



# Germany is the 8<sup>th</sup> largest investor in Pakistan

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The economy of Germany is a highly developed social market economy. It is the largest national economy in Europe, the fourth-largest by nominal GDP in the world, and fifth by GDP (PPP). According to the IMF Germany is one of the founding members of the European Union and the Eurozone.

Germany remains one of the vocal and staunch supporters of Pakistan and

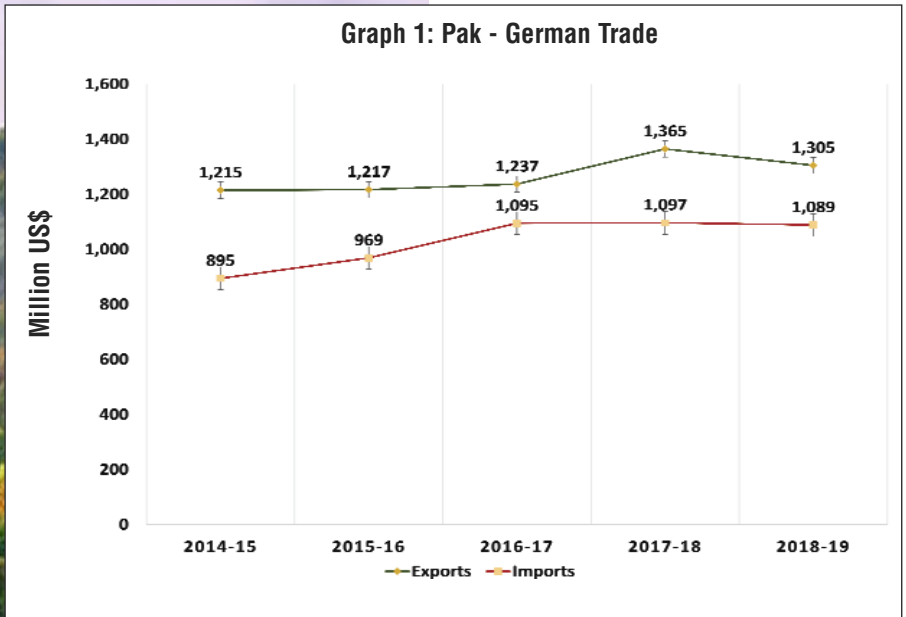
has taken extreme measures to aid the South Asian country in its economic and governmental hardship. Commercial trade between Islamabad and Berlin has also been essential in recent years.

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





**Table 1: Export of textile and other products from Pakistan to Germany**  
(Major Items)  
Value : US\$ 000

Items	2018-19	2017-18	2016-17
Cotton fabrics	88,269	98,956	96,356
Readymade garments	286,967	324,659	307,802
Knitwear (Hosiery)	244,263	218,624	181,868
Bedwear	240,824	240,845	210,449
Towels	38,972	42,273	43,604
Textile made ups	36,844	42,450	31,591
Tents and canvas	778	597	1,535
Artsilk & synthetic textiles	14,540	15,210	7,620
Rice	13,540	10,083	6,679
Leather tanned	7,499	12,383	12,019
Leather garments	66,949	82,397	77,957
Leather gloves	25,925	24,113	20,684
Footwear	31,029	32,549	26,218
Sport goods	42,061	47,740	45,268
Carpets and rugs	5,268	6,174	6,420
Surgical instruments	51,557	51,729	46,718
Fruits	7,649	7,248	8,181
Other items	102,066	104,970	105,031
<b>Total</b>	<b>1,305,000</b>	<b>1,363,000</b>	<b>1,236,000</b>

Source: Trade Development Authority of Pakistan.

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 2: Import of Textile Machinery from Germany to Pakistan**

(Major Items)  
Value: Rs. Million

Machinery	2018-19		2017-18	
	Quantity	Value	Quantity	Value
Carding machines (Nos)	98	1,496	34	434
Drawing / Roving machines (Nos)	63	594	39	170
Blow Room machinery (Nos)	73	460	6	127
Textile Spinning machines (Nos)	86	3006	173	1,897
Cone / Bobbin Winding machines (Nos)	36	832	19	297
Textile Fibre machines (Nos)	68	456	29	92
Weaving (shuttles machines) (Nos)	15	24	35	65
Flat Knit machines (Nos)	66	158	250	133
Auxiliary machines (Nos)	63	124	97	223
Tops and Flats Card Clothing (000 Kg)	31	166	36	147
Card Clothing (000 Kg)	30	154	33	125
Spindles Flyer Ring travelers (000 Kg)	66	404	58	291
Sinkers Needles (000 Kg)	23	115	65	297
Drying machines (Nos)	7	134	76	49
Dyeing machines (Nos)	42	338	129	321
Mercerizing machines (Nos)	7	70	24	104

Source: Pakistan Bureau of Statistics.

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.

Germany is one of the most popular destinations for young Pakistan researchers wishing to pursue a PhD, along with the United States, the United Kingdom and Australia. More than 4000 young people from Pakistan are currently studying in Germany. In 2018, 656 students and researchers from Pakistan received funding from the German Academic Exchange Service (DAAD).





German-Pakistan development cooperation began in 1955. 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.

## Pak-German Trade

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, and respect for human rights, cultural and religious diversity and economic liberalism. Since inception in 1951, Pakistan Germany relations have been on an upward trajectory. Germany has been a prominent trading partner of Pakistan and has always extended its support for the betterment of the country in both commercial and social sectors.

Trade between Pakistan and Germany is conducted in freely convertible currency in terms of the Trade Agreement signed in 1957 and Germany is Pakistan's

largest trading partner within the European Union. In the year 2018 -19 the bilateral trade with Pakistan stood at US\$ 2.39 billion. German exports to Pakistan amounted to US\$ 1.09 billion and German imports from Pakistan US\$ 1.31 billion. During the past five year's balance of trade remained in Pakistan's favour. Pak-German trade data as highlighted in *Graph 1*.

**Exports:** 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 *Table 1*.

**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%.

### Import 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. German sales textile machinery to Pakistan are divided among these main sectors: 73% dyeing, finishing and printing machines, 24% accessories, 21% spinning machines, 3% knitting machines, 6% weaving machines and 5% other machines. Import of textile machinery (Major items) from Germany to Pakistan in terms of Pak Rupee are given *Table 2*.

## 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. ♦

