

# ***Pakistan's Market for Egyptian Engineering Products***



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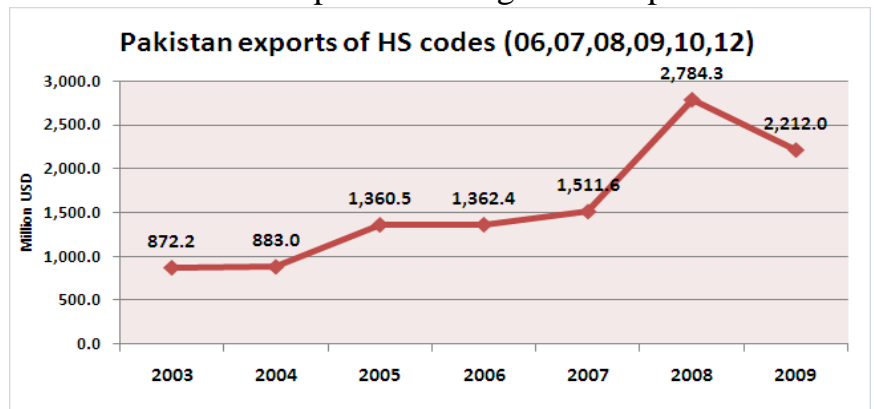
First: Pakistan market in general:

- Market Overview:

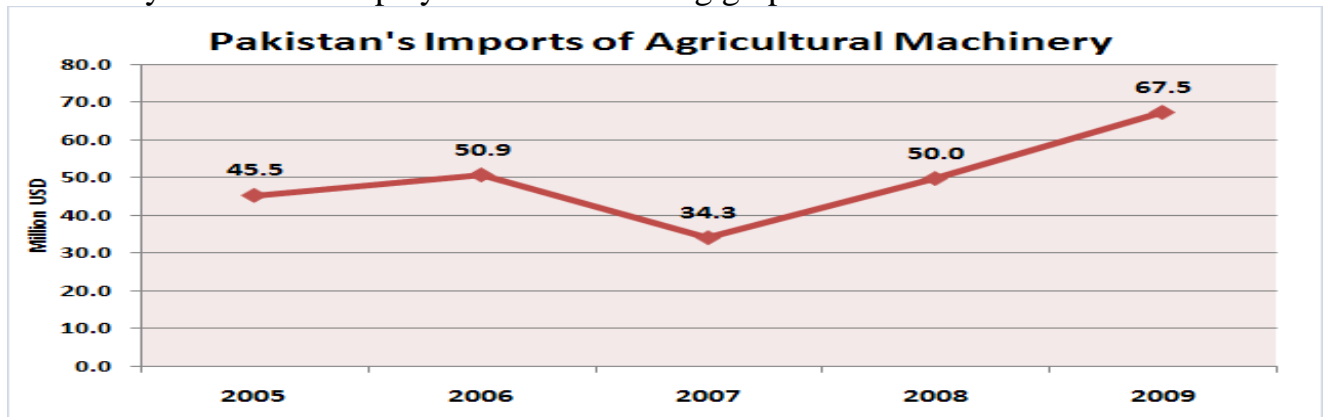
- The agricultural sector is the main player of the Pakistani economy. It contributes around 22% of the GDP and employs approximately 42% of the active population. Wheat, rice, cotton, sugarcane, fruits, vegetables and tobacco are the chief crops. Livestock farming is also very important. Pakistan is the 4th biggest cotton producer in the world and has abundant natural resources, mainly copper, oil and gas.

- The GDP growth rate<sup>1</sup> remained positive despite the international economic crisis, thanks to the positive results of the agricultural sector, many of the agriculture products have been exported from Pakistan in the recent year with high growth rates. Exclusive Pakistan's exports of rice, almost all the exports of agriculture products from Pakistan have achieved high growth in 2009 despite the financial crisis. The following graph displays Pakistan's exports of some HS codes that represent the agriculture products.

From the Engineering council perspective this will be translated in high demand on the agriculture machinery. If we analyze the imports of Pakistan from the agricultural machinery during the last years we will find that the previous note is right as following:



Total Pakistan's imports of agricultural machinery have achieved high growth during the last three years as it is displayed in the following graph:



In the following table we can illustrate the import trend for the top ten agricultural machineries imported by Pakistan:

Code	Product label	Imported value in 2005	Imported value in 2006	Imported value in 2007	Imported value in 2008	Imported value in 2009	Share in 2009

<sup>1</sup> This rate was 2% in 2008 and it is expected to be 2% in 2009 and will be 3% in 2010 (IMF expectations)

	Agricultural Machinery	45.5	50.9	34.3	50.0	67.5	100.0%
843351	Combine harvester-threshers (HS-843351)	7.9	3.9	1.2	4.2	16.2	24.0%
843710	Machines for cleaning/sorting or grading seed, grain or dried leguminous nes (HS-843710)	6.9	6.9	4.4	8.6	14.1	21.0%
843629	Poultry-keeping machinery, nes (HS-843629)	2.2	3.2	6.6	7.9	8.7	12.9%
843780	Mach f milling/working of cereals/ dried leguminous nes veg exc farm-type (HS-843780)	2.8	2.2	3.3	3.3	5.4	8.0%
843420	Dairy machinery (HS-843420)	7.5	19.0	2.9	2.8	3.7	5.5%
843290	Parts for rollers and other soil preparation or cultivation machinery (HS-843290)	0.7	2.1	1.5	2.5	3.4	5.0%
842481	Mech appl for proj/disp o sprayg liquids o powders for agr o horticut (HS-842481)	1.3	2.9	2.0	2.6	2.7	4.0%
843790	Parts of cleaning/sorting mach etc f seed/grn ...mill/wrkg of cereal ex f-type (HS-843790)	1.2	1.3	1.1	1.9	2.5	3.7%
843610	Machinery for preparing animal feeding stuffs (HS-843610)	1.0	1.1	0.6	2.7	2.1	3.1%
843410	Milking machines (HS-843410)	0.0	0.2	0.5	0.3	2.0	2.9%

#### Data in Million USD

- In recent years, the government made significant macro-economic reforms, which include privatizing state-subsidized services, instituting an anti-money laundering law, increasing the harshness of punishment against the piracy of intellectual property and the quick resolution of disputes between investors.
  - The industrial sector contributes around 25% of the GDP. The major industries are textile production (the biggest earner of foreign exchange), oil refining, metal processing, and the production of cement and fertilizer. Maritime transport is also a significant activity.
  - The tertiary sector contributes around half of the GDP. Remittances from Pakistanis working abroad are a considerable financial godsend for the country.
  - The main country indicators are in the red. Approximately 30% of the population lives below the poverty line. The unemployment level is estimated at around 7.5% and the level of under-employment is very high. Life expectancy is only 64 years<sup>2</sup> and only 55% of the population is literate. Extreme poverty and under-development are major problems in Pakistan, and especially in rural areas.
- Market Challenges:
    - Principal competitors of Egyptian businesses in Pakistan are European, Chinese, Japanese and South Korean firms. These countries often offer credit terms that can make it difficult for Egyptian suppliers to compete. Potential investors in Pakistan face many of the same challenges that exist in other developing economies, such as inconsistent, sometimes contradictory policies and lack of transparency in decision-making.

<sup>2</sup> This index is indicator to the service related to health, the better these services is the longer life expectancy will be.

- Pakistan is a diverse and challenging market requiring adaptability and persistence.
- Careful planning and patience are the prerequisites for success in this emerging market. Egyptian firms that are willing to invest time to develop market presence should expect to be rewarded in the long-term.
- Market Entry Strategy:
  - We recommend that Egyptian firms use an agent/distributor relationship with a locally registered company.
  - Many foreign manufacturers and suppliers appoint one or more agents/distributors to cover the entire country; at times foreign principals work through a regional office to cover this market. Egyptian firms may cover Pakistan through Dubai, Singapore if they have offices in these locations.

Third: Analysis the existed trade between Egypt and Pakistan for selected products:

This report will focus on the trade bet. Egypt and Pakistan respect to the top exported products from Egypt respect to the Engineering products (we select the top products which constitute 80% of the Egyptian exports of the Engineering products in 2009), the products under study:

740710	<b>Bars, rods and profiles of refined copper</b>
854411	Insulated (including enamelled or anodised) winding wire of copper
854430	Ignition wirg sets&oth wirg sets usd in vehicles,aircraft etc
853710	Boards,panels,includg numerical control panels,for a voltage <=1000 V
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles
392610	Office or school supplies, of plastics
732111	Cookg appliances&plate warmers for gas fuel or both gas&o/fuels,i or s
740811	Wire of refind copper of which the max cross sectional dimension > 6mm
740911	Plate,sheet & strip of refined copper,in coil,exceeding 0.15mm thick
741999	Articles of copper, nes
750890	Articles of nickel, nes
821210	Razors including safety razors and open blade type
821220	Safety razor blades, including razor blade blanks in strips
830140	Locks of base metal, nes
841581	Air cond mach nes inc a ref unit&a valve f rev of the cool/heat cycle
841840	Freezers of the upright type, not exceeding 900 l capacity
841899	Parts of refrigerating or freezing equipment, nes
851610	Electric instantaneous or storage water heaters and immersion heaters
852812	Colour television receivers
854420	Co-axial cable and other co-axial electric conductors
870210	Diesel powered buses with a seating capacity of > nine persons

901890	Instruments and appliances used in medical or veterinary sciences, nes
902830	Electricity supply, production and calibrating meters
940510	Chandeliers & other electric ceiling or wall lighting fittings

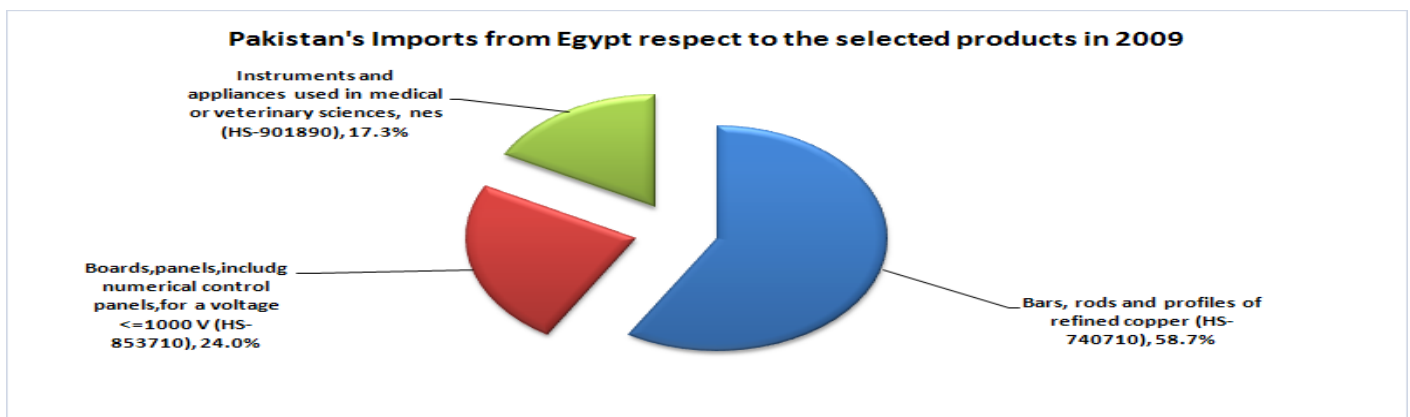
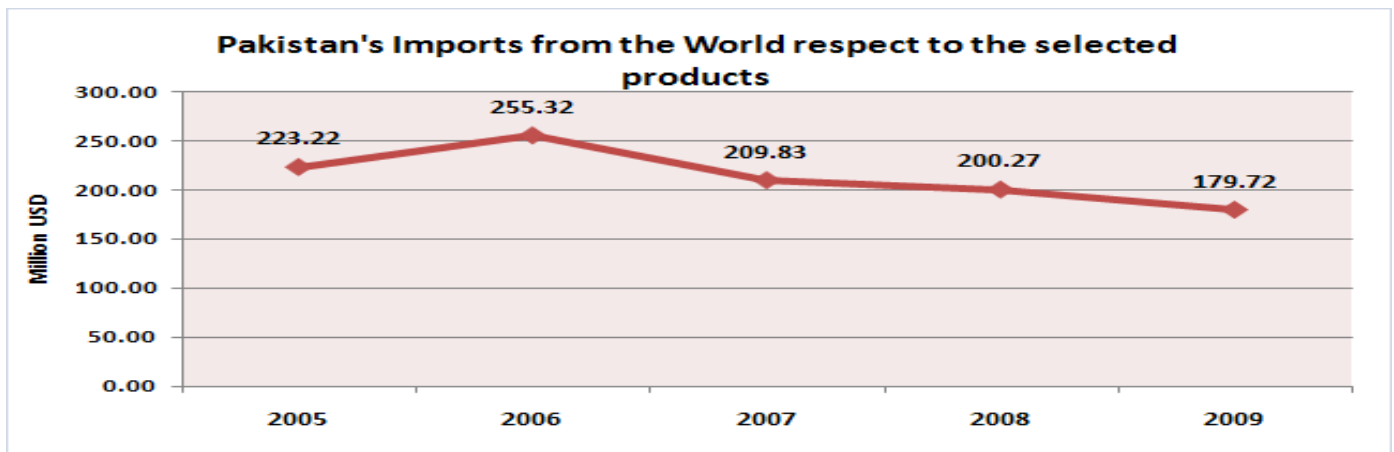
### Import Side:

#### Potential Trade bet. Pakistan and Egypt:

Year	Pakistan's imports from Egypt	Pakistan's imports from world	Share % in 2009
2005	0.223	223.22	0.10%
2006	0.221	255.32	0.09%
2007	0.415	209.83	0.20%
2008	2.468	200.27	1.23%
2009	1.898	179.72	1.06%

Data in USD million.

From the table it's observed that Pakistan's imports of the selected products have achieved continual decrease during the last three. Also, it's observed that Egypt's share in Pakistan's imports is very low but has achieved growth in the last two years. However, the decrease of Pakistan's imports of the selected products raise fears about targeting this market.



Pakistan's Imports from each selected products:

These imports can be illustrated in the following table and aggregated graph:

HS code	Product Label	2005	2006	2007	2008	2009
901890	Instruments and appliances used in medical or veterinary sciences, nes (HS-901890)	58.0	69.0	53.3	59.1	62.8
853710	Boards,panels,includg numerical control panels,for a voltage <=1000 V (HS-853710)	5.6	6.5	17.0	29.5	28.9
870210	Diesel powered buses with a seating capacity of > nine persons	36.7	65.7	37.4	34.2	25.7
841899	Parts of refrigerating or freezing equipment, nes	15.4	20.0	20.3	27.8	20.3
740710	Bars, rods and profiles of refined copper (HS-740710)	21.7	18.8	16.3	6.3	11.4
750890	Articles of nickel, nes	7.3	6.5	5.9	6.7	4.8
940510	Chandeliers & other electric ceiling or wall lighting fittings	3.6	3.9	3.8	3.9	4.4
821210	Razors including safety razors and open blade type	0.9	1.6	6.7	5.6	3.3
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles	0.0	0.0	0.0	3.0	3.0
854420	Co-axial cable and other co-axial electric conductors	5.2	9.4	6.8	5.5	2.9
854411	Insulated (including enamelled or anodised) winding wire of copper	2.5	2.5	3.1	4.5	2.1
821220	Safety razor blades, including razor blade blanks in strips	3.7	2.6	0.3	0.2	2.0
830140	Locks of base metal, nes	1.5	1.6	1.9	2.3	1.6
841581	Air cond mach nes inc a ref unit&a valve f rev of the cool/heat cycle	0.6	0.8	0.8	2.1	1.5
854430	Ignition wirg sets&oth wirg sets usd in vehicles,aircraft etc	0.3	0.4	0.6	0.6	1.4
392610	Office or school supplies, of plastics	1.0	1.0	1.7	1.8	1.3
732111	Cookg appliances&plate warmers for gas fuel or both gas&o/fuels,i or s	0.9	1.4	1.2	0.9	0.7
902830	Electricity supply, production and calibrating meters	1.0	1.9	2.2	0.8	0.5
740911	Plate,sheet & strip of refined copper,in coil,exceeding 0.15mm thick	0.8	0.7	0.9	1.5	0.4
741999	Articles of copper, nes	0.2	0.2	0.1	0.3	0.3
841840	Freezers of the upright type, not exceeding 900 l capacity	0.4	0.4	0.3	3.4	0.2
851610	Electric instantaneous or storage water heaters and immersion heaters	0.0	0.1	0.4	0.3	0.1
740811	Wire of refind copper of which the max cross sectional dimension > 6mm	5.2	2.4	0.2	0.2	0.0
852812	Colour television receivers	50.8	38.1	28.7	0.0	0.0

**Data in Million USD**

## Import Tariff imposed by Pakistan on its imports from Egypt:

Tariffs applied by **Pakistan**, based on the data from 2008 using Harmonized System Nomenclature **Rev. 07**, to products originating from **Egypt**:

Selected product codes	Product description	Total ad valorem equivalent tariff (estimated)
392610	Office or school supplies, of plastics	25.00%
732111	Cookg appliances&plate warmers for gas fuel or both gas&o/fuels,i or s	25.00%
740710	Bars, rods and profiles of refined copper	7.00%
740811	Wire of refind copper of which the max cross sectional dimension > 6mm	10.00%
740911	Plate,sheet & strip of refined copper,in coil,exceeding 0.15mm thick	10.00%
741999	Articles of copper, nes	17.50%
750890	Articles of nickel, nes	15.00%
821210	Razors including safety razors and open blade type	25.00%
821220	Safety razor blades, including razor blade blanks in strips	25.00%
830140	Locks of base metal, nes	25.00%
841581	Air cond mach nes inc a ref unit&a valve f rev of the cool/heat cycle	25.00%
841840	Freezers of the upright type, not exceeding 900 l capacity	25.00%
841899	Parts of refrigerating or freezing equipment, nes	10.00%
851610	Electric instantaneous or storage water heaters and immersion heaters	20.00%
853710	Boards,panels,includg numerical control panels,for a voltage < td>	31.67%
854411	Insulated (including enamelled or anodised) winding wire of copper	15.00%
854420	Co-axial cable and other co-axial electric conductors	25.00%
854430	Ignition wirg sets&oth wirg sets usd in vehicles,aircraft etc	35.00%
870210	Diesel powered buses with a seating capacity of > nine persons	18.33%
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	35.00%
901910	Mechano-therapy appl;massage app;psychological aptitude-testg apparatus	5.00%
901920	Oxygen therapy,artificial respiration/oth therapeutic respiration app	3.75%
902830	Electricity supply, production and calibrating meters	25.00%
940510	Chandeliers & other electric ceiling or wall lighting fittings	25.00%

## **Export Side:**

Pakistan's Exports of the selected products:

Code	Product label	Exported value in 2005	Exported value in 2006	Exported value in 2007	Exported value in 2008	Exported value in 2009
901890	Instruments and appliances used in medical or veterinary sciences, nes	169.14	155.76	219.25	258.88	233.00
740811	Wire of refind copper of which the max cross sectional dimension > 6mm	0.00	0.00	1.40	0.57	9.81
821220	Safety razor blades, including razor blade blanks in strips	3.55	4.24	3.96	4.98	5.22
821210	Razors including safety razors and open blade type	1.01	1.80	2.41	2.69	3.42
740710	Bars, rods and profiles of refined copper	0.06	0.20	4.72	1.42	3.32

741999	Articles of copper, nes	2.21	2.69	6.55	1.48	0.81
732111	Cookg appliances&plate warmers for gas fuel or both gas&o/fuels,i or s	3.96	0.32	0.44	0.29	0.56
841899	Parts of refrigerating or freezing equipment, nes	0.19	0.50	0.37	0.04	0.44
750890	Articles of nickel, nes	0.01	0.00	0.00	0.04	0.23
870210	Diesel powered buses with a seating capacity of > nine persons	0.00	0.03	0.07	0.05	0.16
854430	Ignition wirg sets&oth wirg sets usd in vehicles,aircraft etc	0.00	0.00	0.03	0.57	0.16
853710	Boards,panels,includg numerical control panels,for a voltage <=1000 V	0.08	0.14	1.18	1.16	0.14
392610	Office or school supplies, of plastics	0.03	0.07	0.18	0.61	0.08
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles	0.00	0.00	0.00	0.00	0.06
854420	Co-axial cable and other co-axial electric conductors	0.00	0.10	0.16	0.00	0.04
854411	Insulated (including enamelled or anodised) winding wire of copper	0.08	1.14	1.90	0.22	0.04
851610	Electric instantaneous or storage water heaters and immersion heaters	0.00	0.00	0.03	0.03	0.03
902830	Electricity supply, production and calibrating meters	0.47	0.50	0.00	0.01	0.02
830140	Locks of base metal, nes	0.01	0.01	0.01	0.01	0.01
940510	Chandeliers & other electric ceiling or wall lighting fittings	0.04	0.02	0.02	0.00	0.01
740911	Plate,sheet & strip of refined copper,in coil,exceeding 0.15mm thick	0.00	0.00	0.00	0.00	0.00
841581	Air cond mach nes inc a ref unit&a valve f rev of the cool/heat cycle	0.06	0.04	0.07	0.00	0.00
841840	Freezers of the upright type, not exceeding 900 l capacity	0.17	0.09	0.17	0.01	0.00
852812	Colour television receivers	0.03	0.10	0.04	0.00	0.00

Data in Million USD

**Specialized Trade Shows:**

**Engineering Asia**

**Venue:** Karachi Expo Center

**Country:** Karachi, Pakistan

**Start Date:** 26-MAR-11

**End Date:** 28-MAR-11

**Visitors:** 50,000

**EVENT PROFILE**

Engineering Asia aims at developing and promoting every sphere of engineering sector in Pakistan through inter / intra-industrial cooperation and joint ventures among local and foreign partners. Engineering Asia is based on the aspiration the only a strong well-built and efficient engineering system can help achieving a self-reliant and self-sustaining economy through better management of industrial sector environment.

**VISITOR'S PROFILE**

Chairman, CEO, Directors, Owners, Technocrats, professionals and consultants, Engineering and production heads, Purchase, Sales & Marketing heads Associations, government delegations, institutes, Maintenance & production heads.

**EXHIBITOR'S PROFILE**

Profile for exhibit include Electronics, Air Conditioning, Contractors, Engineering Software, Safety & Security Equipment & Systems, Testing & Quality Control Equipment, Machine Tools Industry, Diesel & Gas Generators, Boilers, Chemical Plants, Welding Equipment, Desalination Plants, Storage Equipment, Sales & After Sales Service Industry, Waste Disposal & Treatment, Fire Detection / Suppression & Fighting Equipment, Health, Safety & Environmental Pollution Control.

**TRADE SHOW TIMINGS, ENTRY FEE AND HALL No**

**Business Timing:** . 10:00am - 08:00pm

**PARTICIPATING COUNTRIES**

Australia, China, France, Germany, India, Iran, Japan, Malaysia, Netherlands, Russia, Singapore, South Korea, Turkey, UK, USA

**EVENT REVIEWS & EXPERIENCE**

**Engineering Asia-[2010]**

**Venue:** Karachi Expo Center, Karachi, Pakistan

**Date:** Mar 27, 2010 - Mar 29, 2010

**Covered Area:** 6,000 Square Meter

**Industry Focus:** Industrial Goods