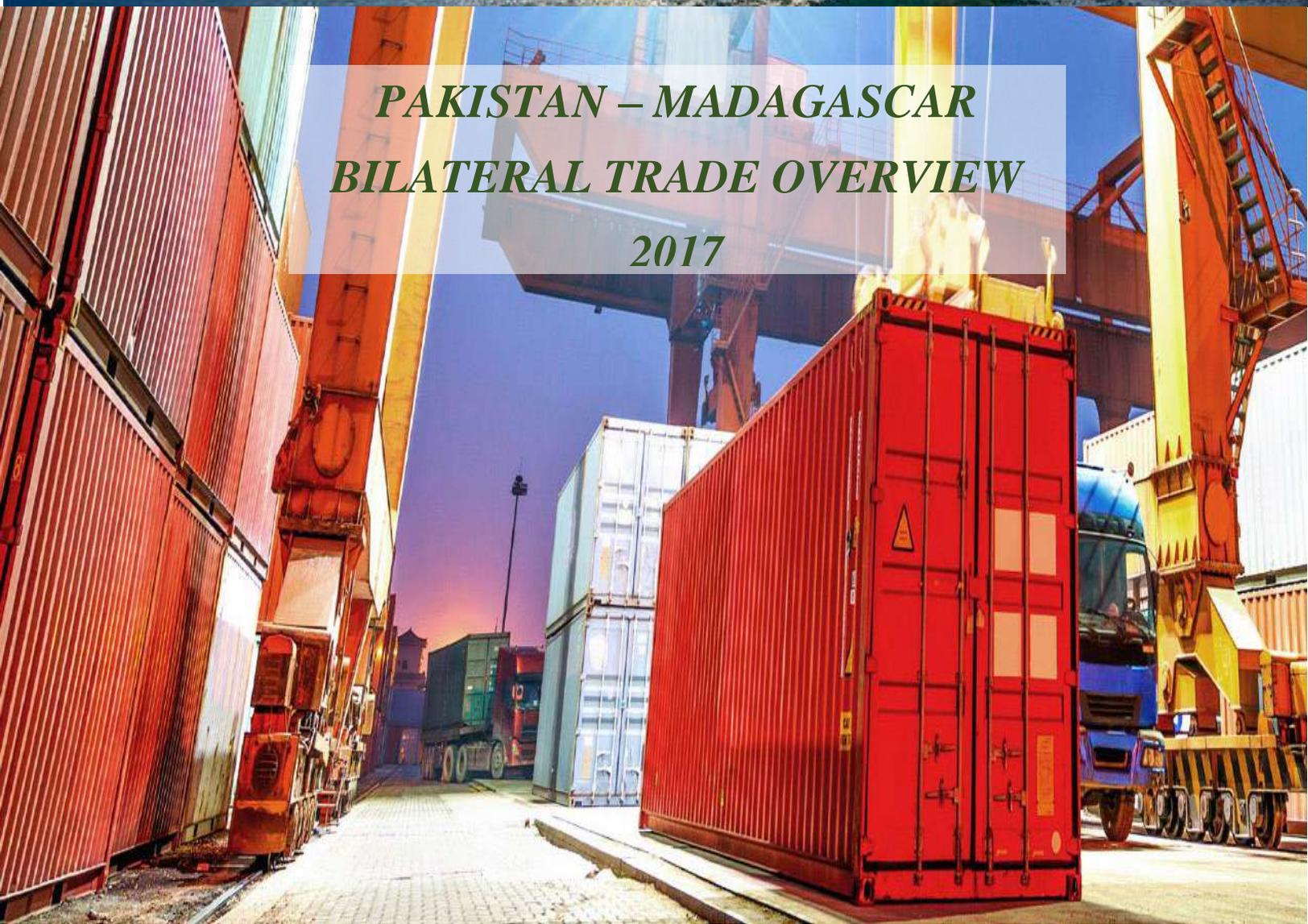




***PAKISTAN – MADAGASCAR
BILATERAL TRADE OVERVIEW
2017***



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Executive Summary

Madagascar is located in Southern Africa and in the east of Mozambique. It is the 5th largest island of the world. In recent past, the establishment of all democratic institutions have set the direction of the country to improve governance, economic recovery and access to basic social services. The country has rich resources of cobalt, vanilla and cloves while all three are the major exports of the country as well. Madagascar is prone to natural calamities like cyclone and floods which have demolished the infrastructure in past. So, the country has large potential and recipient of investment in construction and infrastructure.

After the constitutional order in 2014, the Malagasy economy has been regularly improving. External aid and public investment are the keys to revive the economy. Especially the investments in construction has exceeded. According to World Bank, the country's economic growth has increased to 4% in 2016 compare to average growth of 2.7% during the political crises of the country from 2009 to 2013. However, the efforts to combat the poverty has affected by the natural hazards in 2017. The country's GDP growth rate projected to exceed 5%. Whereas the inflation rose to 9% due to hike in the prices of rice because of low production.

Over the period of time, Pakistan has enjoyed positive trade balance with Madagascar. During 2015-16, the pace of Pakistan's exports was slowed down due to natural hazards in Madagascar. Whereas in 2017, the exports of Pakistan have witnessed a healthy increase. In 2017, Pakistan's exports remained around \$158 million which are quite higher than 2016. On the other hand, Pakistan's imports trend reflects a clear decline as compare to 2016. Pakistan's major exports include rice, Portland cement and woven fabric. Whereas rice contributes almost 70% of the total exports of Pakistan to Madagascar. The major imports of Pakistan from Madagascar include cobalt, cloves and dried peaches. Only cobalt contributes 35% of the total imports of Pakistan from Madagascar.

The main sections of the report include an identification of the potential products, competitor strategies, supply and demand side issues and recommendations with conclusion. Five products are identified as potential products by applying the parameter of Madagascar imports from world > \$10 million and Pak exports to world for a particular item is > \$30 million are categorized as potential products. Furthermore, one more filter is applied for deep down analysis is Pak exports share of a particular product in imports of Madagascar for the same product must be <10%. In addition to this, five potential products include **Broken Rice (100640)**, **Cane or beat Sugar (170199)**, **Medicaments (300490)**, **Wheat or Mesline flour (110100)** and **Udenatured ethyl alcohol (220710)**.

In a nutshell, Pakistan has an immense potential in aforementioned products. All products are consumer oriented and almost food items. Madagascar is countenancing food crises and it is the best opportunity to increase the exports of these items. On a contrary, India and China have opted the export led investment strategies in Madagascar market due to which their bilateral trade figures are comparatively higher than Pakistan. In future, there is an opportunity for Pakistan to strengthen

bilateral trade relations by investing in construction sector and exporting Portland cement. Last part of the report based on recommendations which best describe the market penetration strategies.

Geographic Overview:

Madagascar named as the last landmasses on earth to be colonized by the humans. The island compelled Arab and Persian traders in the early 7th century and the migrants from African region around A.D. 1000. The country remained stronghold for pirates during the late 17th and 18th centuries. Madagascar served as a slave trading center into the 19th century. In 1896, French conquered the island and made it a colony; independence was regained in 1960. During 1992-93, the country witnessed free presidential and National Assembly elections after 17 years of single-party regime. In the past, country has also witnessed the military interventions. In addition to this, after a long mediation process led by the South African Development Community, Madagascar held the UN supported presidential and parliamentary elections in 2013. As a result of these elections, former de facto finance minister Hery Rajaonarimampianina won a run-off election.¹

Madagascar is officially known as Republic of Madagascar. Its capital is Antananarivo. It has semi-presidential system. The country has got independence in 1960 from France. Madagascar is located in South African region and in the east of Mozambique. Madagascar is an island on Indian ocean. The country spreads over an area of 587,041 sq. km. Madagascar is an island which has no land borders. It has borders with Indian ocean and in the east of Mozambique.

Figure 1- Map of Madagascar:



¹ <https://www.cia.gov/library/publications/the-world-factbook/geos/ma.html>

Economic Overview of Madagascar:

After the restoration of constitutional order in 2014, Malagasy economy is steadily improving. Public work, construction and manufacturing industry has witnessed the boost because of external market access and resumption of external aid. Since 2016, the economic growth rate has exceeded 4% which is better than the annual growth rate of 2.7% during the political crises in 2009-13. However, measures to combat poverty choked by the country's extreme natural hazards. The agriculture sector is the major source of income for over 80% of the Malagasy population, was affected by natural disasters. Rice production was decrease by 20% relative to 2016. Due to natural hazards, the Malagasy population has not benefited from the improved economic situation.

The natural calamities have curbed the economic growth. Whereas almost 80% of the population lives on less than \$1.90 per day with every second child suffering from stunting and the country stands 5th among the countries with the highest number of unschooled children. The country is highly vulnerable to extreme weather events.

1- Economic Indicators:

Indicator	2014	2015	2016	2017	2018 (e)
Population (Millions)	23.572	24.235	24.916	25.613	26.326
GDP Per Capita (USD)	452.81	402.067	401.396	412.168	423.947
Real GDP Growth (%)	3.3	3.1	4.2	4.3	5.3
Inflation Rate (%)	6.1	7.4	6.7	7.8	6.8
Currency Exchange Rate	2,415	2,934	3,177	3,116	

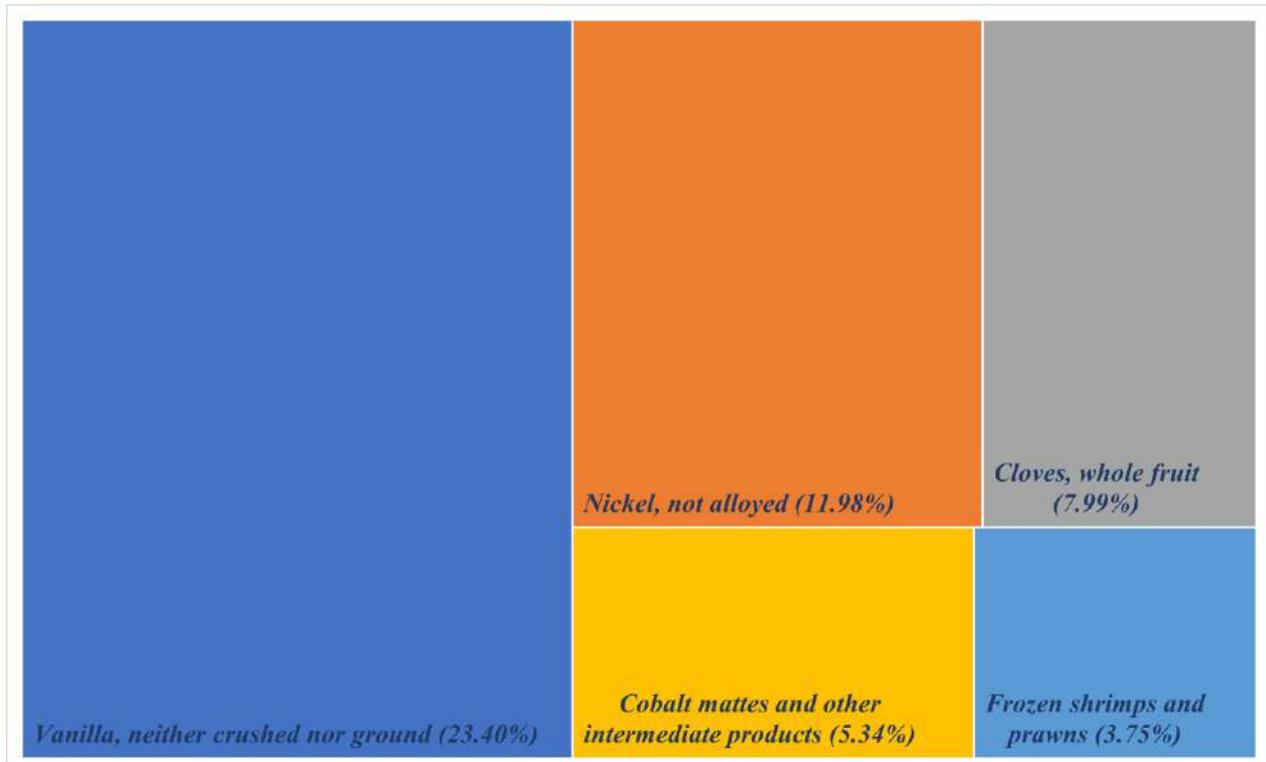
Source: IMF, World Economic Outlook

The above table portrays an economic outlook of Madagascar. There is an increasing trend in population and the estimated figures of population in 2018 has higher increase than previous years. Once GDP per capita was on declining path during 2015-16. But after the restoration of constitutional order, the Government interventions has stabilized the GDP per capita. On the other hand, the real GDP growth rate has also witnessed an increase. Whereas the Inflation rate once pampered but in last few years it is not even controlled but declining. The estimated figures of inflation rate in 2018 highlighting the gradual decrease in inflate rate. The country is witnessing an economic growth but the natural calamities are prevailing hurdles.

Major Exports of Madagascar to World:

The agriculture sector is the main source of income for Malagasy population. Vanilla is the major export of Madagascar to world. Madagascar is the world largest exporter of Vanilla and it has almost share of 30% in the total exports of Madagascar. On the other hand, the world largest importers of Vanilla from Madagascar are USA, France and Germany. So, this product earns huge revenue for Madagascar.

Figure 2- Major Exports of Madagascar to World:

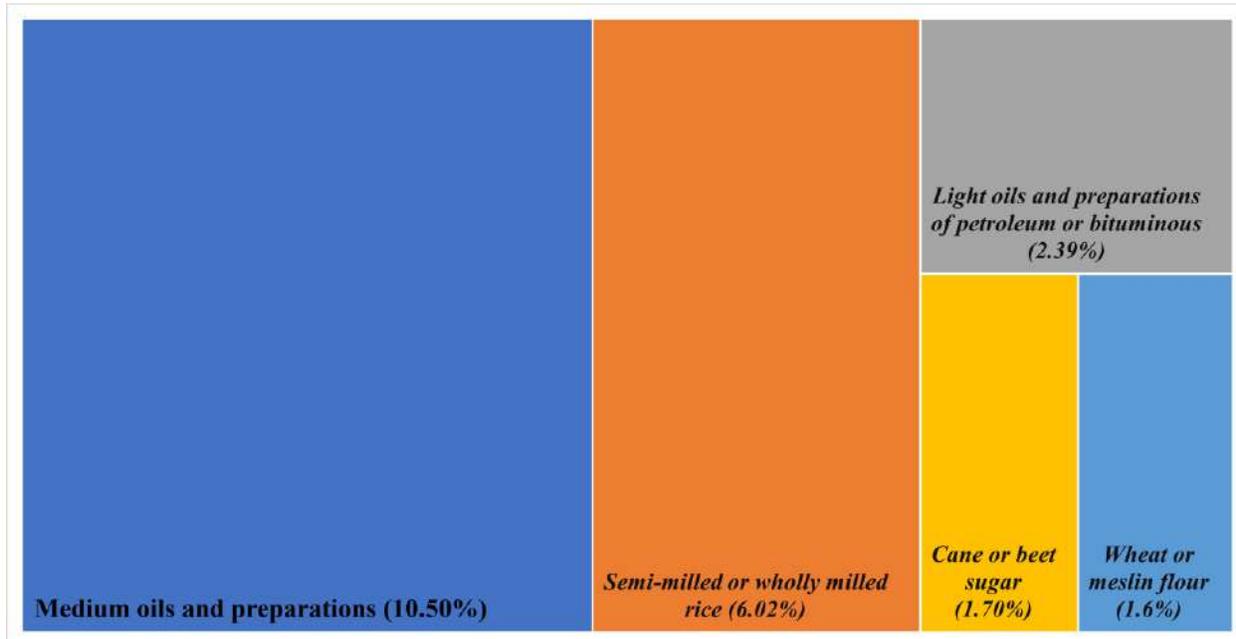


Five major exports include Vanilla, Nickel, Cloves, Cobalt mattes and Frozen Shrimps. Madagascar's total exports in 2017 were around \$2.84billion. Exports in 2017 were higher as compare to 2016 with percentage change of 0.02%. On the other hand, the export value of Vanilla has witnessed a healthy increase of 74.48%. Despite of lowering the export value of Nickle, it was the second leading exportable product of Madagascar. Remaining 3 major products include cloves, cobalt and frozen shrimps and prawns have also witnessed handsome increase in exports of these products. Madagascar has diversified markets for its exports like Europe, Asia and Africa.

Major Imports of Madagascar From World:

In 2017, Madagascar has almost a trade deficit of \$1billion as its imports increased more than its exports. The demand for food has risen number of times as compare to previous years. In five major imports, three leading imports are of food category. As the country is prone to natural calamities which hit the demand for food has always witnessed an upraise.

Figure 3- Major Imports of Madagascar from World:



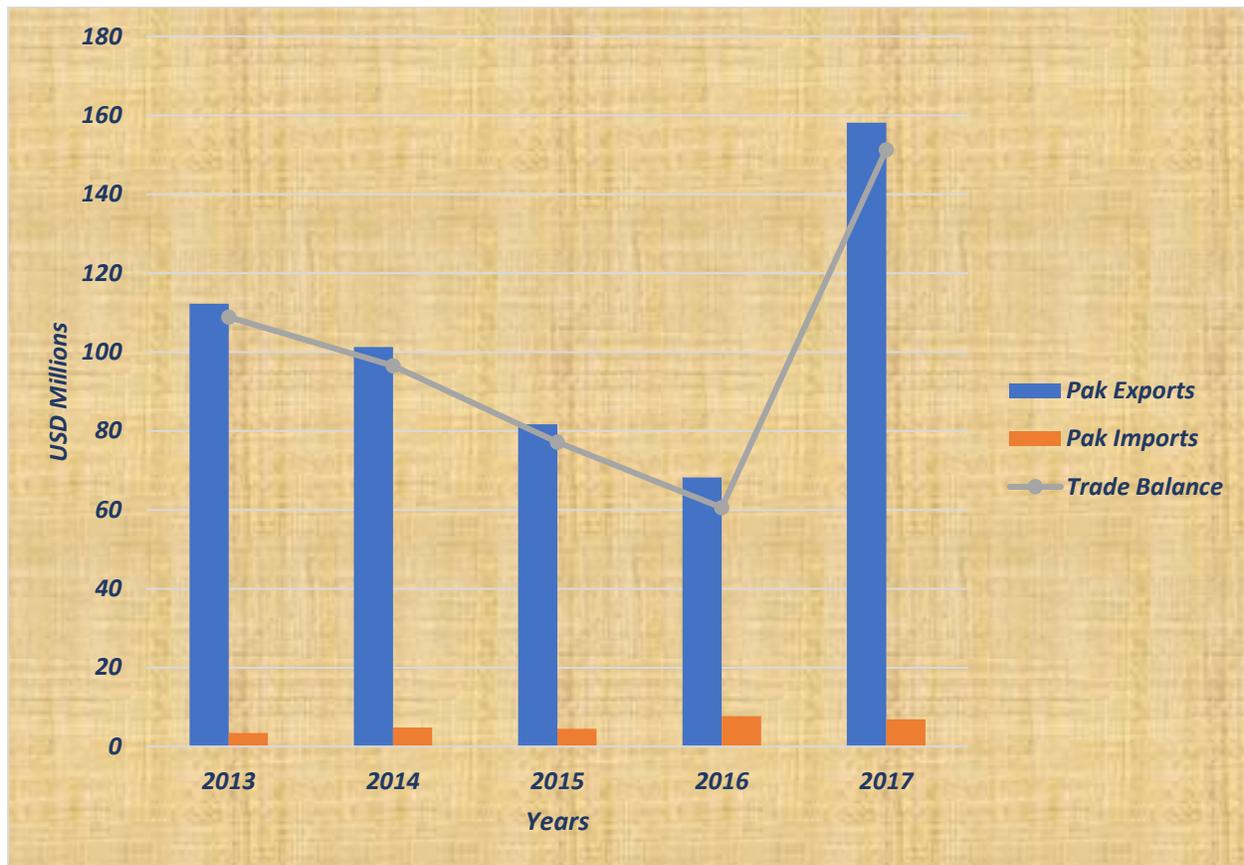
The above graph has suggested that the demand for Medium oils and preparations is high in 2017. The major supplier of Medium oils and preparations to Madagascar are Saudi Arabia and UAE. The historical trend shows the sharp decline in the import of oil. In 2015, its imports were record declined. The second leading import of Madagascar is Semi-milled or wholly-milled rice which reflects sharper increase in last 5 years. Light oils, cane or beet sugar and wheat or meslin flour stand among five major imports of Madagascar.

Bilateral Trade Overview:

Over the years, Pakistan has enjoyed a positive trade balance with Madagascar. During last five years, despite of few trade crest and trough still Pakistan has maintained a positive trade balance as shown in the below graph. The year 2016 was marked as the lowest exports of Pakistan to Madagascar in last five years. But in last year, a great recovery in exports of Pakistan to Madagascar has noticed.

Furthermore, Pakistan has an honorary consulate in Antananarivo. Earlier, Madagascar has requested Pakistan to help their country in combating food crises as well as economic support.

Figure 4- Bilateral Trade Overview:

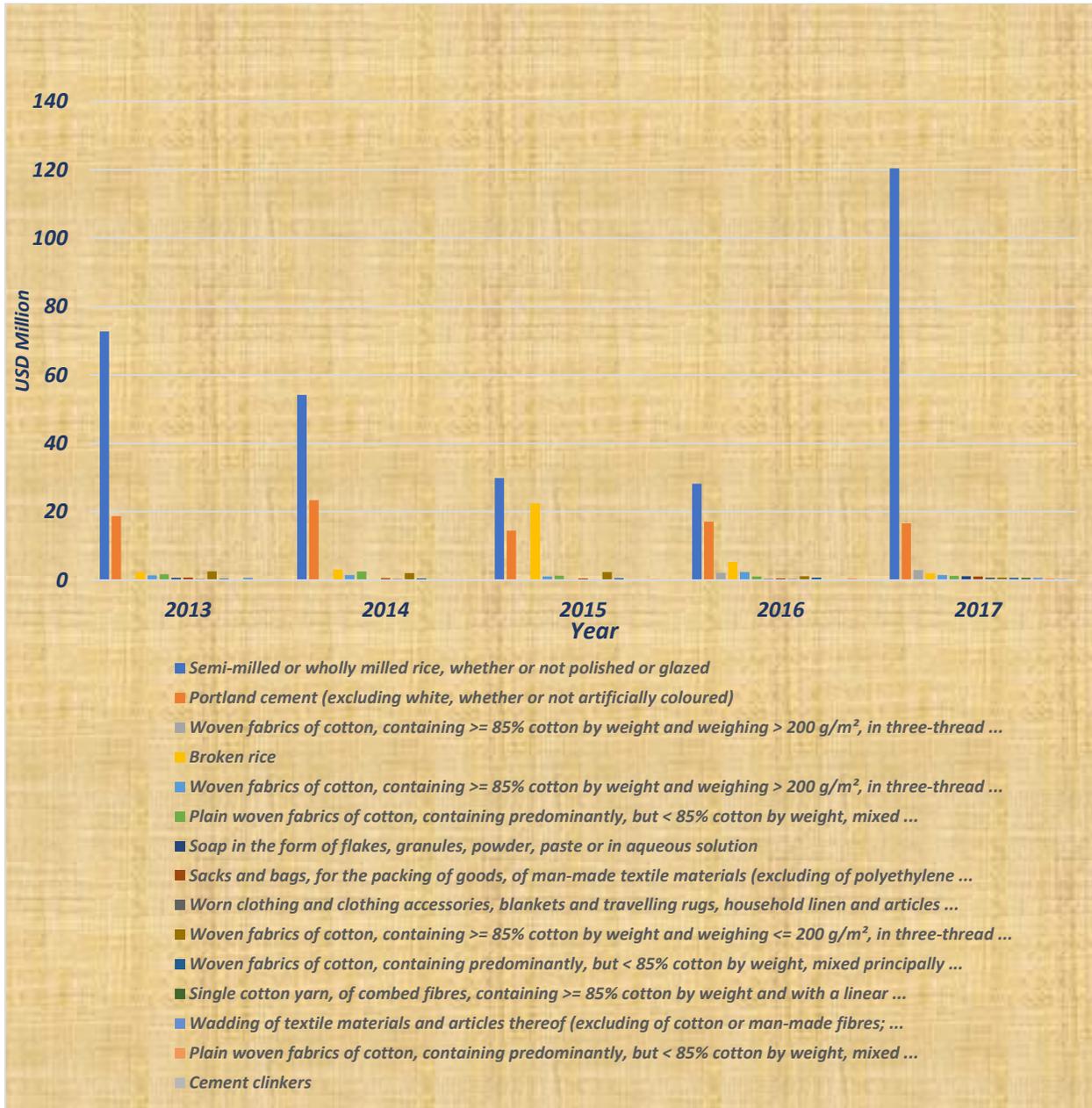


The blue bars represent the exports of Pakistan to Madagascar and the orange bars indicate the imports of Pakistan from Madagascar. The climbing grey bar portrays the positive trade balance of Pakistan with Madagascar. There is lot more potential to enhance the trade between both countries. As earlier it is mentioned that Madagascar has faced food crises whereas Pakistan has an adequate resource to meet the demand of Madagascar. The year 2017 is marked as the highest exports of Pakistan with amounting to \$158 million in last 5 years. Whereas the imports from Madagascar remained low in 2017 with an amount of \$6.8 million. Over the years, Pakistan has enjoyed trade balance.

Pakistan's Major Exports to Madagascar:

Pakistan's total exports to Madagascar are witnessing the healthier rising trend. Major exports include rice, textile and cement. Madagascar is prone to natural calamities. Therefore, the demand for food, construction material and textile are increasing in Madagascar.

Figure 5- Pakistan's Major Exports to Madagascar:



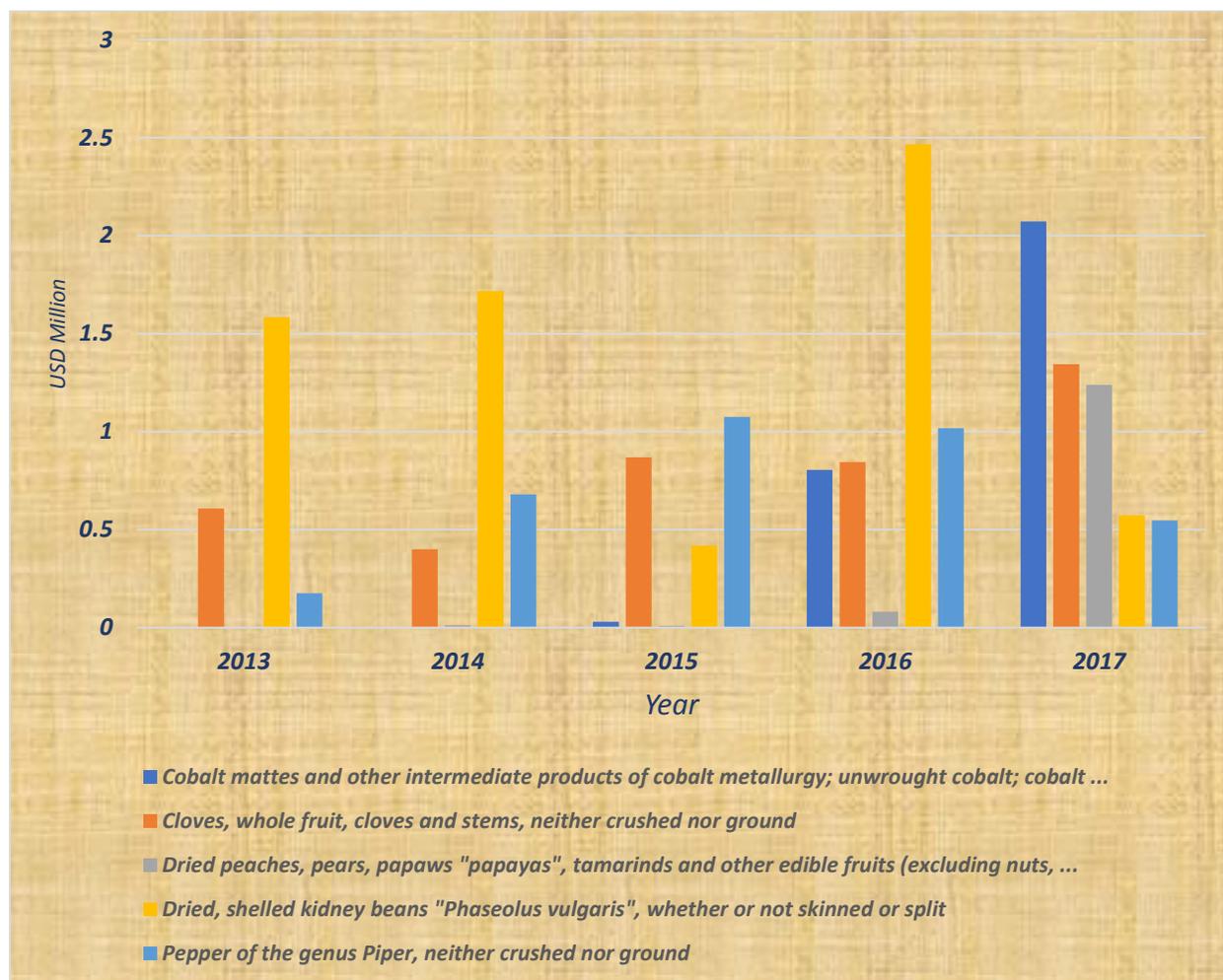
In 2017, Pakistan has witnessed a healthier export value of rice. In addition to this the impact of increasing rice exports is visible in this market as well. Whereas, in remaining products, the exports value of Portland cement has paced up marginally. But the historical trend suggests there is a

volatility in the demand of Portland cement. Rest of the products have tiny share in this market. Rice exports have witnessed a massive change in 2017 as compare to the corresponding year.

Pakistan's Major Imports from Madagascar:

Pakistan's total imports from Madagascar remained around USD 6 million. Whereas the major import item is cobalt mattes, cloves, dried peaches, dried shelled kidney beans and pepper of genus. Historically, dried shelled kidney was the major import item till 2016. But in 2017, cobalt's import increased. Only cobalt imports represent 40% of the total imports of Pakistan. However, in 2017 the import of dried shelled kidney beans decreased by 76% as compare to the corresponding year.

Figure 6- Pakistan's Major Imports from Madagascar:



Above graph represent the five major imports of Pakistan from Madagascar. These five import items almost contribute 80% of the total imports of Pakistan. Whereas in 2017, the total imports of Pakistan declined almost 11% from the corresponding year. The graph portrays the import trend of 5 years for the major imports of Pakistan. Further, in recent year the import of cobalt is increased almost hundred times from the corresponding year because cobalt is commonly used in making alloy and stainless steel. In 2017, there is a mix trend of 5 major imports. On the other hand, imports of the same items remained volatile in past 4 years.

Potential Product Scenario:

Pakistan has an ample product basket to meet the demand of this market as the demand of Madagascar is almost similar to the products produced by Pakistan. From a continental perspective, Madagascar has almost 61% of its imports from Asian countries in 2017. Whereas, Madagascar purchases 21% of its imports from European Union while 11% of the products originated from Africa region. The above stats show the demand and supply sides. The country's major demand is medium oils, semi milled or wholly milled rice, cane or beet sugar and wheat or meslin flour. Considering the factors of demand and supply, further the pattern is drawn to identify the potential products which are exportable and can generate revenue.

Methodology for Identifying the Potential:

If Madagascar's imports from world for a product is more than \$10million and the exports of Pakistan to world is for that product is greater than \$30million is categorized as potential product. Further, one more filter is applied to identify the competitive export items is identifying the products which have less than 10% share in the Madagascar's market.

2- Potential Products:

Product code	Product label	Pakistan's Exports to Madagascar					Share		Unit Value (USD)	Tariff Barriers	Non-Tariff Barriers
		2013	2014	2015	2016	2017	2013	2017	2017	2017	2017
TOTAL	All products	112.267	101.275	81.629	68.229	158.118					
'100640	Broken rice	2.392	3.154	22.444	5.369	1.959	17.70	6.89	406	0	1
'170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...	1.151	0	0	0	0.136	3.09	0.22	523	10	1
'300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0.125	0.041	0.018	0.068	0.079	0.34	0.14	21667	0	2
'110100	Wheat or meslin flour	0.352	0	0.2	0	0	0.79	0.00		0	2
'220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	0	0	0	0	0	0.00	0.00		20	2
Source: Trade map											

The above table indicates five major potential products which Pakistan can export to Madagascar and earn healthy revenue. All five sectors have adequate supply conditions and demand in Madagascar. Though, due certain trade and market access issues Pakistan is not cashing its position in this market but the proposed products have much potential to capture the market and maximize the share of these products in this market. Madagascar is the market like other African countries which impose less tariffs and non-tariffs on supplying markets. This can be beneficial for the supplying markets.

ECI & Competitor Analysis:

As the five products are identified as potential products. This section of the report is based on competitor analysis. In addition to this, all five products will be discussed one by one with respect to the competitors in the Madagascar's market.

ECI & Competitor Analysis of Broken Rice (100640):

Madagascar's imports of Broken Rice from world remained around \$28million in 2017. Whereas the imports of broken rice were almost half of this in 2013. It clearly indicates that demand for Broken rice has increased manifold in past 5 years.

3- ECI & Competitor Analysis of Broken Rice (100640)

<i>ECI & Competitor Analysis</i>			<i>Share</i>		<i>Unit Value</i>	<i>Avg. tariff Barriers</i>	<i>NTBs</i>	<i>Ranking</i>	
<i>Product: 100640 (Broken Rice)</i>			<i>2013</i>	<i>2017</i>	<i>2017</i>			<i>2013</i>	<i>2017</i>
<i>Exporters</i>	<i>2013</i>	<i>2017</i>							
<i>World</i>	<i>13.517</i>	<i>28.449</i>							
<i>Pakistan</i>	<i>6.081</i>	<i>11.617</i>	<i>44.99</i>	<i>40.83</i>	<i>404</i>	<i>0</i>	<i>1</i>	<i>2</i>	
<i>Myanmar</i>	<i>0</i>	<i>8.886</i>	<i>0.00</i>	<i>31.23</i>	<i>409</i>	<i>0</i>	<i>1</i>	<i>19</i>	
<i>India</i>	<i>6.844</i>	<i>4.899</i>	<i>50.63</i>	<i>17.22</i>	<i>387</i>	<i>0</i>	<i>1</i>	<i>2</i>	
<i>Thailand</i>	<i>0</i>	<i>2.212</i>	<i>0.00</i>	<i>7.78</i>	<i>478</i>	<i>0</i>	<i>1</i>	<i>19</i>	

Source: Trade map

The leading exporter of broken rice to Madagascar is Pakistan and the export competitive index also indicates that Pakistan has the leading position in this market. Pakistan has improved its market share and ranking as compare to 2013. On the other hand, Myanmar has improved a lot from 2013 and its share has also increased to 31%. India and Thailand on this table also portrays competitive position in this market as both have sound position as exporters of Rice across the globe. The tariff and non-tariff barriers are similar for all supplying markets.

Pakistan- Industry overview:

Rice is the most widely consumed staple food across the globe and an excellent source of carbohydrates. Pakistan produces almost 7 million tons rice over an area of 5 million acres. Pakistan is the 11th largest producer of rice and 4th largest exporter in the world. Over the years, Pakistan's exports of rice have increased manifold. Recently, the rice exports of Pakistan to world almost represent 10% of the total exports of Pakistan. The domestic demand of rice is almost around 2.2 million tons whereas the remaining portion of production leaves Pakistan with a space to exports of rice. The major export destinations include Africa and European region. Though, Madagascar is a non-traditional market but the rising exports of Pakistan indicates good prospects.

Myanmar – Competitor Strategy:

Myanmar is amongst the top exporters of rice to Madagascar in 2017. Few years back, Myanmar's exports of rice to Madagascar was equal to zero. But lately, Myanmar has developed its Myanmar Rice Sector Development Strategy (MRSDS) that seeks to boost production and ensured self-sufficiency and handsome share in international trade. The key factors of MRSDS include:

- Improving Farm Productivity. In addition to this, improved productivity enables affordable supplies and competitiveness.
- Increasing the global competitiveness of Myanmar's rice industry. This strategy envisions environmentally sustainable and competitive rice sector by 2030.
- 60% of the total production exports by Myanmar and 40% has to meet the domestic demand.
- Promote cultivation of “special traditional rice varieties” with natural tolerance to deep water, prolonged flooding, salinity, or drought².
- Develop seed systems to conserve, multiply, and promote sharing and exchange of traditional and, if applicable, modern varieties in remote areas.
- The current exports strategy of rice supports the low-quality rice which is largely exported to African region that leaves Madagascar with zero waste or overproduction.
- The opening of new rice mills to Foreign Direct Investment encourages in producing quality production and exports.

India – Competitor Strategy:

India's rice exports in 2017-18 surged to 18% from the year before it was recorded 12.7million tons. India is the largest producer of rice which accounts for 20% of the world.

The Government usually buy more than a third of the country's rice output at a fixed price. Exporters were this week offering Indian 5 percent broken parboiled rice RI-INBKN5-P1 at \$388-\$392 per ton on a free on board (FOB) basis, nearly the same as prices quoted by Thai exporters.

The Indian Government has raised prices of rice to local farmers for common grade paddy rice up to 13% as compared to previous year to 1,750 rupees (\$25.50) per 100kg which do not only facilitate the farming community but increase production and quality exports as well.

The bilateral relations between India and Madagascar starts back in 1954 when India opened a Consulate General in 1954 in Antananarivo, the capital of Madagascar. In 1960, the Consulate General was upgraded to embassy upon gaining the independence by Madagascar. The visits of high dignities from both sides from time to time has strengthened the relations.

- India participates usually around 12 international fairs to promote its rice sector.
- The Government of India is intended to double the farmer's income which is a part and parcel of current Agriculture export Policy.

² http://books.irri.org/MRSDS_content.pdf

- Currently India has planned to produce and promote organic rice because world rising demand for organic foods.
- India has recently launched its marketing and promotion strategy “Produce of India”. Which has an impact on domestic growth and exploring new markets.
- The Government of India has approved line of credit to \$25 million in 20018. In addition to this, the arrangement of the line of credit was made for raising the rice production and setting up the fertilizer plant in Madagascar.
- In 2017, again a request for line of credit of \$2.5 million made by Malagasy Government to India was made. In response to this, India has sanctioned the requisite amount. This has not only impact on bilateral relation but it has turned into a beneficial contract in terms of market access and increasing the exports to Madagascar.
- Indian based technology center is going to be complete in Madagascar. Apart from this, various MOUs are signed between both countries to strengthen the relation.
- India has invested in various sectors include oil, mine and agriculture in Madagascar. At this time, around 15000 Indians usually working in Madagascar.

Thailand – Competitor Strategy:

In past few years, Thailand’s exports of Rice to Madagascar has witnessed a significant increase due to which the current competitive index shows the 5th largest exporter of broken rice to Madagascar. Globally, Thailand is the 2nd largest exporter of rice.

Thailand experiences two annual rice growing periods. The Wet and dry season. The wet season is normally producing largely 70% of the annual rice production. The regional rainfall pattern suits Thailand in producing rice.

- Rice is the major source of foreign exchange earnings for Thailand.
- Rice is the major contributor to Thai economy.
- Thailand has established rice farmers organizations to increase the production level.
- The National Rice Strategy of Thailand states a creative fair rice trade system, innovation in rice industry and logistics management.
- Thai Government has established farmers database to support in Biotechnology farming and intensive farming.
- Thai Government encourages Public-Private partnership in value chain and market linkages. Currently, few European organizations has invested in this sector.



***Competitor Analysis
Cane or Beet Sugar***

ECI & Competitor Analysis – Cane or beet Sugar (170199):

Sugarcane is amongst the major crops in Pakistan. Its cultivation and yield are heavily dependent to excessive water. The major source of producing sugar is cane or beet. Currently, the world demand for cane or beet sugar is around \$13 billion which is slightly higher than the previous year. Sugar is a bi-product of cane and its use in our daily life is very common.

4- ECI & Competitor Analysis of Cane or beet Sugar (170199):

<i>ECI & Competitor Analysis</i>			<i>Share</i>		<i>Unit Value (USD)</i>	<i>Avg. Tariff Barriers</i>	<i>NTBs</i>	<i>ECI Ranking</i>	
<i>Product: 170199 Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...</i>			<i>2013</i>	<i>2017</i>	<i>2017</i>			<i>2013</i>	<i>2017</i>
<i>Exporters</i>	<i>2013</i>	<i>2017</i>							
<i>World</i>	37262	62130							
<i>Brazil</i>	10950	44289	29.39	71.28	431	10	2	2	2
<i>India</i>	837	7612	2.25	12.25	597	10	2	4	4
<i>Pakistan</i>	764	136	2.05	0.22	523	10	2	5	5
<i>Source: Trade map</i>									

Pak Industry – Overview:

In the year 2016-17, Pakistan has experienced an unprecedented production of sugarcane across the country. The total production of sugarcane stands around 73.401 million ton. In result of processing the sugar production remained around 7.005 million ton. Similarly, the by-products of sugar also increased. Pakistan positioned among the top ten exporters of cane or beet sugar to the world.

Here, in the above table, the exporters list of cane or beet Sugar, Pakistan is amongst the major exporter of cane or beet sugar to Madagascar. Pakistan has an immense potential in this sector and the major destinations for our exports are Africa and Asia. There are around 90 sugar mills in Pakistan.

The total sugar extracted from beet is around 12% to 21% and it is also depending on the growing condition. The root of beet plant contains sucrose. The by – products of beet sugar are pulp and molasses. Cane and beet are the two major source of producing sugar. Whereas the water requirement for sugarcane has three-fold to beet sugar.

Exports of Pakistan to Madagascar has declined in 2017 which also contributed in diminishing the market share as well. The export competitive index indicates Pakistan’s position 5th in this market.

Whereas India has improved much than Pakistan and earned a good market share in the recent past.

Brazil- Competitor Strategy:

Brazil is the leading exporter of cane or beet sugar to world and same is the case here in this Madagascar market. The total area for sugarcane cultivation in 2016-17 was 9.9 million hectares. Whereas the domestic consumption is around 10.95 million tons. Brazil has remained competitive in the global sugar market because of devaluation of the local currency. The global production of Sugar is booming but Brazil is transforming its sugar industry to ethanol.

More than 100 countries across the globe rely on Brazilian sugar.

The strong domestic demand for sugar as a vehicle has made it more lucrative for the farmers to grow more sugarcane in the country. It's a trend certainly going to push down the exports of sugar. Brazil is the second largest exporter of cane or beet sugar to Madagascar. The country has maintained its export worth and share in this market. Furthermore, the Brazilian Government has introduced policies which favor the farming community to increase the production.

There is no Brazilian diplomatic representation in Madagascar. The embassy of Brazil in Maputo is completely responsible for representing Brazil in Madagascar.

- Ministry of mines and energy has launched a program to ensure the reduction of emission through sustainable expansion of biofuels supply in the country and the sugarcane is the primary source of this expansion.
- Brazil is the signatory of Paris Climate Agreement. Therefore, the country is focusing on alternative source of energy e.g. the sugarcane production is the possible source of generating energy and promoting sustainable development. It does not only focus on environment but foster the production of sugarcane.
- The right incentives have promoted the sugarcane production positively and timely.
- Export credits, guarantees and insurance as part of the Project for Export Financing (PROEX) program funded by the Banco do Brasil.
- The Ethanol program further encouraged the sugarcane production and sustainable development.

India – Competitor Strategy:

India is accounted for as the biggest producer and exporter of Sugar to world. According to Indian Sugar Mills Association, the sugar production in 2018-19 will remain around 350-355 lakh tones. This is about 28-33 lakh tones higher than the previous year. The estimated land under sugar cultivation was around 54.35 lakh hectares. Uttar Pradesh is the leading state for Sugar production in India. The cane variety Co0238 is the high yield variety in India.

In the above table, India has improved its exports of cane or beet sugar to Madagascar. In 2017, its exports figures are much higher than 2013 which reflects in market share as well. In a column of exports competitiveness, India has again competitive standing in the market.

- India has offered the supportive prices for the farming community e.g. Rs. 255 per 100 kg.
- Government of India provides subsidy to millers to pay arrears to growers.
- Government also facilitates exporters directly and indirectly.
- Indian Government provides loan to millers for modernization, Research & Development, Ethanol & Co-generation.
- In India, State Government set Cane Prices (SAPs) which are normally higher 30-50% than the Federal cane Prices (FRP)

ECI & Competitor Analysis of Medicaments (300490):

Medicament is inelastic commodity and its consumption is rising day by day. Medicament is a necessity of life which make it inelastic. Few European countries are giants of Medicament production and exports. But in this African market we are facing competition from our regional exporters.

5- ECI & Competitor Analysis of Medicaments (300490):

<i>ECI & Competitor Analysis</i> <i>Product: 300490 Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...</i>			<i>Share</i>		<i>Unit Value (USD)</i>	<i>Avg. Tariff Barrier</i>	<i>NTBs</i>	<i>Ranking</i>	
			<i>2013</i>	<i>2017</i>	<i>2017</i>			<i>2013</i>	<i>2017</i>
<i>Exporters</i>	<i>2013</i>	<i>2017</i>						<i>2013</i>	<i>2017</i>
<i>World</i>	<i>37.188</i>	<i>55.427</i>							
<i>India</i>	<i>7.573</i>	<i>13.6</i>	<i>20.36</i>	<i>24.54</i>	<i>15794</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>2</i>
<i>China</i>	<i>7.086</i>	<i>12.058</i>	<i>19.05</i>	<i>21.75</i>	<i>4331</i>	<i>0</i>	<i>2</i>	<i>3</i>	<i>3</i>
<i>Pakistan</i>	<i>0.12</i>	<i>0.065</i>	<i>0.32</i>	<i>0.12</i>	<i>21667</i>	<i>0</i>	<i>2</i>	<i>18</i>	<i>18</i>
<i>Source: Trade map</i>									

India is amongst the leading exporter of Medicaments to Madagascar in recent years because of Indian's market diversification strategy. In 2017, the market share of India has increased 4% than 2013 whereas the export competitiveness ranking positioned second. China is the third largest exporter of Medicament in this market with market share of 19.05% in 2017. Pakistan is quite below in terms of export competitiveness ranking and market share as well. Pakistan's market share declined in 2017 as compare to 2013.

Pak Industry Overview:

The pharmaceuticals industry of Pakistan ranked 10th among Asian Pacific countries and has shown a significant growth over the past few years (IBM, 2013). One of the representatives of the Pakistan Pharmaceutical Manufacturers Association (PPMA) the pharma industry has experienced a healthy growth in last few years. Approximately, there are 775 Pharmaceutical companies in Pakistan. The Pharmaceutical industry of Pakistan meets 70% of the local demand of finished medicines. The domestic market is divided into two categories includes national and multinational medicines.



*Medicament
Export to World
in 2017 was
\$48.654Million*

Pakistan's local pharmaceutical and healthcare industry is evolving and expanding. The industry has invested on its upgradation. Recently, Industry is following the good manufacturing practices (GMP). Existence of Global Pharma players has contributed in the development of National industry. MNCs have approximately 33% share in Pakistan's market.

- Total Registered pharmaceutical companies in Pakistan are around 775 across the country.
- The existence of Multinational companies in Pakistan is about 26.
- Local Pharmaceutical companies are around 749.
- The projected growth in 2018 is estimates around 11.42%.
- Pakistan is the 7th most important and attractive market in South Asia.

India – Competitor Strategy:

India is among the largest provider of pharma globally. Indian Pharma sector supplies over 50% of global demand for different vaccines and medicines. India enjoys an important position in global pharmaceutical sector. The country has also largest pool of scientists and engineers working in this sector to steer the industry to even higher level.

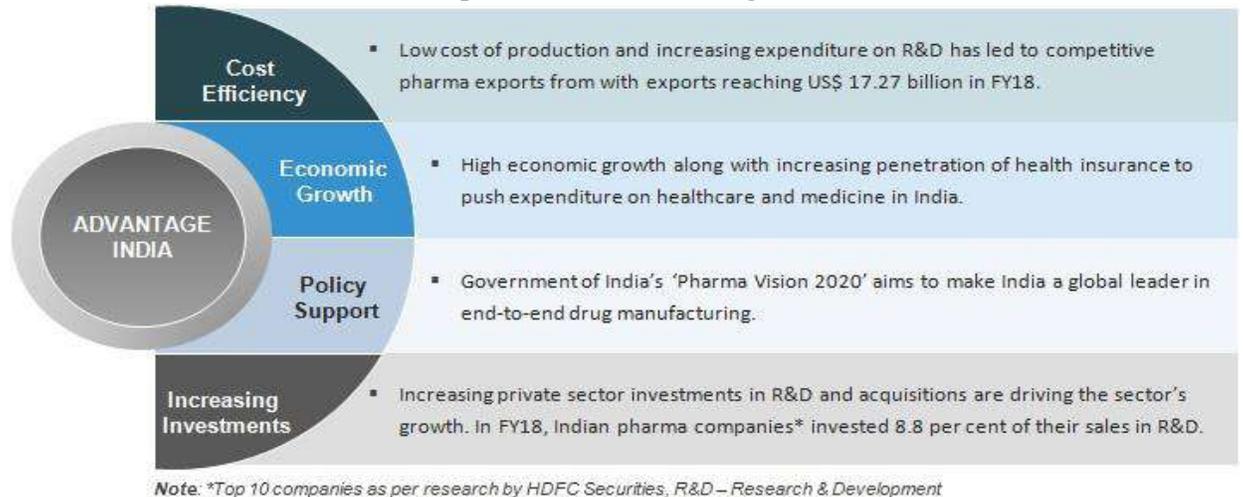
In 2017, the pharmaceutical sector of India was valued \$33 billion. The expansion of the sector in coming year is expected at CAGR of 22.4% and in the end of 2020, it will reach to \$55 billion. The exports of India stood at \$17.27 billion in 2017. In 2019, it is expected that the exports will cross \$19 billion.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025.³

- According to Department of Industrial Policy and Promotion (DIPP), the FDI inflow in the sector is around \$15.8 billion by the end of June, 2018.
- Around 46 mergers and acquisition worth value \$1.47 billion took place in 2017. It has strengthened the domestic industry and created more employment opportunities.
- The National Health Scheme funded by Government of India provides medical benefit of 5 lac to each citizen a year. The program was announced in 2018-19 budget.

³ <https://www.ibef.org/industry/pharmaceutical-india.aspx>

- Drug Controller General of India (DVGI) has started a plan of single window facility to provide information and approval. This initiative was taken to push “Make in India Initiative”.
- The Government of India has unearthed “Pharma Vision – 2020” that aims to make India a Global leader in Pharma in end to end drug manufacturer.
- Apart from this, The Government of India has invested in various projects in Madagascar which also facilitate to boost the exports of India in Madagascar.



China – Competitor Strategy, Medicaments:

China is the world's largest producer of Pharma ingredients and the second largest market of Pharma. Being a second largest market of Pharma, the sector is emerging. The burgeoning and middle class vastly present the opportunity for the sector. In coming years, China want to be an important player in this sector. Currently, China is rated as the powerful manufacturing house heading towards more value-added economy and this sector can be dominate in future.

Foreign Direct Investment is a major channel opted by China to expand its economy. China's FDI in Madagascar mainly focuses on manufacturing, mining, construction and service provision sector. In September 2017, China has signed an agreement with Madagascar to invest \$2.7 billion in various projects by 2025, particularly in the areas of fisheries, aquaculture, the fighting against illegal fishing, shipyard and recreation center as well as training. This investment in blue economy will create more than 10,000 employment opportunities in Madagascar.

- The Chinese pharma sector is still its infancy, evidence by its low expenditure on health as a percentage of GDP.
- China is already ambitious for exporting generic medicines under an initiative of “Made in China”. Therefore, it has obtained an approval from US Food and Drug administration for 38 generic medicines.
- “Made in China 2025” focuses on innovation and home-grown research. It will create more employment opportunities and solutions to Pharma industry of China.

- The Pharmaceutical firm has planned to introduce three blockbuster drugs in 2018, two of them are proprietary cancer drugs and one is generic medicine. Resultantly, the country will earn more revenue.

ECI & Competitor Analysis of Wheat and Mesline Flour (110100):

Wheat or Mesline flour is among the most consumable product across the globe. For many countries, its contribution to the economy is high. Wheat flour has a significant role in our daily life. The production process of wheat flour requires several processes. The pre-milling wheat is often stored in wheat stores. It is necessary to keep wheat dry and clean before further processing.

According to Food and Agriculture Organization (FAO) world production of coarse grains is forecasted 1360 million tons in 2018 which is down 2.2% than 2017. Whereas the world consumption has been raised to 0.2% to 2653 million tons which is up by 39 million tons (1.5%) from the estimated level of 2017-18. The trade forecast has been slowed down. World wheat trade is now forecast to contract in 2018/19, albeit from the record levels achieved in the past two seasons, to 173 million tons, 3.4 million tons lower than in 2017/18 and almost 1 million tons below the October forecast⁴.

Furthermore, the below mentioned table states the supplying markets of wheat or Mesline flour to Madagascar.

6- ECI & Competitor Analysis of Wheat and Mesline Flour (110100):

<i>ECI & Competitor Analysis</i>			<i>Share</i>		<i>Unit Value (USD)</i>	<i>Avg. Tariff Barrier</i>	<i>NTBs</i>	<i>USD Million</i>	
<i>Product: 110100 Wheat or meslin flour</i>								<i>Ranking</i>	
<i>Exporters</i>	<i>2013</i>	<i>2017</i>	<i>2013</i>	<i>2017</i>	<i>2017</i>			<i>2013</i>	<i>2017</i>
<i>World</i>	44.644	60.892							
<i>Egypt</i>	10.293	29.896	23.06	49.10	302	10	2	3	3
<i>India</i>	11.771	0.083	26.37	0.14	469	10	2	2	2
<i>Pakistan</i>	0.259	0	0.58	0.00		10	2	7	7
<i>Source: Trade map</i>									

Pak – Industry Overview:

Wheat is almost cultivated in 120 countries across the globe. The major producers of Wheat include China, India, USA, Russia, Canada and Australia. In recent times, China has emerged as the largest producer of China. Whereas Pakistan has also a distinctive position in terms of wheat

⁴ <http://www.fao.org/worldfoodsituation/csdb/en/>

production because of staple diet of 180 million. Pakistan stood as major competitor in terms of exporting wheat and meeting the domestic demand. According to Pakistan Agriculture Storage & Stock Corporation (PASSCO) 899,811 million tons wheat was preserved in 2017 which is higher than 2016⁵.

Currently Pakistan holds 10.8 million tons of wheat before the beginning of local marketing year. It is one of the highest stocks before beginning the local marketing year. Wheat exports of Pakistan remained around 1.2 million tons in 2017-18. Exports for the coming crop season are expected to slow down.

In above table, Pakistan has earned zero market share in Madagascar. Comparatively in 2013, Pakistan has minimum market share. There are few supplying markets of Wheat or Mesline flour to Madagascar. The aggregate demand for wheat or Mesline flour remained around \$61 million in 2017 which is comparatively higher than 2013. Whereas Pakistan has lost this market in terms of supplying wheat or Mesline flour.

- Wheat is a bumper crop of Pakistan and potential areas of wheat production are Punjab, Sindh and some parts of KPK.
- In recent past the production of wheat in Pakistan has experienced a growth which supported local demand and left an ample quantity to export.
- The potential buyer of Pakistani Wheat or Mesline flour is Afghanistan.
- The cost of production of wheat is lower than the other seasonal crops.

Egypt – Competitor Strategy:

Egypt is the most populous country in the Arab World. The domestic industry of Egypt provides employment and value added in the Agri food sector. It's a staple food for all Egyptian Citizens. The importance of this sector resulted in strong involvement of the state at all levels of its value addition. Wheat represents almost 10% of the agriculture production and 20% of the agriculture imports. The Government subsidize at various level of value addition to ensure the low-priced foods availability for the citizens.

The above table indicates that Egypt's market share has increased manifold in recent times in terms of exports to Madagascar. The export competitiveness ranking is an evidence of the potential existence of Egypt in this market. Egypt is the third largest leading exporter of Wheat or Mesline flour to Madagascar.

Recently in July 2017, Madagascar has signed Tripartite Free Trade Agreement (TFTA). This agreement brought three economic communities together – Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and South African Development Community (SADC). Egypt is also a member of this trade agreement and ratified as well. This forum has provided more opportunity for Egypt to strengthen the trade ties with Madagascar.

⁵ <http://www.passco.gov.pk/commodities/major-crop/>

- Egypt has already competitive position in terms of Wheat or Mesline Exports to Madagascar.
- Egypt has shorter distance with Madagascar. Therefore, the consignment delivery and travel duration take lesser time as compare to Pakistan and other exporters.
- Egypt provides annual training to Malagasy police and technology assistance in agriculture sector.
- Egyptian Government has subsidized the sector on various level to ensure the food security, sector growth and exports.

India – Competitor Strategy:

India is among the largest producers of Wheat or Mesline flour. India’s wheat production has increased in last 10 years. Wheat is the major staple food of India. Wheat is also an important crop both in terms of production and consumption. Indian Punjab a major contributor in Wheat production. On average, India consumes 65 million tons wheat every year.

As it is mentioned earlier that India has invested in Madagascar in various projects which do not only strengthen the bilateral ties but a great economic benefit for India. India is amongst the leading exporter of wheat or Mesline flour in Madagascar.

- India has a vast cultivated land than Pakistan or Egypt. It gives an extra benefit to India in producing more wheat and increasing exports.
- The Government of India has announced various schemes for Agriculture sector which benefit the growers. The Government interventions has encouraged farmers to allocate more land and resources for wheat crop.
- In 2018, The Government of India has raised the import duty on wheat from 20% to 30% to protect its domestic industry.

ECI & Competitor Analysis of Undenatured Ethyl Alcohol (220710):

Ethyl alcohol is a by-product of sugar and one of the more competitive products. The world demand for undenatured ethyl alcohol stood around \$6 billion in 2017 which is comparatively higher than 2016. So, the rising demand trend indicates the potential of this product. Brazil it the largest supplier of ethyl alcohol. Whereas the Korea is the largest importer of Ethyl alcohol. However, the import figures for Madagascar indicates that rising demand of Ethyl alcohol.

7- ECI & Competitor Analysis of Undenatured Ethyl Alcohol (220710):

ECI & Competitor Analysis			Share		Unit Value (USD)	Avg. Tariff Barrier	NTBs	USD Million	
<i>Product: 220710 Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%</i>			2013	2017				Ranking	
Exporters	2013	2017					2017	2017	2017
<i>World</i>	6.173	19.492							
<i>South Africa</i>	4.662	12.97	75.52	66.54	1278	0	2	1	1
<i>Mauritius</i>	1.395	6.097	22.60	31.28	1362	0	2	2	2
<i>India</i>	0	0.001	0.00	0.01		20	2	6	7

Source: Trade map

Pak – Industry Overview:

Pakistan's exports of undenatured ethyl alcohol are on a rising path. During the last 3 years, the exports of undenatured ethyl alcohol have remained high. The ethanol distilleries are operating in Punjab, Sindh and KPK. The process of making ethanol includes sugarcane production, sugar refining and conversion of molasses into biofuels. Ethanol is commonly known as alcohol. Pakistan is one of the largest ethanol producers. There are almost more than twenty companies working in the sector.

The progressive sugar sector of Pakistan has the capacity to produce around 3.0 million metric tons of molasses for ethanol production. Exports of ethanol have risen significantly in the past 5 years. The major destination includes Europe and Asia. However, Pakistan's exports to Madagascar are zero for this product. Whereas the other regional countries are exporting this product to Madagascar. The current state of this sector has the potential to export this product to Madagascar. Therefore, this has been identified as a potential product.

South Africa – Competitor Strategy:

South Africa is the leading exporter of Ethyl Alcohol to Madagascar with a handsome share. Though, the market share has declined in 2017 as compared to 2013 but South Africa still stands as the major exporter of Ethyl alcohol. Despite suffering, South Africa's exports are significant to Madagascar.

Both countries are neighbors with a long history. Both countries have signed various agreements to strengthen the bilateral ties. The list of prominent agreements is as follows.

- Agreement on Air Transport (1990).
- Agreement on Merchant Shipping and Maritime related matters (1990).
- Agreement on Science and Technology Cooperation (2015).

Recently, both countries have become part of the Tripartite Free Trade Agreement (TFTA) which provides an exclusive trade environment for both countries. Therefore, this is an exclusive advantage for South Africa to increase its exports to Madagascar. The TFTA facilitates all African countries. South Africa is among the countries that ratified TFTA earlier than other African States.

Mauritius – Competitor Strategy:

Mauritius's exports of ethyl alcohol to Madagascar hover around \$15 million in 2017 and the same trend is observed in the last 3 years. Mauritius is the second largest exporter of Ethyl Alcohol to Madagascar. Its market share increased almost 30% in 2017 as compared to 2013.

Mauritius is an island in Africa and situated in the east of Madagascar. Mauritius and Madagascar both have expanded their mutual trade cooperation by signing different trade agreements. The trade agreements pertain to industrial cooperation, cooperation in customs matters and cultural matters.

Mauritius is also a signatory of the Tripartite Free Trade Agreement (TFTA). This platform provides a more significant place for both countries to strengthen their trade ties.

India – Competitor Strategy:

In past India has not significant export of ethyl alcohol to Madagascar. But in recent times, it has started exporting ethyl alcohol to Madagascar. India is the 7th largest exporter of ethyl alcohol to Madagascar. Its export is started because of latest development in strengthening bilateral ties and other trade initiatives. Though, the market share of India is tiny but in coming times, significant prospects in bilateral trade relation will help to increase the export of ethyl alcohol.

Ethanol can be produced either from the juice of can or molasses. In India, ethanol is only produced from molasses whereas in Brazil it is produced from the juice of cane. Portable alcohol industry and oil marketing are the main consumers of ethanol in India. Government of India has launched ethanol petrol program (EPB) way back in 2003 but it has not succeeded yet.

- In 2018, Government of India has imposed restriction on export of bio fuels. In addition to this, Importer and exporter of bio-fuels, ethyl alcohol and relevant products required license for trade activities.
- The Government has supported the sector by imposing restriction on import of Ethyl Alcohol. This effort benefitted the local industry and grower of cane in terms of pricing and marketing.
- In recent times, India has invested in various sectors of Madagascar. The whole investment is export oriented which further mobilize the sector.
- India is amongst the largest grower and exporter of Sugarcane and its by-products which do not only strengthen the domestic industry but the generate handsome revenue on exports of these commodities.

Supply Side Issues:

Broken Rice:

- Water Scarcity endanger the cultivation of rice in many parts of the country. Scarcity of sufficient amount of water to crops is a rising issue which can hamper the production of rice.
- High transaction cost due to long distance always incurred the cost of production.

Cane or beet Sugar:

- According to Pakistan Sugar Mills Association (PSMA) in 2016-17, the industry has overjoyed but the challenge of surplus almost 2 million tons sugar has created problem for the industry.
- Pricing mechanism has greatest degree of flux for the Sugar sector. Over the years farmers has suffered in availing the adequate price of the sugarcane due to which at the time of yield farmers suffer to sell their crop timely and it incur the waste.

Medicaments:

- After the 18th amendment, the devolution of health ministry has created the gulf between the province and the federal Government on regulatory and other issues which affect the productivity of the industry. Prices, Licensing, and regulations are under the domain of the Federal Government while the provinces deal with minor matters like distribution and sales. This has a negative impact on the domestic industry of Pharma in Pakistan.
- The absence of laboratories to comply with international standards.
- Because of poverty, the country's population facing health issues. Due to this, inelasticity of medicaments has raised the profitability of the local producers and multinationals to sell their products locally.

Wheat or Mesline Flour:

- Afghanistan is the major importer of Pakistan's wheat or Mesline flour. But due to border security and oversight the supply of wheat to Afghanistan has affected in recent times.
- The issue of sacks while local market selling and purchasing took place.
- Soil degradation, fall in water table and diversification to more remunerative crops hamper the production.
- Wheat production is largely inconsistent and variable in past few years.

Undenatured Ethyl Alcohol:

- Though the production and exports of undenatured ethyl alcohol has increased in recent times but still there is gap between demand and supply.
- Molasses are used in producing ethyl alcohol. Though, Pakistan has imposed export restriction of 15% on molasses due to its usage for value addition. Due to high viscosity of molasses its wastage increases while loading and unloading. Still Pakistan has not opted a mechanism to decrease the wastage of molasses.
- The under utilization of production units because of scarcity of raw material.

Demand Side Issues:

- The world consumption for sugar lag behind production in 2017-18. If the production and consumption do not concomitate, it will create burden for sugar industry.
- The declining consumption of wheat globally can harm the domestic industry.
- Low purchasing power of the Malagasy population makes local market challenges for Pakistani imports.
- Apparently by products of wheat have more supplies in international markets than the pure wheat or flour. Therefore, it is need of the time to stress upon the value addition of wheat or Mesline flour.

- Few Americans and other investors have established their plants of food or other sectors to produce the products and supply to international markets. In future, more production from these plants will benefit the local population and as well as the economy of Madagascar.
- Under an Economic Partnership Agreement (EPA), on 1,551 tariff lines including luxuries coming from European Union (EU) are tax exempted. In the future, it will not only affect the existing suppliers but new entrants as well because of low gap in the market as the Malagasy economy is small in size.

SWOT Analysis:

Strength:

- Pakistan's rice export sector has witnessed growth in recent past which has positive prospects. In addition to this, non-traditional markets like Madagascar are the key importers in coming times.
- Pakistan has modernized its processing and packaging method of Rice which do not only attract the international buyers but also meets the sanitary Phyto sanity requirements.
- Pakistan has imposed export restriction 15% on molasses which further use to produce ethyl alcohol to protect domestic industry and export the value added good.
- Pakistan has an Agri based economy and the listed Agri potential products belong to the performing sectors of Pakistan. Therefore, Pakistan has potential to export these products on an adequate level.
- Pakistan has produced sugar and rice in a large quantity in last year. If the same trend goes on, it will impact on promoting domestic industry and increasing market share of Pakistan in international market specifically in Madagascar.

Weakness:

- Pakistan has no direct means of transportation to Madagascar and the diplomatic relation also never remained important for Pakistan because of large distance, small economy size and low purchasing power of Malagasy population.
- Weak channels of distributions and linkages.
- Dearth of B2B relations and exchange of information has hindered the export enhancement of Agri based products.
- Due to shift in exporting strategies, the other supplying markets like India is quite influential in Malagasy market. In this regard, it is hard to compete for Pakistan in this market. For Instance, India has opted the strategy of investment in Madagascar which further generates demand for Indian products.

Opportunities:

- The current state of South African sugar and ethanol industry is struggling to thrive. So, in this case There is an opportunity for Pakistan to increase its market access and strategize its bilateral ties with Madagascar.

- Madagascar heavily reliance on imports provide opportunities for suppliers of consumer goods for small and wealthy classes. From the potential products, except one remaining all are consumer goods.
- Recently, GUARD Research Services has tested a hybrid rice seed in the coastal belt of Sindh which will add 2-million-ton rice in national production of rice in coming 3 years.
- Currently, Pakistan has signed an MOU with China for Seeking technological assistance in the field of Agriculture. The impact this MOU will not only increase our national production but meet the demand of food insecure countries like Madagascar in the future.

Threats:

- The scarcity of water in the future can hamper the production of rice.
- The global demand for sugar has been slowing because the product is blame for growing obesity epidemic. This can hamper the whole sector and the stakeholders. The growing health awareness can pinch the demand for sugar.
- Again, the scarcity of water is alarming for sugarcane production.
- Global prices for sugar expected to fall further due to additional shipment of 6 million metric ton from India which will affect the domestic sector of Pakistan.
- Country's shabby infrastructure posses' obstacles for market entry. Due to cyclones and floods the damage of rail road and transport infrastructure is very common.
- The wide spread practices of corruption facilitate anti-competitive practices which is unfair for importers.
- The advent of hybrid vehicles and the rising prices of raw material used in manufacturing and production are some factors which are hindering the growth of global ethyl and alcohol market.

Recommendations & Conclusion:

The report revolves around five potential and exportable products. Though, some of the products like undenatured ethyl alcohol, wheat and Mesline flour have zero export values in 2017. But looking into the demand side, these products emerged as the potential markets along with Broken rice, Medicaments and Denim. In addition to this, Pakistan has capacity and specialty to produce and supply all these potential products to Madagascar. Whereas the competitors from the same region are identified and their strategies are penned down. In this regard, narrowing the gap and increasing supply of these potential items to Madagascar need serious attention and series of key steps to increase market share as well.

- Develop an effective international channel of distribution and aggressive diplomacy linked with economic relations to increase the exports of Pakistan.
- Pakistan has produced wheat or Mesline flour in large quantity in recent times which is not only ample to meet the domestic demand but a surplus can be routed to the markets facing food insecurities like Madagascar.
- Pakistan need to develop an economic liaison by engaging the trade association and B2B connections to tap the potential of importing market like Madagascar.

- Preservation of perishable items in an adequate manner along with aggressive market strategy can help out to make the product durable.
- Pakistan has specialty in Medicament sector. Therefore, it needs further marketing steps and linkages to enhance the supply in this market.
- The rice sector has an immense potential for value addition and investment. One of the rice categories parboiled is the most popular product in Europe. So, encouraging investors to invest in this sector can provide more employment and revenue.
- Exploration and usage of online trade portals can benefit Pakistani exporters to enhance market access.
- Though the economy size of Madagascar is small,
- The export value of Portland cement is declined in recent past due to Indian investment in infrastructure projects. But still the demand for construction and infrastructure in Madagascar exist because of its vulnerability to natural calamities like cyclone and floods. In this regard, Pakistan has an immense potential to enhance the exports of Portland cement in future.
- While implementing “Look Africa Plan”, Pakistan need to explore the opportunities in the construction, food and technology sectors in this market because of rising demand in the aforesaid sectors.

In a nutshell, Pakistan has competitive environment in this market. Whereas the economy size of the Madagascar is small and purchasing power is low. Therefore, the earlier mentioned sectors like rice, sugar, medicaments, wheat or Mesline flour and undenatured ethyl alcohol are the potential sectors to be focused in the future. The analysis has clearly mentioned that Madagascar is a food insecure country and all products are consumer based. Imperatives for capturing market share is only increasing diplomatic economic relations linked to economic relations.

Furthermore, the export-oriented investment strategy from the competitors make them influential in this market. Despite of this, consumer goods have increasing demand in the coming times. Therefore, historically these sectors are well performing with lowest required marketing activities and cost can generate healthy export revenue for Pakistan.

APPENDIX

1- Madagascar Exports to World:

Madagascar Exports to World								
Product: TOTAL All products							USD Million	
Product code	Product label	Madagascar Exports to World					% Change 2017-2016	Share in World Imports -2017
		2013	2014	2015	2016	2017		
'TOTAL	All products	1626.889	2243.19	2164461	2256.405	2846.993	26.17	0.02
'090510	Vanilla, neither crushed nor ground	37.937	113.109	190.778	381.951	666.419	74.48	54.53
'750210	Nickel, not alloyed, unwrought	321.304	600.528	550.62	400.451	340.961	(14.86)	3.87
'090710	Cloves, whole fruit, cloves and stems,	86.759	113.739	161.439	149.202	227.577	52.53	41.04
'810520	Cobalt mattes and other intermediate products.	46.847	87.505	95.224	78.895	151.915	92.55	3.65
'030617	Frozen shrimps and prawns.	67.48	75.687	60.415	87.981	106.722	21.30	0.59
<i>Source: Trademap</i>								

2- Major Exports Destination of Madagascar:

Export Destination:	Product Code	Product Label	2013	2014	2015	2016	2017	% Change 2017-16
USA	'090510	Vanilla, neither crushed nor ground	6.473	18.999	56.209	111.730	263.641	135.96
France			12.074	44.262	59.084	114.057	200.079	75.42
Germany			9.945	19.690	33.532	80.545	78.847	(2.11)
China	750210	Nickel, not alloyed, unwrought	40.985	13.825	49.095	81.303	82.882	1.94
Korea Republic			72.532	123.975	110.126	95.088	73.874	(22.31)
Japan			68.481	129.932	103.375	100.745	70.441	(30.08)
Singapore	90710	Cloves, whole fruit, cloves and stems	23.492	16.540	21.369	59.309	82.520	39.14
India			22.001	40.389	84.271	46.287	69.435	50.01
Vietnam			7.628	7.449	12.242	17.095	42.531	148.79
Netherlands	810520	Cobalt mattes and other intermediate products	20.561	32.435	30.691	31.751	64.025	101.65
USA			12.691	18.440	23.427	25.522	47.614	86.56
South Africa			7.147	30.943	23.333	11.051	20.795	88.17
France	30617	Frozen shrimps and prawns.	58.840	61.776	48.492	74.070	89.153	20.36
China			2.444	4.104	7.054	7.363	11.386	54.64
Portugal			2.335	0.118	0.608	3.391	2.894	(14.66)
<i>Source: Trade map</i>								

3- Madagascar's Major Imports from World:

Existing and Potential Trade Between Madagascar and World								
Product: TOTAL All products							USD Million	
Product code	Product label	Madagascar's Imports from World					% Change 2017-16	Share in World Exports 2017
		2013	2014	2015	2016	2017		
'TOTAL	All products	2699.415	3354.796	2960.905	2965.336	3654.467	23.24	0.02
'271019	Medium oils and preparations	483.874	547.395	360.683	361.249	384.012	6.30	0.10
'100630	Semi-milled or wholly milled rice,	129.694	135.14	88.027	83.79	220.309	162.93	1.16
'271012	Light oils and preparations.	98.654	121.413	86.069	78.215	87.461	11.82	0.03
'170199	Cane or beet sugar and chemically pure sucrose	37.262	50.32	42.326	43.163	62.13	43.94	0.43
'110100	Wheat or meslin flour	44.644	51.382	46.986	52.073	60.892	16.94	1.29
Source: Trademap								

4- Major Supplying Markets for Madagascar:

Major Supplying Markets Of Top 5 Products Imported By Madagascar							USD Million	
Supplying Markets	Product Code	Product Label	2013	2014	2015	2016	2017	% Change 2017-16
Saudi Arabia	271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	0.000	0.470	0.000	126.335	136.749	8.24
UAE			424.080	425.205	72.375	61.866	128.294	107.37
India			0.136	0.000	39.163	32.775	74.901	128.53
Pakistan	100630	or wholly milled rice, whether or not polished	52.969	66.939	54.808	41.584	90.719	118.16
India			54.645	62.576	31.799	37.572	55.555	47.86
Mayanmar			0.210	0.000	0.000	0.436	48.573	11040.60
UAE	271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	86.049	104.094	67.165	61.228	86.798	41.76
France			0.499	0.447	0.274	0.676	0.457	(32.40)
Kuwait			0.112	0.112	0.113	0.130	0.195	50.00
Brazil	170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...	10.950	16.828	16.607	23.152	44.289	91.30
India			0.837	3.176	1.871	5.486	7.612	38.75
South Africa			10.200	8.940	5.514	1.488	3.826	157.12
Egypt	110100	Wheat or meslin flour	10.293	14.378	14.651	19.267	29.896	55.17
Turkey			16.104	14.948	19.089	27.193	26.455	(2.71)
Mauritius			3.112	2.975	3.595	1.132	1.613	42.49
Source: Trademap								

5- Pakistan's Major Exports to Madagascar:

Potential or Existing Trade Between Pakistan & Madagascar							
Potential & Existing Trade					USD Million		
Product code	Product label	Pakistan's Exports to Madagascar					% Change
		2013	2014	2015	2016	2017	2016-17
'TOTAL	All products	112.267	101.275	81.629	68.229	158.118	131.75
'100630	Semi-milled or wholly milled rice, whether or not polished or glazed	72.732	54.16	29.836	28.226	120.466	326.79
'252329	Portland cement (excluding white, whether or not artificially coloured)	18.752	23.428	14.478	17.085	16.586	(2.92)
'520932	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 200 g/m ² , in three-thread ...	0.01	0.091	0.023	2.175	3.006	38.21
'100640	Broken rice	2.392	3.154	22.444	5.369	1.959	(63.51)
'520912	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 200 g/m ² , in three-thread ...	1.382	1.461	1.116	2.37	1.481	(37.51)
'521031	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	1.711	2.55	1.361	1.107	1.223	10.48
'340120	Soap in the form of flakes, granules, powder, paste or in aqueous solution	0.647	0.115	0.2	0.318	1.194	275.47
'630539	Sacks and bags, for the packing of goods, of man-made textile materials (excluding of polyethylene ...	0.739	0.6	0.551	0.534	1.108	107.49
'630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles ...	0.36	0.381	0.302	0.322	0.769	138.82
'520813	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 200 g/m ² , in three-thread ...	2.57	2.04	2.39	1.207	0.767	(36.45)
'521132	Woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed principally ...	0.397	0.542	0.574	0.798	0.7	(12.28)
'520522	Single cotton yarn, of combed fibres, containing >= 85% cotton by weight and with a linear ...	0.008	0	0.005	0.022	0.679	2986.36
'560129	Wadding of textile materials and articles thereof (excluding of cotton or man-made fibres; ...	0.681	0.025	0.046	0.218	0.669	206.88
'520839	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 200 g/m ² , dyed ...	0.032	0	0.208	0.098	0.579	490.82
'521021	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	0.135	0.239	0.376	0.487	0.532	9.24
'252310	Cement clinkers	0	0	0	0.076	0.485	538.16

Source: Trade map

6- Pakistan's Major Imports from Madagascar:

Existing and potential trade between Pakistan and Madagascar							
Product: TOTAL All products						USD Million	
Product code	Product label	Pakistan's imports from Madagascar					%Change (2017-16)
		2013	2014	2015	2016	2017	
'TOTAL	All products	3.42	4.782	4.486	7.684	6.862	(10.70)
'810520	Cobalt mattes and other intermediate products of cobalt metallurgy; unwrought cobalt; cobalt ...	0	0	0.03	0.805	2.072	157.39
'090710	Cloves, whole fruit, cloves and stems, neither crushed nor ground	0.608	0.399	0.868	0.844	1.344	59.24
'081340	Dried peaches, pears, papaws "papayas", tamarinds and other edible fruits (excluding nuts, ...	0	0.013	0.009	0.081	1.238	1428.40
'071333	Dried, shelled kidney beans "Phaseolus vulgaris", whether or not skinned or split	1.585	1.717	0.419	2.466	0.573	(76.76)
'090411	Pepper of the genus Piper, neither crushed nor ground	0.176	0.68	1.075	1.017	0.547	(46.21)
'120242	Groundnuts, shelled, whether or not broken (excluding seed for sowing, roasted or otherwise ...	0.02	0	0.02	0.064	0.24	275.00
'854140	Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled in ...	0	0	0	0	0.208	-
'530500	Coconut, abaca Manila hemp or Musa textilis Nee", ramie, agave and other vegetable textile ...	0	0	0.06	0.059	0.107	81.36
'520100	Cotton, neither carded nor combed	0.576	0.56	0	0	0.094	-
'120241	Groundnuts, in shell (excluding seed for sowing, roasted or otherwise cooked)	0	0	0	0.024	0.087	262.50
'310221	Ammonium sulphate (excluding that in pellet or similar forms, or in packages with a gross weight ...	0	0.41	0.968	0.527	0.071	(86.53)
'090240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings ...	0.036	0.023	0.03	0.026	0.039	50.00
'071331	Dried, shelled beans of species "Vigna mungo [L.] Hepper or Vigna radiata [L.] Wilczek", whether ...	0.083	0.335	0.077	0.399	0.035	(91.23)
'440729	Tropical wood specified in Subheading Note 1 to this chapter, sawn or chipped lengthwise, sliced ...	0.004	0.012	0	0	0.035	-
'070320	Garlic, fresh or chilled	0	0	0	0.039	0.026	(33.33)
'870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	0	0	0.005	0.02	0.02	0.00
Source: Trade map							