

Empirical Economic Review (EER)

Volume 7 Issue 1, Spring 2024


ISSN(P): 2415-0304, ISSN(E): 2522-2465

Homepage: <https://ojs.umt.edu.pk/index.php/eer>



Article QR



- Title:** **Bilateral Trade Potential Between Pakistan and North African Countries**
- Author (s):** Muneeb Ur Rahman, and Aadersh Hamza
- Affiliation (s):** Balochistan Think Tank Network (BTTN) at Balochistan University of Information Technology, Engineering and Management Sciences, Quetta, Pakistan
- DOI:** <https://doi.org/10.29145/eer.71.04>
- History:** Received: November 10, 2023, Revised: December 28, 2023, Accepted: April 30, 2024, Published: June 30, 2024
- Citation:** Rahman, M. U., & Hamza, A. (2024). Bilateral trade potential between Pakistan and North African countries. *Empirical Economic Review*, 7(1), 88-111 <https://doi.org/10.29145/eer.71.04>
- Copyright:** © The Authors
- Licensing:**  This article is open access and is distributed under the terms of [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/)
- Conflict of Interest:** Author(s) declared no conflict of interest



A publication of

Department of Economics and Statistics, Dr. Hasan Murad School of Management
University of Management and Technology, Lahore, Pakistan

Bilateral Trade Potential between Pakistan and North African Countries

Muneeb Ur Rahman * and Aadersh Hamza

Balochistan Think Tank Network, Balochistan University of Information Technology, Engineering and Management Sciences, Quetta, Pakistan

Abstract

North Africa is an economically prosperous region of Africa. It is considered to be one of the wealthiest regions of the African continent both due to its natural resources and closeness to the European market and its proximity to international trade routes. Although, Pakistan has been regularly interacting with African countries on a broad range of regional and global challenges, yet a vast potential of mutual trade remains mostly untapped. Particularly the bilateral trade and economic potential on both sides has not been fully explored. The level of trade and economic cooperation is far below the potential. The diverse economies of North African countries and Pakistan with particular strengths in textile, agriculture, services, infrastructure development, manufacturing, pharmaceuticals, defense equipment and tourism provide promising prospects for cooperation and its expansion can boost the economic growth on each side. Given the economic and growing strategic significance of North African countries, this study aims to explore Bilateral Trade Potential between Pakistan and North African Countries. Secondary data for this study was gathered from reliable sources such as government reports, academic journals and international trade databases including trade volumes and economic indicators for both North African countries and Pakistan. Descriptive and analytical approach was used to identify barriers, patterns and potential trade areas between Pakistan and North African Countries. The study conclude that it is the era of geo-economics and Pakistan must synchronize with evolving international trends. The current level of trade and economic cooperation is far below the potential and lacks the requisite vigor. Pakistan and the North African region must take full advantage of economic trade, and economic potential on both sides. Therefore, it is suggested to strengthen institutional frameworks by reducing tariffs, simplifying customs procedures, and

*Corresponding Author: muneebnasar@yahoo.com

harmonizing regulatory frameworks which can create a favorable environment for long-term trade and cooperation.

Keywords: North Africa, Pakistan, Economy, Trade, Investment, Potential, Bilateral Trade

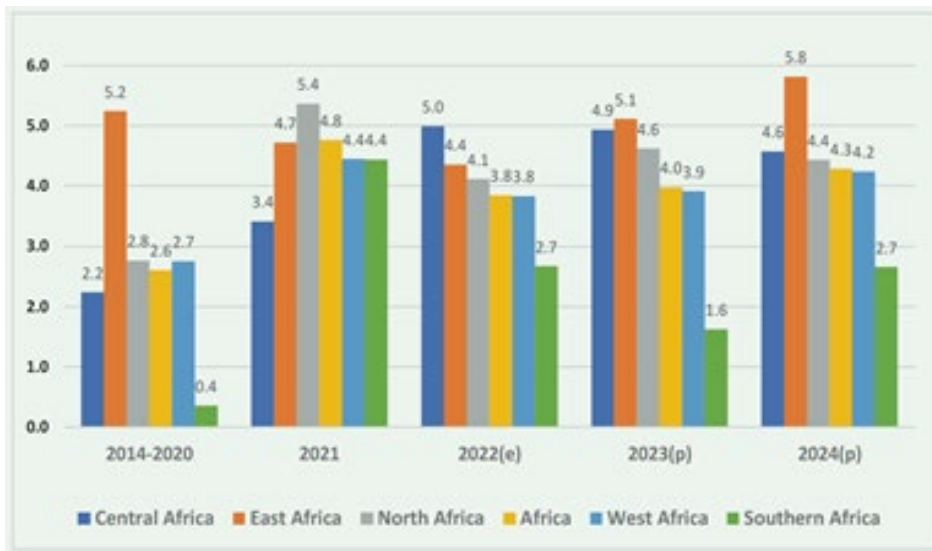
Introduction

The world is evolving rapidly. Resultantly, new world order and modern state ideas are emerging. The traditional divisions are diminishing. Politics, demography, economy, security, geography, and peace all together form an organic mix. Today, the world is the center of major powers' rivalries and new readjustments are taking place in response to rising traditional and non-traditional threats and challenges, particularly in the economic and security realms.

The perceptions and views related to Africa needs to be transformed. Deeper intra-regional trade with Africa is advantageous for Pakistan. This is because it may lead towards new opportunities, improved living standards, growth, and market. Furthermore, the diversified and robust economy may also attract new sources of investment and finance.

Africa is considered as an important territory and it is the center of focus, particularly that of middle and major powers. It is a continent comprising 1.3 billion people and 54 sovereign states. Most African countries are expected to reach the middle-income status of states by 2025 as per the World Bank estimates. The African region has a vast import market, and rich mineral resources, and has observed positive growth patterns in recent years in terms of its economy (World Bank Group, [2021](#)).

In recent years, Africa has made commendable progress in almost all spheres of life. The world has seen remarkable development in Africa in terms of combating climate change, alleviating poverty, building infrastructure, developing agriculture, and fighting terrorism. Six out of ten fastest-growing economies of the world are from Africa (African Development Bank Group [ADB], [2023](#)). Apart from the global economic slowdown, the African economies have been seen making progress and would continue doing so in the near future. Hence, it is rightly seen as the continent of the future.

Figure 1*Real GDP Growth Rates in North Africa and other*

Note. Source: African Development Bank statistics. Data are estimates for 2022 and projections for 2023-24

The UN sub-region of North Africa is a dynamic region that comprises seven countries, that is, Algeria, Sudan, Western Sahara, Egypt, Libya, Morocco, and Tunisia. Geographically, the UN sub region of North Africa positions itself between the Mediterranean and Sahel region.

This region has been the focus of numerous cultures, religions, and civilizations. The Romans, Greeks, Christians, Turks, and Arabs all left significant marks in this region. This also resulted in territorial and unsolved boundary issues, such as between Egypt and Sudan, Algeria and Morocco, and the Sahrawi Republic (Western Sahara) issue. This region has the commonality of the Muslim majority population, Arab lineage, and a progressive and liberal outlook. The region has about 7.6 million square kilometers of area and about \$722 billion in foreign trade which includes \$166 billion in exports and about \$200 billion in imports. The current population of the region is 265,512,517, based on United Nations estimates.

Figure 2

Map of Seven Countries of North Africa



Aim and Justification of the Study

North Africa is an economically prosperous region of Africa. It is considered to be one of the wealthiest regions of the African continent both due to its natural resources and closeness to the European market and its proximity to international trade routes. It generates one-third of Africa's total GDP (Country Reports, [2023](#)). Although, Pakistan has been regularly interacting with African countries on a broad range of regional and global challenges, yet a vast potential of mutual trade remains mostly untapped. Particularly the bilateral trade and economic potential on both sides has not been fully explored. The level of trade and economic cooperation is far below the potential. The diverse economies of North African countries and Pakistan with particular strengths in textile, agriculture, services, infrastructure development, manufacturing, pharmaceuticals, defense equipment and tourism provide promising prospects for cooperation and its expansion can boost the economic growth on each side. Given the economic and growing strategic significance of North African countries, this study aims to explore Bilateral Trade Potential between Pakistan and North African Countries which may enhance economic cooperation and maximize mutual benefits.

Methodology

Secondary data for this study was gathered from reliable sources such as government reports, academic journals and international trade databases








including trade volumes and economic indicators for both North African countries and Pakistan. Descriptive and analytical approach was used to identify barriers, patterns and potential trade areas between Pakistan and North African Countries. This study holds significant importance by identifying untapped potential for trade between Pakistan and North African Countries. This can facilitate enhancing economic growth, strengthening bilateral trade relations and regional integration. The study is an attempt to provide valuable insights to policymakers to understand the trade dynamics and potential of Pakistan and north African countries.

Outlook of North African Countries

The total GDP of the region is about \$ 1.189 trillion with an average of \$ 5,974 GDP per capita (Naso, [2017](#)). See Table (1) for specific details.

Table 1

GDP and other Socioeconomic Indicators of North Africa

Countries	Area (km ²)	Population	Capital	GDP (Current)	GDP Per Capita	Currency
 Algeria	2,381,741	44,177.97	Algiers	\$163.04billion	\$3,690.6	Algerian dinar
 Egypt	1,001,450	109,262,178	Cairo	\$ 404.14billion	\$ 3,698.8	Egyptian pound
 Libya	1,759,540	6,735,277	Tripoli	\$ 42.82billion	\$ 6,357.2	Libyan dinar
 Morocco	446,550)	37,076,584	Rabat	\$ 142.87billion	\$ 3,795.4	Moroccan dirham
 Sudan	1,886,068	45,657,202	Khartoum	\$ 34.33billion	\$ 751.8	Sudanese pound
 Tunisia	163,610	12,262,946	Tunis	\$ 46.69billion	\$ 3,807.1	Tunisian dinar
 Western Sahara	266,000	603,253	El Aaiún	\$ 906.5 million	\$2,500	Moroccan dirham

Note. Source: *World Bank Open Data, World Bank (2021).*

People's Democratic Republic of Algeria

Algeria is bordered by Mauritania, Tunisia, Libya, Morocco, Western Sahara, Mali, and Niger. It has a total of 41.66 million population and less than 1% of its population comprises non-Muslims. Algeria's total area is about 2.38 million sq. km which makes it Africa's largest and world's

tenth-largest country by area. Almost, the entire population is of Arab-Berber descent (Bertelsmann Stiftung's Transformation Index [BTI], [2022](#)). The economy of Algeria is mainly dominated by its gas and oil sector. It's 95% of export earnings are from this sector and account for 52% of budget revenue. The country has about 35% of Africa and 2.6% of the world's total natural gas reserves in its territory. It is the world's 4th largest gas exporter and second-largest LNG producer (Central Investigation Agency World Factbook [CIAWFB], [2022](#)). About 96% of Algerian exports include fuel and mineral oils, whereas the imports include steel, iron, vehicles, machinery, and cereals. Having proximity to Europe, most of Algeria's extracted fossil fuels end up in France, the Netherlands, Italy, and Spain. While, it fulfills its mechanical, electrical machinery, and food demands from European, Chinese, Turkish, and Indian markets. In recent years, Algeria's economy has performed well despite the internal unrest in the country (International Trade Centre [ITC], [2023](#)).

Figure 3

Map of People's Democratic Republic of Algeria



The Arab Republic of Egypt

Egypt is located in the North African region which gives it a very important strategic convergence of Africa, Asia, and Europe. The total population of Egypt is over 100 million. Its rich historical roots can be traced back to ancient civilizations with Pharaohs, Greek, Roman, and Islamic period. It is known for its iconic landmark of the Sphinx, Giza pyramids, and the Nile River. Its rich literary and artistic heritage makes it

the cultural hub of the Arab world. It is the 3rd largest economy in Africa which is growing at the rate of 6% every year (World Integrated Trade Solution [WITS], 2022). Its economy is mainly based on petroleum exports, tourism, and agriculture. Through its Suez Canal, it facilitates about 8% of the global trade. Egypt derives 50% of its GDP from services, 36% from industry, and 11% from agriculture. The main items it exports to the world include oil and mineral fuels, fertilizers, electrical machines, precious stones, vegetables, plastics, and fruits (Ministry of Commerce Pakistan [MOCP], 2020). Its key export destinations are Saudi Arabia, The US, UAE, Italy, and Turkey. Its major imports from the world include oil seed, mineral fuel, pharmaceutical products, mechanical appliances and machinery, plastic, vehicles, cereals and electrical machinery. The main imports are from China, Germany, The US, Turkey, and Saudi Arabia. Government and politics of the contemporary Middle East: Continuity and change. Routledge., 2021).

Figure 4

Map of the Arab Republic of Egypt



The State of Libya

Libya is considered as a gateway to Africa with a significant strategic linkage with the Middle East and Southern Europe. Libya's 90% of the land consists of deserts with more than 4000 km of porous borders. While, its population is only 6.7 million. It is one of the largest country with oil reserves, along with being the top ten fastest-growing economies in

Africa. Additionally, it is the fourth largest country with gold reserves in the Arab world. Its steel production is about 70 thousand tons per month (World Bank, [2021](#)). Due to the ongoing civil war, subsidies, and the cost of salaries, the country's budget is in deficit. Libya's economy is primarily dependent on generating revenue from the petroleum sector which covers 95% of export earnings and adds about 60% to its GDP. However, the continuous foreign ingress and internal strife after president Qadafi was overthrown. It has fractured the state and societal structure of Libya. The country is still going through a transitional phase to democratic rule (Moody's Analytics, [2022](#)).

Figure 5

Map of the State of Libya



The Kingdom of Morocco

Morocco is bordered by Western Sahara, Algeria, Spain and Atlantic Ocean. It spans an area of 445,550km. The total population of the country is 35.77 million with the majority (99%) being Muslims. Tangier Mediterranean Port of Morocco is strategic in nature as it ensures strategic control over the Strait of Gibraltar (Hainesport Transportation Group [HTG], [2022](#)). Agriculture, textiles, phosphate mining, tourism, and aerospace are the primary sectors from which most of the country's revenue is generated (CIAWFB, [2022](#)). The biggest source of foreign exchange is mining, however, agriculture employs about 40% of the country's population. While, the industrial sector contributes the second largest to the country's GDP. Tourism has also been playing a significant

role in Morocco's economy since 80s as a direct source of foreign exchange (Rashid & Ghouri, [2020](#)). The exports of Morocco are mostly dominated by phosphates, electrical machinery, and motor cars. While, its imports include mechanical appliances, cereals, mineral fuels, and plastics, mostly imported from The US, France, Spain, and China (PBC, [2019](#)). Morocco has the potential to bridge Africa to Europe and is considered as a gateway. As compared to other North African countries, Morocco has maintained political stability.

Figure 6

Map of the Kingdom of Morocco



The Republic of Sudan

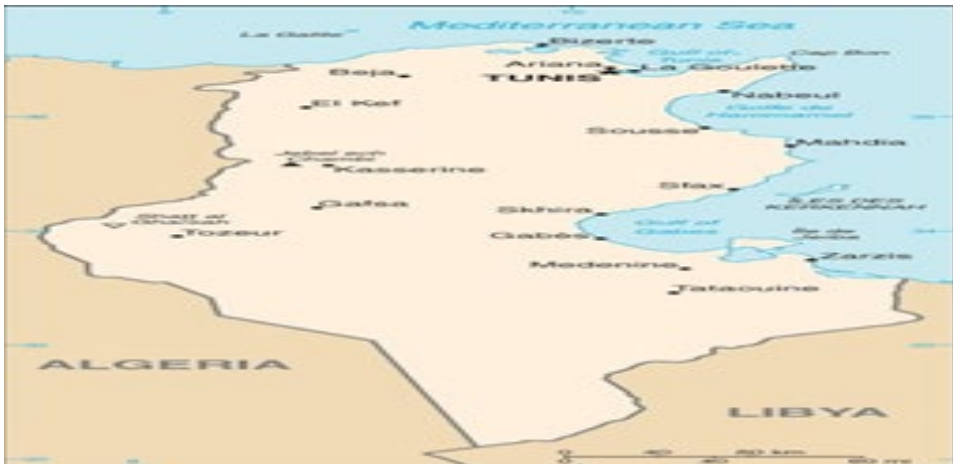
This portion of study is about the Republic of Sudan located in North African region and not to be confused with South Sudan, a country that lies in East Africa. It shares the red sea coast and a border with seven large countries. It has a large amount of untapped natural resources in its territory. The area of the country is about 1.88 million sq km, with a population of 40.5 million people (97% Muslims). Its total GDP is USD 33.9 billion with per capita of USD 808. The republic of Sudan is on The US list of States Sponsoring Terrorism which is one of the biggest challenges to its economic development (CIAWFB, [2022](#)).

Figure 7
Map of Republic of Sudan



Note. Not to be confused with South Sudan

Figure 8
Map of the Republic of Tunisia



The Republic of Tunisia

Tunisia is situated along the Mediterranean Sea between Algeria and Libya. It has an area of 163, 610 Km with a population of 11.50 million of which majority are Muslims (99%). Arabic is the official language with Arabs as the dominant ethnic group. It has been the hub for trade between

Africa and Europe due to its location (Country Reports, [2023](#)). The country's imports count USD 20.62 billion with exports of about USD 14.20 billion worth of goods. Textile and wearing apparel are the largest industrial sectors of Tunisia which accounts for 29.70% of the industrial share (African Development Bank, [2022](#)). It is among the 5th significant textiles supplier to European Union (EU). The imports comprise mechanical appliances, electrical machinery and equipment, mineral oil, and mineral fuels (ITC, [2021b](#)). Its main export destinations are Germany, France, and Italy. While, it imports majorly from France, Italy, China, Turkey, and Germany.

Western Sahara/Sahrawi Republic

Western Sahara or Sahrawi Republic is a disputed territory in North Africa and partially recognized state by 46 UN member states (BBC News, [2023](#)).

It is bordered by Morocco, Algeria, and Mauritania while to its west, it has a coastline on the Atlantic Ocean. It has a population of about 600,000 people with Sahrawis as the indigenous people (United Nation Trade and Development [UNCTAD], [2021](#)). It was a Spanish colony until 1975, soon after Spain withdrew, a dispute erupted between Morocco and Polisario Front, which was a liberation movement of indigenous people who claimed the territory. This dispute led to an armed conflict and in 1976, Polisario Front declared the Sahrawi Arab Democratic Republic (SADR) which is recognized as a legitimate government of the territory by many countries (Freedom House [FH], [2022](#)).

Figure 9

Map of Western Sahara



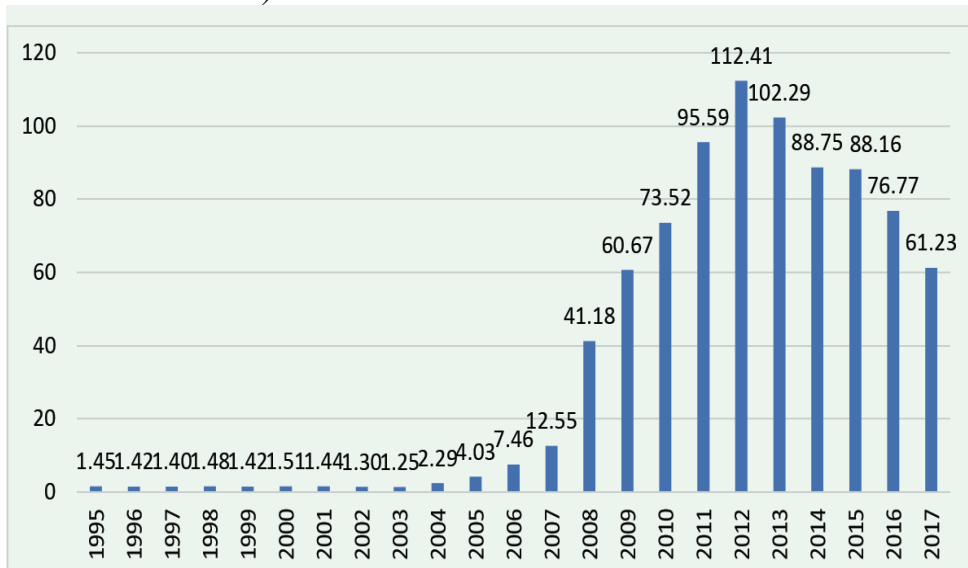
The UN does not recognize the claim of Morocco calling Western Sahara as its territory and consider it as “non-self-governing territory”. The UN is making efforts to solve this dispute and, as a result, ceasefire was signed in 1991. The UN has established its mission to prepare for a referendum and monitor the ceasefire. However, a referendum in Western Sahara has not been held yet due to the disagreement over the vote eligibility criteria (Country Reports, [2018](#)).

The territory is rich in natural resources including phosphates, tourism, and fisheries, however, the exploitation of its natural resources is contentious due to its unresolved legal status. On the other side, the official trade statistics of the territory are also not available and are mostly grouped with Morocco’s trade statistics. However, the World Bank in 2019 estimated its per capita GDP as about US\$2,600 (World Bank, [2021](#)).

Bilateral Trade Potential for Pakistan and North African Countries

Figure 10

Value of Mineral Wealth of North Africa, 1995-2017 (in Billions of Constant USD 2018)



Note. Data for Algeria and Libya are not available. Source: ADB Staff computation using data from the World Bank ([2021](#)).

Algeria and Pakistan

Algeria and Pakistan have had strong and cordial relations since Algeria's independence in 1962. At the moment, the trade volume between the two countries is quite small. However, there is a potential on both sides that may contribute to enhance the bilateral trade. In this regard, both countries have established a Joint Ministerial Commission (JMC) to boost trade and commercial relations. In 2007, the two countries signed several memoranda of understanding (MOUs) and agreements that could help in strengthening the trade and economic cooperation. In 2016, both countries signed another MoU for cooperation in livestock and agriculture. Additionally, in the year 2018, an agreement was signed for cooperation in the field of defense which includes cooperation in military training, joint military exercises, and defense industry collaboration (Institute of Strategic Studies, Islamabad [ISSI], [2019](#)).

As per the data of the State Bank of Pakistan (SBP), the total trade volume between Algeria and Pakistan was approximately USD49.55 million in the year 2020. Algeria's total exports to Pakistan were USD38.93 million. Pakistan exported worth USD 10.62 million products to Algeria in the same year. The main items exported from Pakistan included rice, medical and surgical instruments, textile products, sports goods, leather products, bedlinen, and pharmaceutical products. Additionally, the major items imported from Algeria to Pakistan included petroleum products, fertilizers, chemical products, precious or semi-precious stones, dates, vegetable fats and oils, animals, raw hides, vegetable waxes, and electrical machinery. Algeria has the potential to export goods worth USD 132.3 million to Pakistan. The promising products include urea, methyl alcohol, waste and scrap paper, and washing machines (State Bank of Pakistan [SBP], [2022](#)). Pakistan has the potential of exporting USD 849.12 million worth of items to the Algerian market. Both Algeria and Pakistan have complementary trade profiles. Algeria is the significant exporter of chemical and petroleum products, while Pakistan is the main exporter of agriculture, rice, and textile product (ITC, [2021a](#)). This provides an opportunity to increase the exports and imports of complementary products. Algeria is located in North Africa, while Pakistan is positioned at the crossroad of South Asia, Central Asia, and the Middle East. This provides an opportunity for both countries to expand

their outreach and trade with other countries and regions along with their respective locations.

Egypt and Pakistan

Pakistan has strong bilateral relations with Egypt, the foundation of which can be traced back to 1931 when Dr. Allama Muhammad Iqbal visited Egypt. Pakistan's national language Urdu is being taught at Cairo University in Egypt since 1936. In recent years, both countries have signed several agreements of cooperation in the domain of defense which include military training, defense production, and joint military exercises.

In the year 2020, the trade volume between Egypt and Pakistan was around 341 million US dollars. Pakistan exported USD 143 million worth of products to Egypt. The major export items include woven apparel, cotton, steel and iron, surgical instruments, rubber, plastic, leather, and pharmaceuticals. However, Pakistan imported USD 198 million worth of items from Egypt with the import basket dominated by mineral fuels and oil, plastic, sugar, chemicals, coffee, raw material, and oil seeds (Pakistan Business Council [PBC], [2021](#)). There is great potential for trade and economic cooperation on both sides. However, the present bilateral trade on both sides is far below its potential and counts less than 0.12% of their cumulative foreign trade. Pakistan has the potential to export USD 1,258.26 million worth of goods. The potential export sectors include pharmaceutical and surgical sector, agriculture sector, rubber and plastic sector, and textile sector. Egypt has the additional potential of exporting USD 2,150.74 million worth of products to Pakistan. The potential product that Egypt can export, include hot-rolled or cold-rolled, polyethylene, and flat-rolled products of iron or nonalloy steel (PBS, [2022](#)).

The economies of both countries are complementary. Pakistan has a well-established textile industry that produces high-quality cotton, while Egypt has a large market with high demand for cotton products. Pakistan also has a strong agriculture sector that produces good-quality rice, vegetables, and fruits. Egypt has an established manufacturing industry that produces chemicals and machinery. Pakistan can export its high-quality agricultural products to Egypt, while Egypt can export its processed food products to Pakistan. Since Egypt has a well-developed tourist industry, Pakistan may benefit from the experience of Egypt and tap into

its popular tourist market by promoting its cultural heritage and scenic beauty. Moreover, it may attract tourists to explore Pakistan's historical sites and natural beauty.

Pakistan and Libya

Generally, Pakistan's relations with Libya, since its independence in 1951 have remained friendly. Pakistan and Libya share many similarities, such as having a predominantly Muslim population, being members of the Organization of Islamic Cooperation. The annual turnout of Libya is about USD 48 billion however, its bilateral trade with Pakistan is only USD 15 million. Which is far below the actual potential of both countries. In the year 2021, Pakistan exported USD11.68 million worth of products to Libya. The main products included cotton yarn, ready-made garments, pharmaceutical products, knitted and woven fabrics, rice, leather and sports goods, plastics, electrical machinery and equipment, auto parts, footwear, and textile makeups. While in the same year 2021, Pakistan imported USD4.12 million worth of goods from Libya (State Bank of Pakistan, [2022](#)). The main items included iron and steel, aluminum, copper, and electronic equipment. Presently, Libya imports about 80% of its consumable commodities to fulfill its domestic needs. Pakistan can fulfill Libya's needs relating to cereals, textile products, agriculture, and construction material at competitive prices.

On the other hand, the construction sector of Libya is also growing rapidly which can provide opportunities to Pakistan's construction companies. Libya can also take advantage of exporting its natural resources, such as gas, crude oil, and minerals to Pakistani markets. In addition to Pakistan's larger market for consumer goods, some other key areas where both countries can collaborate to enhance bilateral trade and economies include agriculture, health care, and education. Pakistan has a developed agricultural sector including crop cultivation, fisheries, and livestock farming, while Libya apart from having a vast agricultural land lacks the required expertise to develop this sector. (UrduPoint, [2022](#)).

Currently, Libya has a nonconductive government structure, business environment, and security. This is because of two deeply divided and rival administrations that each government claims to be country's legitimate government. Pakistan Mission's Commercial Wing was also closed in 2014 due to security issues. Furthermore, since 2013 bilateral trade has

declined to a very low level (ISSI, [2019](#)). However, the silver lining is the immense resources especially oil and gas, and the geostrategic location and potential of Libya. This great resource and potential may enhance bilateral trade and relations with the return of stability.

Morocco and Pakistan

Morocco and Pakistan enjoy a close, friendly, and brotherly relationship based on common religious values. Both countries share remarkable history of mutual support and cooperation which dates back to Morocco's struggle for freedom from French rule in which Pakistan played a crucial role (Farooq & Zamurrad, [2023](#)).

In 2020, USD 318 million of goods including chemical fertilizers, calcium phosphates, and phosphoric acid were exported to Pakistan from Morocco. Moreover, in the same year, USD 38.9 million worth of items including leather goods, woven cotton, textiles, rice, and surgical instruments were imported from Pakistan (SBP, [2022](#)). The Moroccan economy has a high potential of exporting worth USD 2,789.95 million of products to Pakistan. However, presently, only medicaments, diammonium, and phosphoric acid are being exported to Pakistan. The other potential products include electrical conductors, medium oil, and motor cars. On the other side, the export potential of Pakistan to Moroccan market is worth about USD 1,474.17 million of goods (ITC, [2021a](#)). There is a significant potential for exporting durum wheat to Morocco from Pakistan. Other areas include textile, agri machinery, sports, bridal wear, surgical, telecom, leather, food products, and pharmaceutical items (Embassy of Pakistan Beijing, [2023](#)). On the other hand, Morocco is well known for its exports of fertilizers, phosphates, and chemicals which can make a good place in Pakistani market. It owns more than 70% of world's phosphate. Pakistan can also take benefit from Morocco in energy sector as it is attempting to construct solar power facilities to overcome the shortage of conventional energy (Robert, [2023](#)).

Morocco has a thriving tourism industry and is one of the most popular tourist destinations, whereas there is significant potential for tourism development in Pakistan. Both countries can work together to enhance this industry further. The other sectors where both countries have opportunities and can benefit from each other include education, alternative energy, mining, media and information technology, cultural exchange, heritage,

and sustainable development. Moreover, there is a potential scope for counter-insurgency, military sales, and areas of counterintelligence.

The Republic of Sudan and Pakistan

Pakistan and Sudan share a cordial bilateral relationship in defense, politics, security, and economy. Both countries enjoy a cordial friendly relationship with significant potential for economic cooperation and trade. However, both of these countries have not explored the depth as per the tremendous potential on both sides. According to the data of the State Bank of Pakistan (SBP), the bilateral trade volume between the two countries in 2020 was about USD 22.4 million. Pakistan in this regard exported around USD 22.2 million and imported about USD 0.2 million worth of products from Sudan. Pakistan's main exports to Sudan in 2020 include rice, pharmaceuticals, spare parts, agriculture machinery, and textiles. Moreover, major imports were seeds, raw hides, cotton, skins, gum Arabic, and livestock (SBP, [2022](#)).

Pakistan may benefit by exporting IT products, textiles, surgical equipment, software solutions, and sports goods to Sudan. Moreover, there is an opportunity for enhancing security and defense cooperation in dealing with counter-terrorism. Pakistan could potentially import oil and gas from Sudan to meet its energy needs as Sudan has significant oil and gas reserves. There is also a tremendous investment potential for renowned Pakistani groups in the health and education sector for establishing hospitals and campuses. Sudan can also take advantage of the Pakistani market by exporting its gum arabic, and sesame seeds (Trade Development Authority of Pakistan [TDAP], [2022](#)).

Tunisia and Pakistan

The population and GDP of Tunisia are much smaller as compared to Pakistan. However, Tunisia and Pakistan share a strong bond of Islamic brotherhood and friendship. The relationship can be traced back to the Tunisian independence struggle which was supported by Pakistan. Currently, the bilateral trade volume is USD 26.3 million which is far below the potential on both sides. Pakistan's exports to Tunisia are only about USD 13.1 million (PBS, [2021](#)). The main exports include cotton fabrics, leather, surgical instruments, synthetic, made-up articles, compounds, and rice. However, Pakistan imported USD 17.52 million from Tunisia during the year 2020. The main items imported included

organic olive, fertilizers, inorganic chemicals, dates compound, cleavage products, precious metal, raw hides, electronic equipment, rubbers, machinery, cosmetics, medical apparatus, footwear, paper, and board (ITC, [2021a](#)). Tunisia has about USD 1,699.89 million worth of exporting potential to Pakistan. However, Pakistan has the potential of exporting about USD 1,343.34 million worth of goods with denim as a high-potential export item. The two countries are already in the process of signing a Preferential Trade Agreement (PTA). This would help Pakistan in getting access to markets in North Africa, Europe, and the Middle East. In addition, Tunisia would also get access to Asia (Ministry of Planning, Development & Reform [MoPD], [2020](#)).

Some potential and important sectors where trade and economic cooperation can be enhanced include water resources, technology, agriculture, and education, information, and security matters. In addition, Pakistan also has the potential of exporting sports products, pharmaceuticals, surgical, rice, and leather to Tunisia (Hanif, [2018](#)).

Western Sahara/ Sahrawi Republic and Pakistan

Pakistan has already recognized the undeniable role of the UN mission in the referendum in the territory and, supports a peaceful solution to the conflict. Moreover, due to the non-self-governing status of Western Sahara by the United Nations, Pakistan has a limited bilateral official relationship with Western Sahara. Therefore, it is also quite difficult to assess the trade potential of the two countries. However, the potential for trade exists on both sides. Pakistan as an agricultural country and has a high demand for fertilizers while Western Sahara has significant reserves of Phosphates which are used in the production of fertilizers. This sector provides an opportunity for trade and economic cooperation for both sides. Additionally, Pakistan has the potential to export its machinery, textile, and a range of goods and services. However, it depends on the resolution of the unresolved legal status of Western Sahara and the establishment of a legal framework.

Conclusion

It is the era of geo-economics and Pakistan must synchronize with evolving international trends. Engaging Africa is a strategic imperative for Pakistan. Although Pakistan is continuously working with African countries on a broad range of regional and global challenges, yet a vast

potential remains untapped on both sides. Particularly the interface between potential investors and trade opportunities on both sides. The level of trade and economic cooperation is far below the potential and lacks the requisite vigor.

The Northern African region is one of the largest regional trade markets and has mostly benefitted from Europe. However, there is an opportunity for countries like Pakistan and the North African region to take full advantage of economic trade, and economic potential on both sides. Bilateral trade and economic potential between North African Countries and Pakistan provide significant prospects to both sides. Though each country has its own unique economic features, there are numerous areas where joint collaboration can lead to valuable results. The diverse economies of North African countries and Pakistan with particular strengths in textile, agriculture, energy, services, infrastructure development, manufacturing, and tourism provide promising prospects for cooperation and its expansion can boost the economic growth on each side and can create mutually valuable outcomes for their economies. It is essential for North African countries and Pakistan, to strengthen institutional frameworks by reducing tariffs, simplifying customs procedures and harmonizing regulatory frameworks which can create a favorable environment for long-term trade and cooperation.

Challenges

Each region or country establishes its relations based on certain interests, and these interests are mainly economic and geopolitical in nature. Pakistan has vast opportunities and potentials in the investment, trade, import, and export areas with North African countries. However, there are some challenges in this aspect as well. North Africa is economically, strategically, and politically closely linked to the UE. Therefore, it is difficult for exporters or investors of other countries and regions to establish a strong trade and economic presence in the region. Moreover, these countries are historically dependent on EU states and are using their products and would not generally prefer Pakistani products over EU products. Therefore, Pakistan faces stiff competition to make space in non-traditional North African markets.

The lack of political contact with these countries is another major challenge as Pakistani leaders have traditionally looked to North

American, Western Europe, or the Gulf states for economic prospects. North African region has not received comprehensive attention including other African regions. This lack of political will has led to weak political interaction which is affecting the level of trade and economic cooperation and has become a challenge.

Along with this, means of communication, such as shipping lanes, people-to-people connections, and direct flights are also one of the major challenges for Pakistan and North African countries to utilize their full potential.

Moreover, most of these North African states, kingdoms, or autocrats were known for their political stability. However, the so-called 'Arab Spring' weakened them. Now, everything is not as stable as it used to be and almost all these countries are facing security challenges.

The territorial and unsolved boundary issues such as between Egypt and Sudan, Algeria and Morocco, the situation in Libya, and the Western Sahara/ Sahrawi Republic issues are major obstacles and challenges to fully utilize the trade and potential on both sides (Joffé, 1997).

In addition, limited connectivity, complex customs procedures, differences in regulatory frameworks, currency exchange risks, lack of trade agreements, limited market information, cultural and language differences are major challenges that hinders the growth of trade relations on both sides.

In short Africa offers a lot of opportunities, however, Pakistan's export potential cannot be utilized unless the issues of supply capacity, trade policy and facilitation are first addressed. It has been the norm to send uninvited and incapable diplomats, missions, and personnel to African countries. These diplomats then perform their duties with disinterest. Pakistan needs to send competent trade missions to these countries so that a profound representation and cooperation on both sides could be ensured up to the potential.

Recommendations

This study proposes the following recommendations.

- Pakistan needs to expand its diplomatic footprint. Moreover, it also needs to enhance its political outreach and build an effective platform

so that trade, investment, and defense cooperation could be expanded on both sides.

- There is a need for an engagement at the ministerial and private levels, with North African countries to hold trade exhibitions, undertake joint ventures, and create a favorable business and financial environment to maximize bilateral investment and future cooperation.
- Business visa facilitation, banking cooperation, signing MoUs, agreements and frequent visits of trade delegations, along with establishing a special cell for coordination in this regard would draw desired benefits.
- There is a need to increase slots for North African student scholarships, student exchange, and training programs in Pakistani educational and training institutes to improve people-to-people connections.
- There is a space for counter-terrorism cooperation and Pakistan must offer military training to North African countries. This would further enhance the share of expertise as well as investment and defense deals.
- Pakistan also needs to tap potential employment opportunities in North African countries in addition to traditional Middle Eastern and European states which would help in boosting the remittances of Pakistan.
- Pakistan can establish a platform for the export of agriculture, rice, fertilizers, defense production, pharmaceuticals, and textile to North African countries, targeting the need and potential on both sides. This platform might entail negotiating trade deals or dealing with problems including tariffs or non-tariff barriers.
- Pakistan and North African countries must negotiate multilateral and bilateral trade agreements to reduce barriers and tariffs to trade.
- Both Pakistan and North African countries need to facilitate easier access to each other's markets by simplifying trade regulations.
- Both Pakistan and North African countries need to collaborate on joint marketing campaigns to promote services and products on both sides.

Conflict of Interest

The authors of the manuscript have no financial or non-financial conflict of interest in the subject matter or materials discussed in this manuscript.

Data Availability Statement

Data availability is not applicable as no new data was created.

References

- African Development Bank Group. (2023, January 18). *Africa's macroeconomic performance and outlook*. <https://www.afdb.org/en/documents/africas-macroeconomic-performance-and-outlook-january-2023>
- African Development Bank. (2022). *African economic outlook*. <https://www.afdb.org/en/documents-publications-african-economic-outlook-2023-previous-african-economic-outlook/african-economic-outlook-2022>
- BBC News. (2023, January 31). *Western Sahara profile*. <https://www.bbc.com/news/world-africa-14115273>
- Bertelsmann Stiftung's Transformation Index. (2022). *Algeria country report 2022*. <https://bti-project.org/en/reports/country-report/DZA>
- Central Investigation Agency World Factbook. (2022). *The world factbook*. <https://www.cia.gov/the-world-factbook/>
- Country Reports. (2018). *Western Sahara, economy*. <https://www.countryreports.org/country/WesternSahara/economy.htm>
- Country Reports. (2023). *Countries in Africa: Discover countries in Africa*. <https://www.countryreports.org/countries/africa.htm>
- Embassy of Pakistan Beijing. (2023). *Overview of Pakistan's economy*. <https://www.pakbj.org/index.php?m=content&c=index&a=show&catid=29&id=33>
- Farooq, H., & Zamurrad, A. (2023, July 16). Bridging continental divide: Pakistan-Morocco's enduring friendship. *The Nation*. <https://www.nation.com.pk/16-Jul-2023/bridging-continental-divide-pakistan-morocco-s-enduring-friendship>

- Freedom House. (2022). *Western Sahara country report*. <https://freedomhouse.org/country/western-sahara/freedom-world/2023>
- Hainesport Transportation Group. (2022, November 17). *Angier, vital for transport between Morocco and Europe*. HTG Express. <https://www.htg-express.com/tanger-transporte-marruecos-europa/?lang=de>
- Hanif, M. (2018). An analysis of international trade of Pakistan: With a focus on exports. *Paradigms: A Research Journal of Commerce, Economics, and Social Sciences*, 12(1), 22–30
- International Trade Centre. (2021a). *List of products imported by Africa*. <https://intracen.org/resources/publications/made-by-africa>
- International Trade Centre. (2021b). *List of products imported by Pakistan*. <https://intracen.org/our-work/regions-and-countries/asia-and-the-pacific/pakistan>
- International Trade Centre. (2023). *Trademap*. <https://www.trademap.org/Index.aspx>
- Institute of Strategic Studies. (2019). *Engage Africa. Pragmatic strategy to enhance relations between Pakistan and African Countries*. Ministry of Foreign Affairs. https://issi.org.pk/wp-content/uploads/2020/02/Engag_africa_Nov_27-28_-2019.pdf
- Joffé, G. (1997). *Disputes over state boundaries in the Middle East and North Africa*. Palgrave Macmillan. https://doi.org/10.1007/978-1-349-25526-9_4
- Ministry of Commerce Pakistan. (2020). *Import Profile of Egypt 2020*. <https://www.commerce.gov.pk/wp-content/uploads/2020/07/Import-Profile-Egypt.pdf>
- Ministry of Planning, Development & Reform. (2020). *Pakistan Vision 2025 – One Pakistan One Vision*. <https://www.pc.gov.pk/uploads/vision2025/Pakistan-Vision-2025.pdf>
- Moody's Analytics. (2022). *Economic indicators*. <https://www.economy.com/western-sahara/indicators>
- Naso, A. (2017). North Africa. In R. Linton (Ed.), *Most of the world: The peoples of Africa, Latin America, and the East today* (pp. 1695–1708).

- Columbia University Press. <https://doi.org/10.7312/lint92050-009>
- Pakistan Bureau of Statistics. (2022). *Advance Release on Foreign Trade Statistics*. <https://www.pbs.gov.pk/trade-detail>
- Pakistan Business Council. (2019). *The Kingdom Of Morocco*. <https://www.pbc.org.pk/wp-content/uploads/Morocco.pdf>
- Pakistan Business Council. (2021). *The Arab Republic of Egypt: Market access series 2021-22*. <https://www.pbc.org.pk/wp-content/uploads/The-Arab-Republic-of-Egypt.pdf>
- Rashid, A., & Ghouri, A. (2020). Pakistan's trade with Africa: Peculiarities and road ahead. *Jouranl of International Affairs*, 24(1), 120–129.
- Robert, B. (2023, August 8). *Why Morocco is emerging as Europe's renewable-energy partner of choice*. Arab News. <https://www.arabnews.pk/node/2351916/middle-east>
- State Bank of Pakistan. (2022). *Export of goods and services*. <https://www.sbp.org.pk/publications/export/index.htm>
- Trade Development Authority of Pakistan. (2022). *Research & publications*. <https://tdap.gov.pk/research-on-trade-agreements/>
- United Nation Trade and Development. (2021). *General profile: Western Sahara, 2020–2022*. <https://unctadstat.unctad.org/CountryProfile/GeneralProfile/en-GB/732/index.html>
- UrduPoint. (2022, December 16). *Libya interested to promote trade ties with Pakistan*. <https://www.urdupoint.com/en/business/libya-interested-to-promote-trade-ties-with-p-1611277.html>
- World Bank Group. (2021). *World bank open data : Free and open access to global development data*. <https://data.worldbank.org/>
- World Bank Group. (2021). *Middle East & North Africa trade statistics*. <https://www.worldbank.org/en/home>
- World Integrated Trade Solution. (2022). *Middle East & North Africa*. <https://wits.worldbank.org/CountryProfile/en/MEA>