



# Pakistan – Germany Bilateral Relations: 70 years of cooperation

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Pakistan and Germany have enjoyed warm friendly relations since the establishment of their diplomatic ties in 1951. Pakistan was one of the first Asian countries to establish relations with Federal Republic of Germany (West Germany). These relations are based on shared values of democracy, pluralism, respect for human rights, cultural and religious diversity and economic liberalism. Since inception in 1951, Pakistan-Germany relations have been on an upward trajectory. In 1959, the two countries signed the world's first bilateral investment treaty. The two countries also entered into financial cooperation in 1961 as West Germany, became a member of the consortium of countries providing development assistance to Pakistan. In 1962, the two sides established a Pakistan-German Forum.



Ambassador Bernhard Schlagheck

Germany maintains a cordial diplomatic presence in the country, with an embassy in Islamabad, a consulate in Karachi and Honorary-Consulate in Lahore, Peshawar, and Quetta.

Germany is the eighth largest investor in Pakistan, and several German multinationals are operating in Pakistan. Germany has also extended active support to Pakistan's initiatives with the EU for providing greater market access to Pakistani exports to EU.

In Pakistan, German businesses are symbolized by multinational corporations, who are mainly located in Karachi and Lahore, and on the other hand, by Pakistani trading agents who represent the majority of the German companies in the areas of machinery, chemical and pharmaceuticals, instruments, automotive, and related equipment and services.

Approximately, 35 German multinationals are engaged in Pakistan. The majority have their production plants



**Table 1: Pak - German Trade**

Value: US\$ Million

Year	Exports	Imports	Balance of Trade
2015-16	1,217	969	+248
2016-17	1,237	1,095	+142
2017-18	1,365	1,097	+268
2018-19	1,307	1,089	+218
2019-20	1,301	949	+352

Source: State Bank of Pakistan Annual Reports.

governance, crisis prevention and stabilisation, and energy.

Sustainability is the core business - Together with Pakistani counterparts, GIZ has been addressing the ever-changing needs of the Pakistani society for over 50 years, for the country to grow and prosper.

As one of Pakistan's first development partners, GIZ supports the government of Pakistan through its various interventions in the technical and vocational education and training (TVET) sector for policy-level-reforms and in implementation of private sector lead and demand driven training system for better employability prospects.

GIZ is advocating to establish TVET as a standard in procurement process of public infrastructure programmes. GIZ supports people living in poverty and those at risk of falling into poverty for improved access to needs based social protection services.

To enhance compliance with the labour and environmental standards in the textile and garment industry, GIZ assists the Pakistani Government in becoming a competitive player in the global market. This will increase the industry's productivity and access to new markets. Moreover, GIZ's interventions also seek to ensure that Pakistan maintains its Generalised System of Preferences (GSP+) status, a privileged access to the European Union (EU) market.

As a part of the local governance reform process in the country, GIZ works with the provincial and local governments to promote efficient, transparent and a participatory approach aimed at strengthening institutional capacity for better service delivery. Also, on behalf of the German government (Federal Foreign Office and BMZ), GIZ is assisting the

and offices in the metropolitan city of Karachi and at least another 5 companies have merged with other multinationals being headquartered in the port city.

Another five German companies located in Lahore and one in Quetta, of all the multinational companies present in Pakistan, 55% of them are from the pharmaceutical and chemical industries. The services sector comprises of 15% of companies followed by the transport sector and textiles machinery with 5% each.

The German government has pledged approximately 3.5 billion euros in project support, of which some 3.1 billion has already been disbursed over the years. This development cooperation focuses on support for the energy sector, good governance and business.

### GIZ: German Cooperation with Pakistan

Pakistan was one of the first countries to adopt the Sustainable Development Goals (SDGs) as its National Development Goals. Country's vision 2025 document clearly spells down the promotion of better education, improved health and social situation along with providing better governance structures in the country.

Working on behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH's activities in Pakistan focus on the priority areas such as sustainable economic development, good



government of Pakistan to improve its management of refugees.

With the public and private sector, GIZ is promoting the use of renewable energy and energy efficiency measures through policy and regulatory

frameworks, technology cooperation and green banking. As an initiative of the Pakistani and German governments, GIZ has supported the Pakistan German Renewable Energy Forum (PGREF). GIZ is also supporting Pakistan to address the challenges of climate change.

### Pak-German Trade

Germany is Pakistan's largest trading partner within the European Union, accounting for 20% of Pakistan's total exports to the EU and 21% of Pakistan's total imports from the EU.

Germany has always extended its support for the betterment of the country in both commercial and social sectors. German has supported the Pakistani efforts to get greater access to EU markets including the approved Pakistan specific autonomous trade preferences.

In the year 2019 -20 the bilateral trade with Pakistan stood at US\$ 2.25 billion. German exports to Pakistan amounted to US\$ 949 million and German imports from Pakistan US\$ 1.30 billion. During the past five year's balance of trade remained in Pakistan's favour. Pak-German trade are given in **Table 1**.

**Exports:** Pakistan and Germany also enjoy good economic relations. Germany is a good market for Pakistani textile products especially readymade garments, bed wear cotton fabrics and knitwear.

The main items of exports included cotton fabrics, towels, synthetic textiles, carpet and rugs, cotton yarn, bed wear, cotton bags and other made-ups textiles, besides textile and clothing articles. Export of textile and other products from Pakistan to Germany are given in **Table 2**.

**Table 2: Export of textile and other products from Pakistan to Germany**

(Major Items)  
Value : US\$ 000

Items	2019-20	2018-19	2017-18
Cotton fabrics	75,277	88,269	98,956
Readymade garments	278,997	286,967	324,659
Knitwear (Hosiery)	253,117	244,263	218,624
Bedwear	241,620	240,824	240,845
Towels	36,978	38,972	42,273
Textile made ups	38,641	36,844	42,450
Tents and canvas	442	778	597
Artsilk & synthetic textiles	13,418	14,540	15,210
Rice	15,917	13,540	10,083
Leather tanned	6,743	7,499	12,383
Leather garments	69,795	66,949	82,397
Leather gloves	21,144	25,925	24,113
Footwear	34,260	31,029	32,549
Sport goods	28,399	30,532	47,740
Carpets and rugs	4,185	5,268	6,174
Surgical instruments	48,572	51,557	51,729
Fruits	7,645	7,649	7,248
Other items	125,850	115,595	106,970
<b>Total</b>	<b>1,301,000</b>	<b>1,307,000</b>	<b>1,365,000</b>

Source: Trade Development Authority of Pakistan.

**Imports:** Pakistan's main imports from Germany are chemical products, textile machinery, electrical goods, motor vehicles and iron goods. Import of the major products from Germany to Pakistan include Machinery 20%, Electrical Machinery and Equipment 20%, Vehicles 17%, Mineral Fuels 13%, Pharmaceutical Products 7%, Plastics and Articles thereof 6%, Optical 5%, Organic Chemicals 5%, Iron and Steel 4%, Articles of Iron or Steel 3%.

### Imports of Textile Machinery

Germany's export of modern machinery for textile to Pakistan, especially for the value-added textile sector would help Pakistani textile manufacturers improve the quality of their products and reduce the cost of doing business. Import of textile machinery (Major items) from Germany to Pakistan in terms of Pak Rupee are given in **Table 3**.

### References

1. German Textile Machinery Association (VDMA).
2. Pakistan Bureau of Statistics.
3. State Bank of Pakistan-Annual Reports.
4. Trade Development Authority of Pakistan.
5. Various press releases.

**Table 3: Import of Textile Machinery from Germany (Major Items)**

Quantity: Number  
Value: Rs. Million

Machinery	2018-19		2019-20	
	Quantity	Value	Quantity	Value
Carding machines (Nos)	98	1,496	99	1,822
Drawing / Roving machines (Nos)	63	594	119	1,518
Blowroom machinery (Nos)	73	460	12	5,068
Textile Spinning machines (Nos)	86	3006	182	3,878
Cone / Bobbin Winding machines (Nos)	36	832	62	1,861
Textile Fibre machines (Nos)	68	456	16	49
Weaving (shuttles machines) (Nos)	15	24	13	24
Flat Knit machines (Nos)	66	158	39	409
Auxiliary machines (Nos)	63	124	61	164
Tops and Flats Card Clothing (000 Kg)	31	166	24	163
Card Clothing (000 Kg)	30	154	36	148
Spindles Flyer Ring travelers (000 Kg)	66	404	65	488
Sinkers Needles (000 Kg)	23	115	14	90
Drying machines (Nos)	7	134	9	3
Dyeing machines (Nos)	42	338	50	421
Mercerizing machines (Nos)	4	70	3	420

Source: Pakistan Bureau of Statistics.

