robert A. Denemark (ed.) *The International Studies Encyclopedia*, vol. II, (Wiley Blackwell: 2010): 1216-1227.

<sup>8</sup> Dubravko Duby Zirovcic, "Theoretical Principles of Economic Diplomacy," *SSRN*, January 4, 2016, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2710671](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2710671).

in an adequate manner.<sup>9</sup> Therefore, there is a need to understand the term economic diplomacy in the context of changing global realities where along with traditional role of state, the role of other economic factors such as business groups, industrialists and relevant institutions are equally important in the promotion of economic interests of a country. Similarly, the role of these stakeholders expands beyond the local markets into regional and global theatres both.

The model of economic diplomacy is not without limitations, as it may face problems of implementation due to the tensions between economics and politics, tensions between the domestic and international interactions and the stress of government's interaction with the non-state actors.<sup>10</sup> Despite its limitations, its viability cannot be underestimated because of the increasing connectivity and crucial interplay of various actors, other than state itself, in the promotion and protection of the national economic interests.

Pakistan's former Foreign Minister, Shah Mehmood Qureshi in one of his speeches iterated that Pakistan has shifted its foreign policy focus to geo-economics. He further stated, "This has made economic diplomacy all the more important."<sup>11</sup> The Africa-Pakistan relations under the new Look Africa Policy are primarily driven by the non-state economic actors. These relations can best be understood and framed within the context of economic diplomacy framework. The role of private business entrepreneurs and chambers of commerce cannot be denied in this regard. One important feature of Look Africa Policy is the enhancement of Pakistan's diplomatic missions across Africa and vice versa, hence making it important to evaluate the crucial role of diplomats in economic diplomacy.

## **Geographic Layout of Africa: Geostrategic and Geo-Economics Significance of the Continent**

Africa is the second largest continent in the world that spreads over 30 million km.<sup>2</sup> The total length of coastlines of this region ranges more than 39,000 kilometers. Africa is bounded to the north by the Mediterranean Sea, to the northeast by the Suez Canal and the Red Sea along the Sinai Peninsula, to the southeast by the Indian Ocean, and to the west by the Atlantic Ocean. The region rich in natural and mineral resources is

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<sup>9</sup> Ibid.

<sup>10</sup> Dr. Usman W. Chohan, "Economic Diplomacy: A Review," Working Paper by Center for Aerospace and Security Studies, February 2021, <https://casstt.com/post/economic-diplomacy-a-review/295>

<sup>11</sup> "Pakistan has Shifted its Focus from Geopolitics to Geo-economics: FM Qureshi," *Geo News*, December 14, 2021.

strategically located across the major sea-lanes of the world.<sup>12</sup> In terms of population, it is the second most populous continent. An additional leverage comes in the form of natural resources where it has 10 percent of the world's proven oil reserves, and approximately eight percent of proven gas reserves, making it extremely promising for the world economy overall. In terms of mineral resources, it possesses "60 percent of world's diamonds, 40 percent of phosphate, and 30 percent of cobalt."<sup>13</sup>

The region is further classified into five sub-regions: North Africa, East Africa, Central Africa, West Africa and Southern Africa. All these sub-regions have attracted significant attention by major European powers in the 19<sup>th</sup> century. Almost the entire African continent remained as a colony of various European states. During the Cold War era the region remained important due to de-colonization movements. In most contemporary contexts, the Chinese and American growing presence and interest in various African states make the region a focal point in global power jockeying.<sup>14</sup> For example, the Chinese demands for minerals, and Chinese and American oil investment led Africa to 5.2 percent economic growth in 2005. Similarly, the US also increased its engagement with Africa. It enhanced its trade with Africa by 37 percent in 2004. In fact, Chinese and American trade and investment initiatives have driven Africa to the center of the global energy and security politics.<sup>15</sup>

African population is another source of its strength as its population provides a vast pool of potential consumers and clients. Most importantly, the middle class in Africa is increasing which was 355 million people in 2010. The middle class population is expected to reach approximately 1.1 billion by 2060.<sup>16</sup> Its increasing middle class is reflective of the region's

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<sup>12</sup> "The Geostrategic Importance of Africa's Maritime Domain: Opportunities and Challenges," Africa Maritime Safety and Security towards Economic Prosperity Conference Stuttgart, Germany, October 13-14, 2010.

<sup>13</sup> Jennifer Giroux, "Africa's Growing Strategic Relevance," *Center for Security Studies (CSS), ETH Zurich* 3, no. 38 (2008).

<sup>14</sup> Earl Conteh-Morgan, "Strategies of Sino-American Rivalry in Africa: From 2000 to COVID-19," *Vestnik RUDN, International Relations* 21, no. 2 (2021): 265-278.

<sup>15</sup> Pdraig R. Carmody, Francis Y. Owusu, "Competing Hegemons? Chinese versus American Geo-Economic Strategies in Africa," *Political Geography* 26 (2007) 504-524, doi:10.1016/j.polgeo.2007.03.005

<sup>16</sup> Rama Yade, "Africa is America's Greatest Geopolitical Opportunity: Does the US Know it?" The Atlantic Council, May 2021, <https://www.atlanticcouncil.org/blogs/africasource/africa-is-americas-greatest-geopolitical-opportunity-does-the-us-know-it/>.

adherence to positive tendencies like economic stability, culture of salaried jobs and economic growth.<sup>17</sup>

Africa, along with some of the world's fastest growing economies and populations sits at the intersection of international commerce and is adjacent to critical sea lines of communication<sup>18</sup>. Almost 38 African countries are either coastal states or islands and the remaining are landlocked.<sup>19</sup> This makes the region further important. For instance, since 1869 opening of the Suez Canal, the Horn of Africa region provides linkages through sea routes to Mediterranean, Middle East and Indian Ocean regions. Similarly, around 10 to 20 percent of global trade, including over 6 million barrels of oil per day, "reportedly transits along the Horn's shores. This makes the region a key geostrategic hub for countries all across the world."<sup>20</sup>

For Pakistan the region is both geo-strategically and geo-economically important. For instance, the CPEC project in general and the Gwadar Sea port, in particular, offers major opportunities to the African region for expanding its trade through Pakistan into the neighbouring region of Central Asia. The distance from Gwadar Sea port to Somalia's Mogadishu sea port is around 1900 nautical miles, which makes Somalia a gateway for Pakistan in its trade with Africa, along with offering Africa opportunities to expand their trade with China and Central Asia.<sup>21</sup> Similarly, Kenya and China both are interested in further integration of the Port of Mombasa with China's Belt and Road Initiative specifically linking the port to the Gwadar Port in Pakistan.<sup>22</sup> Overall Pakistan's Gwadar Port not only provides a golden opportunity to China-Pakistan to enhance their bilateral trade; but also the port's strategic location offers huge opportunities for Africa as well.

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<sup>17</sup> "Africa's Middle Class Triples to more than 310m over Past 30 Years due to Economic Growth and Rising Job Culture," African Development Bank Group, May 10, 2011, <https://www.afdb.org/en/news-and-events/>

<sup>18</sup> Randle Steinbeck, "US Forces in Africa," Harvard Model Congress, 2021, <https://static1.squarespace.com/static/>

<sup>19</sup> "The Geo-Strategic Importance of Africa's Maritime Domain."

<sup>20</sup> Guido Lanfranchi, "Geopolitics Meets Local Politics in the Horn of Africa," Analysis - Conflict and Fragility, Clingendael Spectator, December 2021, <https://spectator.clingendael.org/en/publication/geopolitics-meets-local-politics-horn-africa>.

<sup>21</sup> "Somali Port Cities can Act as Gateway to Africa for Potential Trade via Gwadar: PM," *Associated Press of Pakistan*, December 1, 2017.

<sup>22</sup> Eric Olander, "Chinese Ambassador to Kenya Wants to Integrate the Port of Mombasa Into Overland Trade Routes in Asia," The ChinaAfrica Project, November 1, 2021, <https://chinaafricaproject.com/2021/11/01/chinese-ambassador-to-kenya-wants-to-integrate-the-port-of-mombasa-into-overland-trade-routes-in-asia/>.

Similarly, the African region can be a potential market for the sports goods, medicines and dry fruits from Pakistan. The region's growing population and elevating socio-economic status provides an appropriate momentum for Pakistan to enter into the African market and explore the opportunities of trade and economic engagement with various countries of the region.

## Historical Overview of Pakistan-Africa Relationship

Pakistan's relations with the African continent can be traced back to the time of independence when the whole world was going through the phase of decolonization. Post-1947, Pakistan always supported various countries in their struggle for independence such as Algeria, Kenya, Sudan, Zimbabwe, South Africa, Tanzania, Namibia, Morocco, Libya, Egypt, and Nigeria.<sup>23</sup> That resulted in a general goodwill for Pakistan among the African countries and paved the way for long-lasting political relationship. The political ties between various African countries and Pakistan have been based on cardinality, warmth, mutual trust and understanding.<sup>24</sup> Pakistan extended principle support for the struggle of self-determination and the independence of the people of Africa and steadfastly stood with them in their freedom struggles and movements against colonialism and apartheid in the 1950s and 1960s. The African countries, especially those which received support from Pakistan in their freedom struggle, are very close to Pakistan and consider Pakistan as a promising land.

Pakistan has also helped the African countries through its participation in the United Nations' (UN) peacekeeping missions, which has created a positive image of the country and its people among its African counter parts. Pakistan started its peacekeeping mission in Congo in 1960.<sup>25</sup> Even today, Pakistan's peacekeepers are deployed in Congo, Central African Republic, South Sudan, Darfur, Somalia, Western Sahara, Mali, Abyei and Cyprus.<sup>26</sup> Several Pakistani soldiers have lost their lives while serving in the African continent. In June 1993, Pakistani soldiers performed the daunting task of rescuing and evacuating American soldiers who were trapped by Somali rebels, subsequently killing 24 Pakistani peacekeepers.

In terms of economic ties, Pakistan could not take advantage of the economic potential of the African region as a whole despite the general

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<sup>23</sup> Rukhsana A. Siddiqui, "Pakistan-Africa Relations: Appraisal and Future Prospects," *Pakistan Politico*, February 7, 2019.

<sup>24</sup> Ambassador Tajammul Altaf, interviewed by the author, Islamabad, January 24, 2022.

<sup>25</sup> Anwar Iqbal, "Pakistan Maintains its Contributions to UN Peacekeeping," *Dawn*, February 11, 2021.

<sup>26</sup> Zeeshan Ahmad, "Green, White and Blue: Pakistan on the Frontlines of UN Peacekeeping," *The Express Tribune*, February 16, 2020

goodwill that it enjoyed among the African people and governments alike. There were sporadic efforts in the past to cultivate better economic and trade relationships. For instance, several trade delegations and diplomatic missions paid a visit to Pakistan to enhance trade and economic cooperation. A five members Kenyan trade mission led by L. M. Kabetu, Director of Trade and Supplies in the Ministry of Commerce, visited Pakistan in 1973 to promote trade and economic collaboration between Pakistan and Kenya. In the same year, delegations from Somalia and Mauritius visited Pakistan to maximize economic engagement. In 1973 the President of Congo, Mr. Ngouabi, and Dr. Okoi Arikpo, Nigeria's Commissioner for External Affairs, also came to Pakistan intending to cooperate in the economic field.<sup>27</sup> In the past two decades, 47 African countries have sent around 1500 students to study in Pakistan which further highlights the positive image of Pakistan and hence can be utilized to improve the relations in the economic sphere.

Pakistan needs to further build on that positive image and pursue mutually beneficial economic policies that would not only add to the economic potential of Pakistan but help stabilize the situation on African continent as a whole. In this regard, Pakistan's recent initiative referred to as Look Africa Policy needs special attention and is explained in the following section.

### **Pakistan's Focus on Geo-economics and Look Africa Policy**

The 2022 National Security Policy of Pakistan gives a geo-economic dimension to the foreign policy of Pakistan. This new focus on geo-economics means that Pakistan maximizes its economic engagement across the world through maximum utilization of the unique geographic advantage that the country has bordering South, Central and West Asia at the same time. Within this new focus on geo-economics, the African region offers multiple opportunities for Pakistan. The government of Pakistan is equally keen to enhance cooperation with African nations through its Look Africa Policy initiative. The policy also known as 'Engage Africa Initiative' was launched by Ministry of Commerce in August 2017.<sup>28</sup>

According to the Ministry of Commerce, the policy is aimed at increasing trade and economic activities through enhanced diplomatic presence, participation in trade fairs and emphasis upon bilateral and multilateral negotiations to increase trade ties in particular and economic

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<sup>27</sup> Mehruunnisa H. Iqbal, "Pakistan's Relations with Africa and Latin America," *Pakistan Horizon* 27, no. 2 (Second Quarter, 1974): 57-61.

<sup>28</sup> "Look Africa Policy Initiative," Ministry of Commerce, Government of Pakistan, January 30, 2022, <https://www.commerce.gov.pk/look-africa-policy/>



ties in general between African continent and Pakistan.<sup>29</sup> The policy further put emphasis on organization of Look Africa Trade Forums in major cities in Pakistan to create awareness among the private sector about diverse economic and trade opportunities across the African continent.<sup>30</sup> Under the stated goal of the policy, it has been further decided to draw back two percent additional duty on selected items exports to Africa.<sup>31</sup>

This policy initiative focuses on the top ten economies of Africa which comprise 78 percent of the total GDP of Africa as per 2017-18 figures. These countries for trade promotion include: Nigeria, Kenya, South Africa, Morocco, Senegal, Algeria, Egypt, Sudan, Tanzania, and Ethiopia.<sup>32</sup> Pakistan, is also negotiating preferential trade agreements (PTA) with some African trading blocs. According to the Ministry of Commerce, these blocs include the Southern African Customs Union (SACU), which includes countries of Botswana, Lesotho, Namibia, South Africa and Swaziland. Pakistan further wants to have a preferential trade agreement with Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda which are part of the East African Community (EAC). Similarly, Pakistan will have a similar arrangement with Economic Community of West African States (ECOWAS) countries including Benin, Burkina Faso, Cabo Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togolese.<sup>33</sup>

There has been considerable progress in the pursuit of the goals of the Look Africa Policy since its inception in 2017. According to the Ministry of Commerce, Pakistan-Africa trade which remained stagnant at US\$ 3 billion for the last few years has crossed the mark of US \$4 billion in the year 2019-20.<sup>34</sup> This increase is the result of the adopted policy and relevant conferences like 'Pakistan-Africa Trade Development Conference' held in Nairobi in January 2020 to enhance trade and cooperation.

Similarly, six trade wings have been opened in Algeria, Egypt, Ethiopia, Sudan and Tanzania recently, where local people have been appointed as trade development officers with no resident missions. They work under the supervision of an accredited ambassador and are responsible for the trade and development activities.<sup>35</sup> In this regard, Pakistan Ministry of Commerce hosted some significant events in the African continent. It hosted Pak-Africa Trade Development Conference in

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<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> Ibid.

<sup>34</sup> Ibid. "Pakistan's Trade with Africa Reaches \$4.18bn in 2020: Razak Dawood," *The Nation*, December 27, 2020.

<sup>35</sup> Mian Nasser Hayatt Maggo, Interviewed by author in Islamabad, December 5, 2021.

Nairobi, Kenya with the objective of multiplying the trade opportunities between the African continent and Pakistan. Around 500 delegates participated in the conference including executives of over 100 leading Pakistani companies, Pakistan's trade and foreign ministers, government officials as well as business people and investors from African states.<sup>36</sup>

Since the inception of the Look Africa Policy there has been a significant increase in trade ties with various African countries. For example, adviser to former Prime Minister on Commerce and Investment Abdul Razak Dawood stated in a press conference that exports to Kenya increased to US\$ 289.3 million in 2019-20, which has been nine percent high ration despite challenges associated with the Covid-19 pandemic. He also claimed an increase in trade with Tanzania, which according to him reached US \$ 194.58 million in 2019-20, as compared to US \$ 136.52 million in 2018-19.<sup>37</sup>

Within that context, Pakistan participated in International Trade Fair in Khartoum in January 2021. This participation has opened up new avenues for trade and economic cooperation between Pakistan and Sudan. The event generated business of around \$2 million. Deals worth \$3m are under process between the Pakistani exporters and Sudanese buyers.<sup>38</sup> Similarly second PATDC was organized in Lagos, Nigeria to improve Pakistan trade ties with ECOWAS. Abdul Razak Dawood led a delegation of 232 members comprising businessmen and government officials. From the Nigerian side the Governor Lagos State, Federal Minister for Industry, Trade & Investment Minister of Information and Culture Minister of Special Duties & Intergovernmental Affairs and senior officials from Standards Organization Nigeria, National Agency for Food & Drug Administration, Nigerian Investment Commission and other officials attended the conference.<sup>39</sup> However, the policy is not without challenges as highlighted in the following section.

## **Challenges of Cooperation between Africa and Pakistan**

### **Lack of Policy Orientation**

The main reason behind low trade between Pakistan and Africa is the lack of prioritization in Pakistan's policies, which is now addressed through Look Africa Policy. In this regard, Pakistan and African

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<sup>36</sup> Andrew Wasike, "Pakistan-Africa Trade Conference Kicks off in Nairobi," *Anadolu Agency*, January 30, 2020, <https://www.aa.com.tr/en/africa/pakistan-africa-trade-conference-kicks-off-in-nairobi/1719269>.

<sup>37</sup> "Pakistan's Trade with Africa Reaches \$4.18bn in 2020: Razak Dawood."

<sup>38</sup> "Look Africa Policy Yields \$5m Order from Sudan," *Dawn*, January 31, 2021.

<sup>39</sup> "2 Pakistan-Africa Trade Moot Begins at Lagos," *The Business Recorder*, November 24, 2021, <https://www.brecorder.com/news/40135452/2nd-pakistan-africa-trade-moot-begins-at-lagos>.

counterparts are keen to take certain steps. For example, Pakistan views its diplomatic presence crucial in the pursuit of its economic and trade interests in the region and hence is taking steps to increase the diplomatic presence of Pakistan in the African continent by establishing diplomatic in six African countries including Djibouti, Angola, Rwanda, Uganda, Ghana and Ivory Coast. Commercial sections in Algeria, Ethiopia, Senegal, Nigeria and Kenya will be opening soon.<sup>40</sup> These steps will help in enhancing the engagement with Africa; however, the plan needs to be materialized on priority basis.

This problem of lack of policy orientation towards Africa was evident in the history, where the major focus of attention had been the ties with the major powers. It is equally true that the biggest challenge in enhancing cooperation with Africa is Pakistan's little diplomatic presence on the continent. Pakistan has only 15 resident missions in Africa while relations with rest of the African countries are maintained through accredited missions. Indeed, the challenges Pakistan faces in entering the African market are more internal than external. The government and private sector does not seem to show much interest in Africa, hence the lack of trade and economic ties.<sup>41</sup>

### **Pakistan's Economic Problems at Domestic Front**

Secondly, Pakistan faces several crucial challenges on the economic front which is another reason limiting its outreach towards African countries. Pakistan needs to broaden its export base drastically to capture significant position in the African markets. However, the domestic economic situation, especially the energy crisis, lack of technology and resources and little presence in the international markets are some of the challenges which may hamper Pakistan-Africa trade. The diversification of trade would require Pakistan to not only have a robust economic diplomacy in Africa but to address the above mentioned issues on priority basis. For example, Pakistan's energy crisis issue is a major obstacle in increasing exports. The long hours of energy outage have resulted in the slow pace of production or closure of industries. The Chairman of All Pakistan Textile Mills Association, Abdul Rahim Nasir, while explaining the effect of electricity outages on textile industries stated that the industries were unable to meet the deadlines of order delivery, which was hampering their position in the international market.<sup>42</sup> The government of Pakistan

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<sup>40</sup> Areeba Arif Khan, "Expanding Diplomatic Footprint: Pakistan and East Africa," *Center for Strategic and Contemporary Research*, December 23, 2020, <https://cscr.pk/explore/themes/trade-economics/expanding-diplomatic-footprint-pakistan-and-east-africa/>; "Pakistan's Trade with Africa Reaches \$4.18bn in 2020: Razak Dawood."

<sup>41</sup> Farzana Yaqoob, Interviewed by author in Islamabad, November 24, 2021.

<sup>42</sup> "Electricity, Gas Crisis Batter Textile Outputs," *The Express Tribune*, December 17, 2021.

wants to enhance ties with the region, however, it does not have enough means to help and assist poor African countries that need financial aid and assistance and loans.<sup>43</sup> Pakistan's economic crisis due to debt burden may be a reason for a sluggish approach towards African market.

### **Geographic Constraints**

Transportation and connectivity are two core components of the international trade. To maximize trade profit it is important to use efficient means of transportation and communication that minimizes the distance. In the international trade, shipping industry has a significant share as more than 80 percent of world trade takes place via sea lanes. Pakistan under its blue economy policy is working on improving its shipping and marine industry. The construction of Gwadar port as part of CPEC is yet another milestone in the direction of improving trade relations with the world overall. However, the long geographic distance from African region will require a proactive policy on the part of Pakistan to engage in trade and economic diplomacy through improving its shipping industry. The Chairman of The Federation of Pakistan Chamber of Commerce and Industry (FPCCI) in his interview explained that the power cost of production as well as cost of transportation to Africa is significantly higher than other countries because of shipping freight cost, which makes it a significant challenge in exploring economic avenues in the African region.<sup>44</sup>

In Pakistan, Ministry of Ports and Shipping, established in 2004, act as the central administrative authority to facilitate the ports and shipping industry. It works through policy guideline for port and shipping development, in addition to ensure safety standards as per International Maritime Organization (IMO) for Pakistani seafarers.<sup>45</sup> Pakistan's Blue economy policy focuses on improving its economic growth through maritime trade and exploiting the resources in coastline of Pakistan. In this regard, the shipping industry of Pakistan acquires great importance.<sup>46</sup> As part of promoting Blue Economy the government has taken several steps to encourage the private sector to invest in the shipping industry including "reduction in gross tonnage tax, first berthing right to flag carriers, acceptance of freight charges in Pakistani rupees along with US

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<sup>43</sup> Aminah Khan, Interviewed by Sadia Sulaiman, Islamabad, November 10, 2021.

<sup>44</sup> Mian Nasser Hayatt Maggo, Interviewed by the author.

<sup>45</sup> Tuba Azeem, "Pakistan's Maritime Sector: Contemporary Challenges with Special Reference to Legal Implications," CSCR Report, January 2017, <https://cscr.pk/explore/themes/trade-economics/>

<sup>46</sup> Ayesha Zafar, "Untapped Blue Economy of Pakistan," Paradigm Shift, February 14, 2022, <https://www.paradigmshift.com.pk/blue-economy-of-pakistan/>.

dollars, Long Term Finance Facility, and other fiscal incentives.”<sup>47</sup> However, it may take some time for the private sector and government to improve the conditions of shipping industry in order to extend its outreach in African market.

## Market Competition in African Continent

Present day rising Africa will benefit immensely from the African Continental Free Trade Area (AFCFTA) signed in 2020. This agreement has the potential to create a borderless single trade unit in African continent and generate better indigenous manufacturing opportunities. In 2015, Africa had just six cities with more than 5 million citizens and this number will swell to 17 in 2030. The process is already under way with 24 million Africans moving to the cities each year.<sup>48</sup> This potential of African market has given rise to an international competition there, where countries like US, India and China are competing with each other. For Pakistan, it will be a challenge to make inroads in the African markets especially in the presence of significant US, Chinese and Indian presence in the region. During 2006-2016, China became the largest partner of Africa where China’s imports increased by 233 percent while its exports increased by 53 percent.<sup>49</sup>

There are certain plus points of Chinese approach towards Africa, such as consistency in policy, generous economic aid and assistance, its huge technological capacity and abundant resources. In comparison, Indian strategic advantage in Africa emanates from their historical ties, shared colonial experiences, historical legacy of leaders like Mahatma Gandhi and Nehru in Africa, common cultural orientation inspired by Indian soft power, presence of Indian diaspora in Africa, and Indian presence in the market of Africa especially in IT industry and pharmaceutical industries.<sup>50</sup>

## Africa’s Economic and Political Fragility

The African Continental Free Trade Area brings together 1.3

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<sup>47</sup> Afrasiyab Gul and Vice Admiral (R) Khawar Ali Shah, “Policy Insights to Maritime Economy in Pakistan,” PIDE Policy Viewpoint, 2021, <https://pide.org.pk/research/policy-insights-to-maritime-economy-in-pakistan/>.

<sup>48</sup> “Is China Squeezing out India from Resurgent African Market,” The Pioneer, December 12, 2021, <https://www.dailypioneer.com/2021/sunday-edition/is-china-squeezing-out-india-from-resurgent-african-market.html>.

<sup>49</sup> Landry Signe, “US Trade and Investment in Africa,” Testimony by Brookings, July, 2021, <https://www.brookings.edu/testimonies/us-trade-and-investment-in-africa/>

<sup>50</sup> Dipanjan Roy Chaudhury, “China Looks to Dominate Africa unlike India’s Partnership based on Equality: New Book,” *The Economic Times*, January 15, 2022, <https://economictimes.indiatimes.com/news/>

billion people in a US \$3.4 trillion economic bloc that will be the largest free trade area since the establishment of the World Trade Organization. Historic challenges including Africa's poor road and rail links, political unrest, excessive border bureaucracy and petty corruption will not disappear overnight.<sup>51</sup>

Besides several business entrepreneurs face challenges such as fraud in the African markets, inefficient shipping and delivery, and conversion of foreign exchange rates. There are also certain logistical challenges present in many African countries, "including difficulties in customs, fragmented retail markets, low urbanization rates, and long dwell times in ports."<sup>52</sup> For instance, Ethiopia is the largest landlocked country in African continent and its lack of logistical facilities has hugely affected its economy. Ethiopia could not get access to the sea after the independence of Eritrea. The lack of infrastructural facilities was a prime reason due to which it was challenging to deliver goods to the markets for public consumption. Hardly 15 percent of the Ethiopian population could benefit of the goods reaching in markets thus affecting its overall trade opportunities.<sup>53</sup> This problem is widespread across Africa, where the lack of infrastructural and logistical facilities connecting various African states is not only meagre but poor as well. Moreover, the problem exists inside the African states where rural areas have connectivity issues with trade and urban centers.<sup>54</sup>

## **Future Way Out**

### **Proactive Economic Diplomacy**

To increase the trade volume Pakistan has to engage the countries of the continent. There is a dire need to organise government to government and business to business meetings to establish understanding among the people of the two sides. Pakistan must exploit all the opportunities offered by the resource rich countries of Africa and its emerging markets. Pakistan must diversify its exports to the continent besides traditional exports like pharmaceutical, surgery equipment, foods, sports goods, rice etc. Until and unless we do not know about the African

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<sup>51</sup> Joe Bavier, "African Free Trade Bloc Opens for Business, but Challenges Remain," World Economic Forum Report, January 5, 2021, <https://www.weforum.org/agenda/2021/01/african-free-trade-bloc-business-challenges>.

<sup>52</sup> "Boosting Trade and Development by Tackling Africa's Supply Chain Challenges," Wilson Center Event Report, November 2017, <https://www.wilsoncenter.org/event/boosting-trade-and-development-tackling-africas-supply-chain-challenges>.

<sup>53</sup> Ibid.

<sup>54</sup> Ambassador Tajammul Altaf, Interviewed by the author in Islamabad, January 24, 2022.

culture, their fashion, and most importantly the increasing demands for specific products we cannot boost economic relations with them. Therefore, Area Studies departments of renowned universities of Pakistan must increase its research about Africa to explore more about the continent.

### **Diversification of Trade in Africa**

Pakistan is endowed with mineral resources and agrarian land, which adds to its trade potential for exporting fruits, rice, gems, cotton and garments to the international community including African region. There is a need to broaden and diversify the exports to Africa. The key requirement in this regard is to conduct need assessment studies and surveys about various African countries about their market demands. Pakistan should involve the African diplomatic missions to get maximum knowledge about their market conditions and demands. In this regard, the Chambers of Commerce and Industries in various cities can play crucial role through engaging with the diplomatic missions in Pakistan and also by personally visiting the region for assessing market demands.

Pakistan's pharmaceutical companies also have opportunities to work with African counterparts. The Pharmaceutical Export Promotion Committee of Pakistan has already started working on production and export of medicines and medical products to African countries like Kenya, Rwanda, Ivory Coast and Djibouti.<sup>55</sup> In the post-Covid-19 scenario, it is an additional field where both the Pakistan and African countries can work together. Most importantly, Pakistan needs to conduct some country-wise assessment surveys to identify countries with trade potential.<sup>56</sup>

### **Showcasing CPEC and Gwadar Port**

The Gwadar port is usually referred to as the Jewel of the CPEC crown. Its strategic location has already attracted a lot of worldwide attention. As stated earlier, the African countries are equally keen to exploit the potential of Gwadar port for their connectivity with Chinese and Central Asian markets. Keeping in view the geo-economic focus in Pakistan's foreign policy, it needs to improve the facilities in strategically located Gwadar port in order to improve trade with Africa. China under BRI project is working on several link roads within East Africa and sea line connections to revive the ancient Silk Road. From Pakistan's perspective a corridor that connects Walvis Bay to Chinese port clusters in Mozambique, Tanzania, and Kenya, and linking them with Gwadar becomes important.<sup>57</sup>

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<sup>55</sup> Areeba Arif Khan, "Pakistan's Engage Africa Policy and the Future of Pak-Afro Ties."

<sup>56</sup> Dr. Ishfaq Tola, Interviewed by Sadia Sulaiman, Islamabad, December 6, 2021.

<sup>57</sup> Paul Nantulya, "Implications for Africa from China's One Belt One Road Strategy," Spotlight, Africa Centre for Strategic Studies, March 22, 2019,

This corridor will link up the African traders in Pakistan, hence making it mandatory for Pakistan to make CPEC a key feature of its Look Africa Policy. Moreover, the cheapest mean of trade between Pakistan and African continent is sea route, therefore making CPEC's Gwadar Port an integral part of its economic diplomacy towards Africa.

### **Making Space in African Market through People-to-People Contacts**

One key challenge that Pakistan is currently facing in African market is to find space there. In order to create that space Pakistan needs to work on enhancing people-to-people and business-to-business contacts. In this regard, Pakistani diaspora in Africa can be an asset for Pakistan's economic diplomacy in African continent. Pakistani diaspora living in Kenya and Somalia, primarily from Memon community is serving as bridge between Pakistan and Kenya and Pakistan and Somalia. Even in the Kenyan Parliament, there are people of Pakistani descent.<sup>58</sup>

Along with diaspora, the business community in Pakistan is also playing its part in improving business-to-business ties with the African continent. The government should encourage the interaction among these stakeholders and facilitate them in their endeavours. Similarly, youth on both sides comprises the majority of population and they can also play crucial role in bringing each other closer. The government of Pakistan should encourage youth exchange programs between public and private universities of Pakistan and African continent as a whole.

### **Conclusion**

Pakistan's Look Africa Policy is a good initiative, keeping in view the huge economic and trade potential of African region. However, the policy is not without challenges especially keeping in view the economic crisis that Pakistan is facing currently and economic and political fragility in the African continent. The geographic distance between Pakistan and the African continent further adds to these constraints. Without addressing these issues, Pakistan cannot succeed in attaining its objectives of the Look Africa Policy. Therefore, Pakistan requires a diverse, robust and an all-encompassing economic diplomacy in Africa. Pakistan has already started working on establishing diplomatic and commercial missions across Africa. Along with this official engagement the diplomats, business community, private entrepreneurs and youth also needs to be engaged in economic diplomacy in Africa as they can equally play their role in further enhancing ties between Pakistan and African region for their mutual economic and trade benefit.

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<https://africacenter.org/spotlight/implications-for-africa-china-one-belt-one-road-strategy/>

<sup>58</sup> Aminah Khan, Interviewed by the author in Islamabad.



