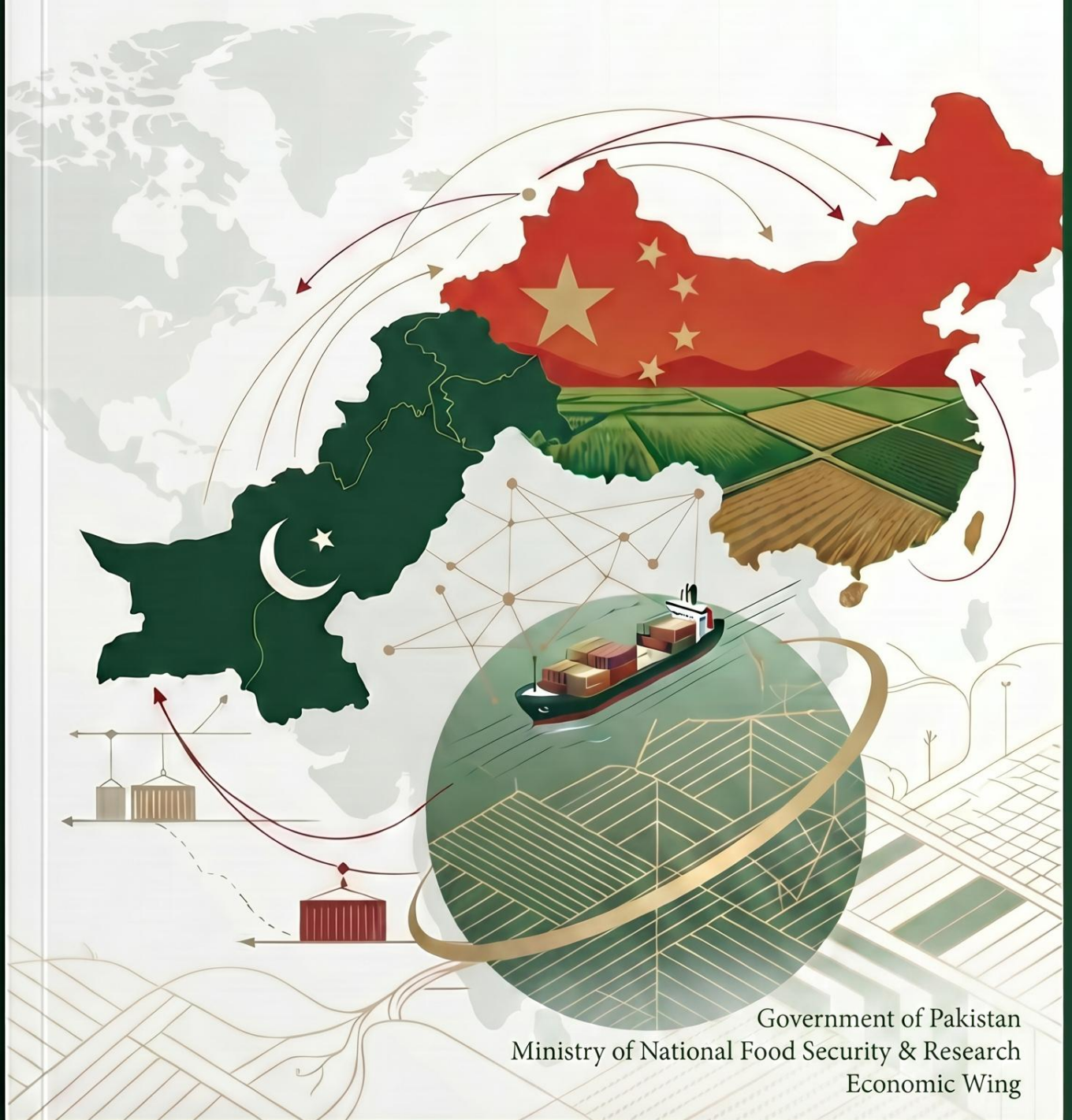


CASE STUDY

ENHANCING PAKISTAN & CHINA AGRICULTURAL TRADE



Government of Pakistan
Ministry of National Food Security & Research
Economic Wing

CHINA TRADE POTENTIAL CPEC CHINA PAKISTAN GROWTH POTENTIAL TRADE

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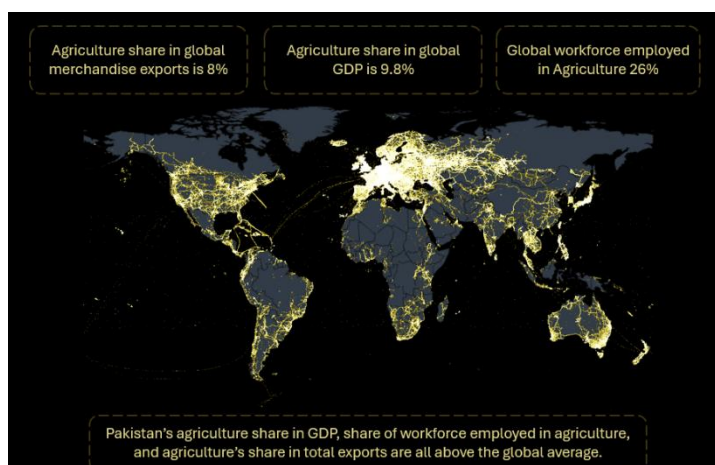
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1 Executive Summary

This report addresses a critical strategic imperative for Pakistan's economy: leveraging the country's agricultural sector to unlock higher-value export growth in one of the world's largest import markets, the People's Republic of China. Despite the depth of the Pakistan-China strategic partnership, Pakistan remains a marginal supplier in China's agricultural import market. In 2024, China imported approximately **USD 200 billion worth of agricultural products**, while Pakistan's share stood at only **0.22 percent**.



This underperformance is especially significant because agriculture remains central to Pakistan's economic structure, export earnings, rural livelihoods, and food-sector value chains. However, Pakistan's agricultural export profile is highly concentrated. **Rice alone accounts for around 52 percent of Pakistan's total agricultural export value**, reflecting an excessive dependence on a narrow commodity base. This concentration exposes exporters and the wider economy to price volatility, demand shocks, climate-related disruptions, and market-access risks.

China's import structure presents a contrasting picture. Its agricultural demand is broad, diversified, and spread across a wide range of product categories. The top 75 percent of China's agricultural imports are distributed across 72 different products, indicating a large and diversified import market with opportunities beyond Pakistan's traditional export basket. This gap between Pakistan's concentrated export structure and China's diversified import demand creates a strategic opportunity for Pakistan to reposition its agricultural exports toward higher-value and more resilient markets.

The report identifies a key market inefficiency described as the **"Price Gap Paradox."** For selected HS lines, Pakistan already exports products to international markets at relatively lower unit values, while China imports comparable product categories from other suppliers at higher unit values. This does not imply that trade can be shifted automatically or immediately. Rather, the price gap should be treated as a prioritization signal for exporters, trade bodies, investors, and policymakers. It highlights product categories where further buyer outreach, regulatory facilitation, certification, logistics improvement, and pilot shipments may generate higher returns.

The analysis is structured around two strategic pathways:

- **Pathway A: Value Optimization Strategy for Existing Exports.**

This pathway focuses on products that Pakistan already exports to China but also sells to other markets at lower unit values. The analysis estimates that by redirecting 50 percent of the divertible quantity of the top 20 identified products from lower-paying markets toward China, Pakistan could generate approximately **USD 84 million** in additional export revenue.

- **Pathway B: Market Entry Strategy for New Exports.**

This pathway identifies products where Pakistan has demonstrated export capacity in global markets but has limited or no current presence in China, despite measurable Chinese import demand. The analysis estimates that targeted entry into the top 20 identified product categories could generate approximately **USD 50 million** in new export revenue for Pakistan.

Together, the two pathways indicate a potential Pakistani export gain of approximately **USD 133 million**. The analysis also suggests that Chinese importers could benefit from significant procurement savings, particularly in product categories where Pakistan's unit values are competitive relative to China's existing high-cost suppliers. This creates a commercially meaningful **win-win proposition**: Pakistan gains higher export earnings, while Chinese importers gain access to cost-efficient and geographically proximate supply options.

The 50 percent diversion or market-capture assumption used in this report is not a forecast that Pakistan can immediately reroute half of all eligible export volumes to China. It is a screening scenario designed to identify where the unit-value gap is large enough to justify focused trade facilitation, buyer engagement, compliance investment, and phased market development. Actual realization will depend on several practical factors, including Chinese market access, GACC and SPS compliance, buyer qualification, product quality, shipment consistency, logistics, contract terms, price volatility, and exporter readiness.

Beyond direct export revenue, the strategy could generate broader economic benefits through value-chain linkages in farming, processing, packaging, logistics, certification, warehousing, and trade services. Using conservative multiplier logic, the identified export gains could support wider economic activity in Pakistan, particularly in rural and agro-processing sectors. However, precise estimates of employment and multiplier impacts would require further analysis through sector-specific input-output, Social Accounting Matrix, or Computable General Equilibrium modelling.

Realizing this opportunity will require coordinated action. Pakistan must address key constraints related to quality consistency, certification, traceability, cold-chain logistics, market intelligence, branding, and direct buyer linkages in China. Government agencies will need to support market access and regulatory facilitation, while exporters and trade associations must invest in compliance, aggregation, packaging, and long-term commercial relationships with Chinese importers.

This report therefore presents a practical, evidence-based roadmap for transforming Pakistan-China agricultural trade from a relationship of underutilized potential into one of diversified, commercially viable, and mutually beneficial growth. The central message is clear: Pakistan does not only need to produce more; it must trade smarter, target higher-value markets, and systematically convert existing agricultural capability into greater export earnings.

2 Introduction



CONTRIBUTES

TO GDP

- 23.5% of Pakistan's total economy



EMPLOYS NATION

- 37.4% of national employment/labour force



DRIVES EXPORTS

- \$8.03B in annual export earnings in 2024

2.1 Context and Data Note

This chapter establishes the strategic basis for the report. It explains why agricultural exports matter for Pakistan, why China represents a major but underutilized market opportunity, and why Pakistan's current agricultural trade pattern with China requires a more targeted and evidence-based export strategy.

Unless otherwise stated, all trade figures in this report are based on **UN Comtrade data**. Historical trends cover the period **2020-2024**, while product-level and country-level comparisons are based on **2024 trade data**. Values are reported in nominal **US dollars**. Product-level analysis is conducted at the **HS 6-digit level**. Bilateral trade values may vary slightly depending on whether Pakistan-reported export data or China-reported import data are used, due to differences in valuation basis, reporting time, freight and insurance treatment, re-export routes, and customs classification. This report uses the relevant reporting basis consistently for each analytical purpose.

2.2 Agriculture as a Strategic Export Sector for Pakistan

Agriculture remains one of the most important pillars of Pakistan's economy. It contributes approximately **23.5 percent of GDP**, employs around **37.4 percent of the national labour force**, and generated approximately **USD 8.03 billion** in export earnings in 2024. In 2024, agricultural exports represented **24.76 percent of Pakistan's total exports**, confirming that agriculture is not only a production sector but also a central component of Pakistan's external trade performance.

The importance of agriculture has increased over the last five years. Pakistan's global agricultural exports rose from **USD 4.38 billion in 2020** to **USD 8.03 billion in 2024**, an increase of approximately **83 percent**. During the same period, agriculture's share in Pakistan's total exports increased from **19.69 percent** to **24.76 percent**. This indicates that agriculture has become more important to Pakistan's export base at a time when export diversification and foreign exchange generation are critical national priorities.

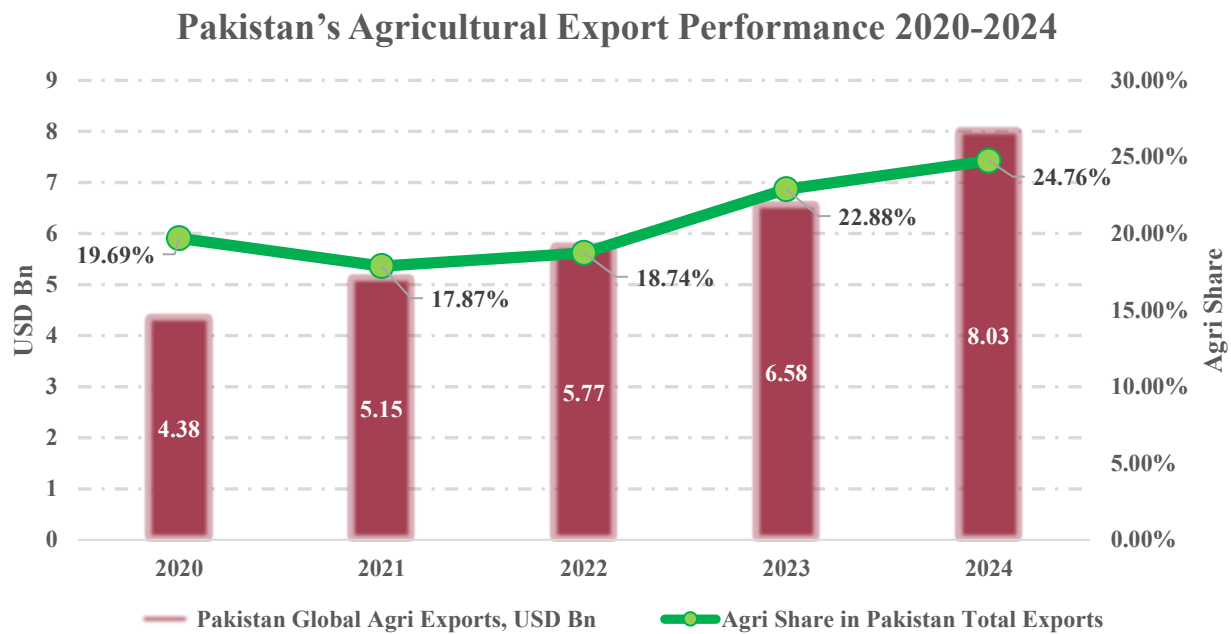


Figure 2-1 Pakistan's Agricultural Export Performance, 2020-2024

However, this growth also exposes a structural weakness. Pakistan's agricultural export basket remains concentrated in a limited number of products and destination markets. Rice alone accounts for a very large share of agricultural export earnings, while several major destination markets are dominated by one or two products. This concentration increases Pakistan's exposure to price volatility, market access restrictions, climate-related shocks, and demand fluctuations in a small number of markets.

The strategic challenge, therefore, is not only to increase agricultural production. Pakistan must also improve **where it sells, what it sells, and at what unit value it sells**. This report is built around that question.

2.3 China as a High-Value Agricultural Import Opportunity

China is one of the world's largest agricultural import markets. In 2024, China imported approximately **USD 197.20 billion** worth of agricultural products from the world. Agricultural imports accounted for **7.63 percent** of China's total imports in 2024. Although China's agricultural imports declined from their 2022 peak of **USD 217.16 billion**, the market remains exceptionally large. In 2024, China's agricultural import market was approximately **24.6 times larger** than Pakistan's total global agricultural exports.

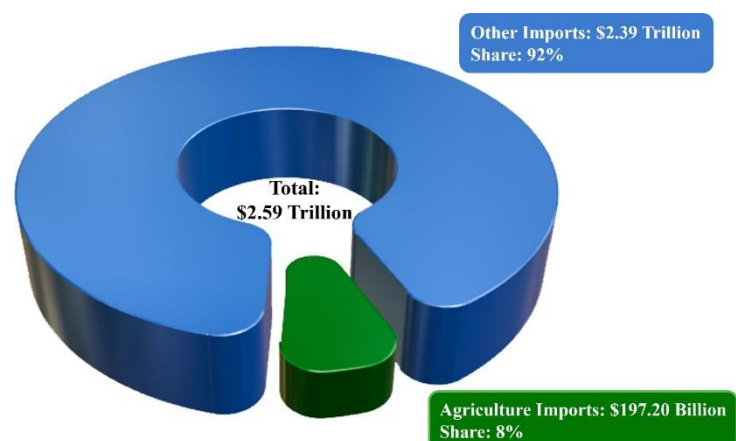


Figure 2-2 China agriculture imports share in total imports 2024



Figure 2-8 Pakistan's Top 10 Agricultural Exports to China, 2024

The table provides two important insights. First, some products already have a strong China orientation. For example, China absorbs a major share of Pakistan's global export quantity of sesame seeds, fishmeal, pine nuts, feathers/down, and prepared bovine meat. Second, several products still have very small shares in China's total import quantity, suggesting room for expansion if regulatory, quality, and commercial conditions are satisfied.

2.6 Pakistan's Current Agricultural Export Destination Map

China is Pakistan's fifth-largest agricultural export destination, but its position is modest relative to the size of the Chinese market. In 2024, Afghanistan was Pakistan's largest agricultural export destination, receiving approximately **USD 939 million**, followed by the UAE at **USD 725 million**, Saudi Arabia at **USD 467 million**, Indonesia at **USD 447 million**, and China at **USD 417 million**.

This ranking illustrates a key policy issue. Several smaller economies absorb larger values of Pakistani agricultural exports than China, even though China is one of the largest agricultural import markets in the world. This does not imply that existing markets are unimportant. Rather, it indicates that Pakistan has not yet fully translated its strategic relationship with China into a diversified and high-value agricultural export relationship.

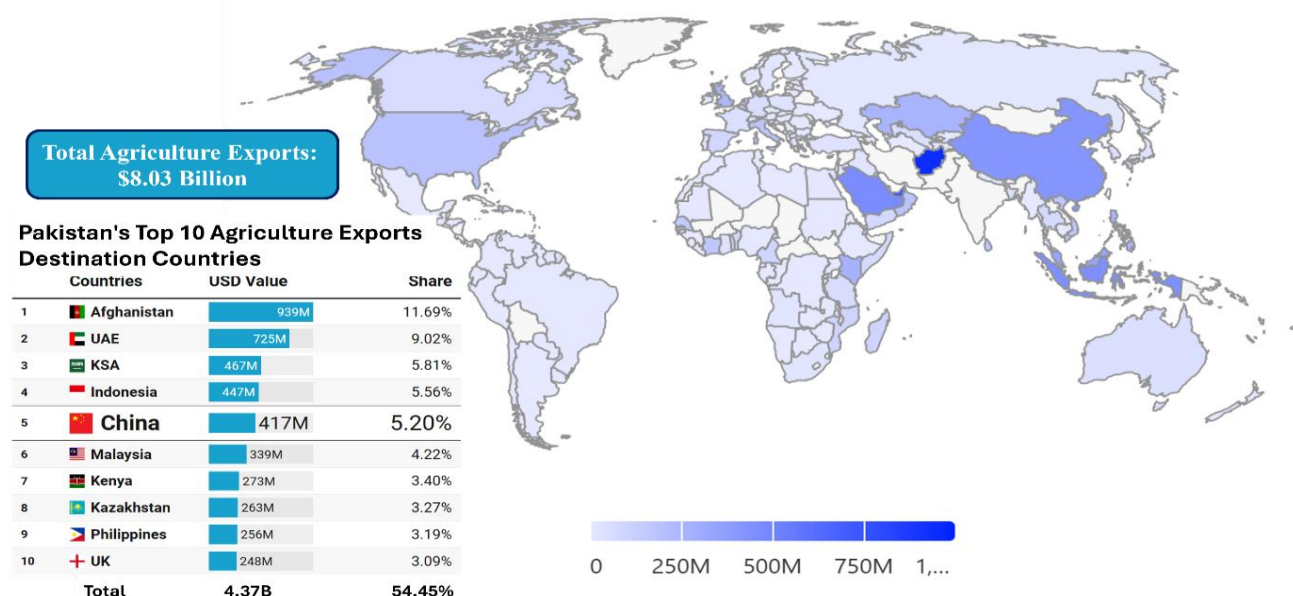


Figure 2-9 Pakistan top 10 agriculture exports destinations and China rank 2024



Figure 2-10 Pakistan's Top 10 Agricultural Export Destinations and Product Composition, 2024

The destination pattern confirms that Pakistan's agricultural export structure is heavily shaped by a limited group of products, especially rice. In several markets, rice accounts for the dominant share of Pakistan's agricultural exports. China's product mix is different: Pakistan's current exports to China are led by oilseeds, rice, and fishmeal. This indicates that China is not simply another rice market; it is a broader agricultural demand center with potential for oilseeds, feed inputs, food ingredients, meat products, and value-added food categories.

2.7 China's Agricultural Supplier Map: Who Currently Serves the Market?

China's agricultural imports are supplied by a diverse but highly competitive group of countries. In 2024, the top ten suppliers accounted for approximately **USD 143.66 billion**, or **72.86 percent** of China's agricultural imports. Brazil and the United States dominate China's soybean supply, while Australia, New Zealand, Thailand, Indonesia, Canada, Viet Nam, France, and Argentina occupy specific product niches.

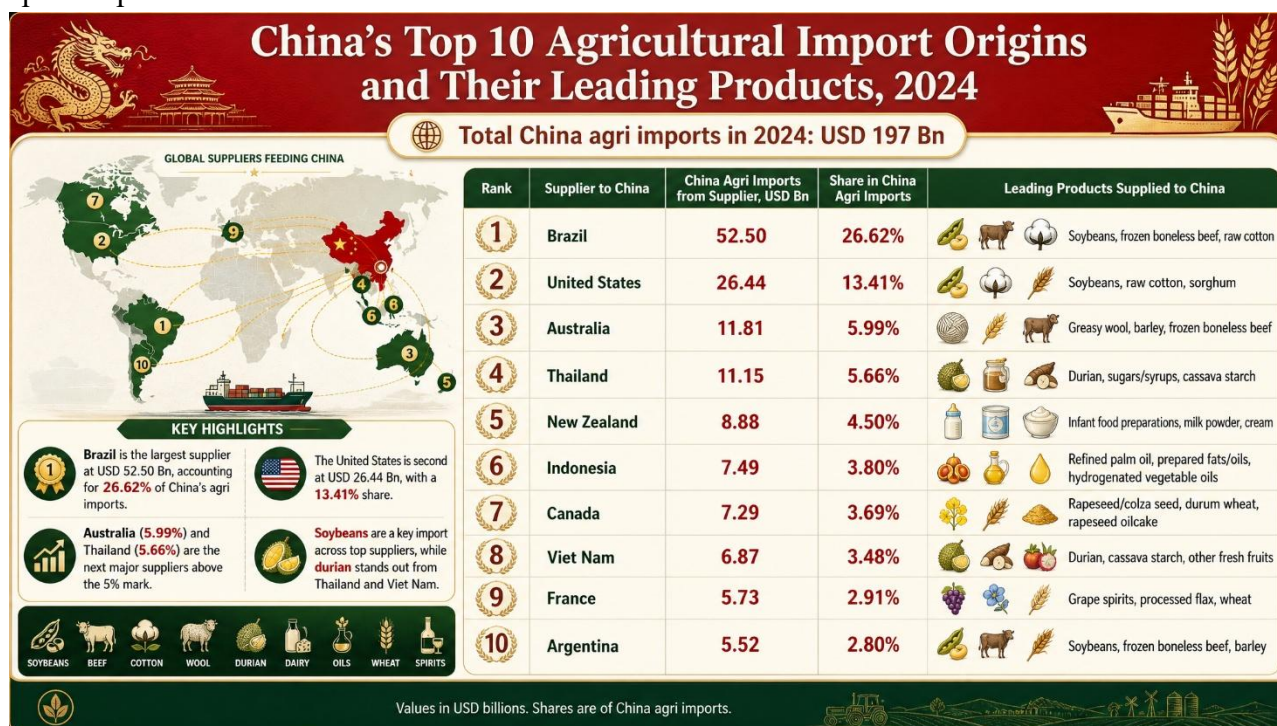


Figure 2-11 China's Top 10 Agricultural Import Origins and Their Leading Products, 2024

This supplier map offers an important lesson for Pakistan. Countries succeed in China not only because of political relationships, but because they supply specific products at scale, meet regulatory requirements, maintain quality consistency, and build long-term buyer relationships. For Pakistan, the opportunity is not to compete everywhere at once. The opportunity is to identify those HS lines where Pakistan already has export capacity, where China has measurable demand, and where the unit-value gap justifies targeted market development.

2.8 The Core Problem: A Strategic Market Mismatch

The evidence presented above reveals a clear mismatch.

Pakistan's agricultural exports are growing globally, but its exports to China have weakened since 2021. China remains a large and diversified agricultural import market, but Pakistan's share is only around **0.21-0.22 percent**. Pakistan's current exports to China are concentrated in a narrow set of products, while China imports a far wider range of agricultural goods from other suppliers.

This mismatch is not simply a problem of production. In many cases, Pakistan already produces and exports agricultural products to the world. The issue is that Pakistan often sells these products to

markets where unit values are lower, while China imports comparable HS categories from other suppliers at higher unit values. This is the market inefficiency that this report refers to as the **Price Gap Paradox**.

The Price Gap Paradox does not mean that Pakistan can automatically divert exports to China or immediately replace established suppliers. China’s market requires compliance with SPS measures, GACC registration where applicable, quality consistency, traceability, packaging, reliable logistics, buyer qualification, and contract discipline. However, the unit-value gap is a useful screening signal. It helps identify where exporters, trade bodies, and policymakers should focus market intelligence, certification investment, buyer outreach, and pilot shipments.

This report therefore treats the price gap as a **prioritization tool**, not as a guaranteed forecast.

The evidence presented in this chapter establishes the central problem of the report: Pakistan’s agricultural export capacity has grown, China’s agricultural import demand remains large and diversified, yet Pakistan’s presence in the Chinese market remains narrow and underdeveloped. This mismatch raises a practical policy and commercial question: which products offer the most realistic opportunity for Pakistan to improve export earnings through better market targeting? The next chapter sets out the analytical framework used to answer this question, including the methodology, key variables, assumptions, and caveats that guide the product-level opportunity analysis.

3 Analytical Framework and Methodological Caveats

3.1 Purpose of the Analytical Framework

This chapter sets out the analytical framework used to identify product-level opportunities for enhancing Pakistan’s agricultural exports to China. The framework is designed to move beyond a general comparison of total trade values and instead examine specific HS 6-digit product categories where Pakistan may be able to improve export earnings through better market targeting, phased trade diversion, and new market-entry efforts.

The analysis is based on the central observation developed in Chapter 2: Pakistan already has demonstrated agricultural export capacity, while China remains one of the world’s largest and most diversified agricultural import markets. However, Pakistan’s current share in China’s agricultural imports remains very small. This indicates that the challenge is not only one of production, but also of market alignment, regulatory readiness, buyer connectivity, quality consistency, and export strategy.

The methodology therefore uses a **dual-pathway framework**:

Pathway A: Value Optimization Strategy for Existing Exports

This pathway identifies products that Pakistan already exports to China, while also exporting part of the same product to other markets at lower average unit values. The purpose is to estimate whether Pakistan could earn additional export revenue by gradually redirecting a portion of those lower-value export flows toward China, where Pakistan is already present.

Pathway B: Market Entry Strategy for New Exports

This pathway identifies products where Pakistan has demonstrated export capacity in global markets but has limited or no meaningful presence in China, despite measurable Chinese import demand. The purpose is to identify product categories where Pakistan could pursue structured market entry based on existing export capability.

The framework is not intended to provide a guaranteed forecast of future trade. It is a **screening and prioritization tool**. It helps identify products where the unit-value gap is large enough to justify deeper feasibility work, regulatory engagement, buyer outreach, certification investment, logistics planning, and phased pilot shipments.

3.2 Data Source, Scope, and Base Year

The analysis relies on trade data from **UN Comtrade**. Product-level analysis is conducted at the **HS 6-digit level**, using **2024** as the base year for opportunity identification. Historical data from **2020-2024** is used in Chapter 2 to establish broader trade trends, while the product-level opportunity calculations in Chapters 4 and 5 are based on 2024 trade patterns.

The analysis uses two main reporting perspectives:

1. **Pakistan export data**, used to assess Pakistan's export destinations, quantities, export values, and average unit rates.
2. **China import data**, used to assess China's supplier base, import quantities, import values, and average unit rates paid to existing suppliers.

All values are reported in nominal **US dollars**. Quantities are taken from the reported trade data and should be interpreted according to the unit reported for each HS line. Where quantity units differ across reporters or where records contain missing or abnormal quantity values, results should be interpreted with caution.

A key methodological point is that the report uses **average unit values**, not transaction-level prices. Average unit values are calculated by dividing reported trade value by reported trade quantity. They are useful for identifying potential pricing patterns, but they are not perfect substitutes for actual contract prices.

3.3 Conceptual Logic: The Price Gap as a Prioritization Signal

The report's core analytical logic is based on the identification of unit-value gaps across markets. In selected HS 6-digit product categories, Pakistan exports products to some destinations at relatively low average unit values, while China imports comparable product categories from other suppliers at higher average unit values.

This observed difference is referred to in the report as the **Price Gap Paradox**.

However, the term should be understood carefully. The price gap does not automatically mean that Pakistan can immediately replace China's current suppliers or divert large export volumes without cost. Several factors may explain part of the observed unit-value difference, including product grade, variety, quality, moisture content, processing level, packaging, branding, certification, seasonality, freight conditions, Incoterms, contract terms, and supplier reliability.

Therefore, the unit-value gap is treated as a **signal for prioritization**, not as proof of automatic substitutability. A product with a large price gap should be investigated further because it may offer

a commercially meaningful opportunity. Whether that opportunity can be realized depends on market access, compliance, logistics, buyer requirements, quality consistency, and exporter readiness.

3.4 Key Definitions and Variables

The following variables are used in the product-level analysis.

3.4.1 Pakistan-Side Variables

PKAUR_W: Pakistan's Average Unit Rate to the World

This is the weighted average unit value Pakistan receives from all global export destinations for a specific HS 6-digit product.

Formula:

$PKAUR_W = \text{Pakistan's total export value of the product to the world} / \text{Pakistan's total export quantity of the product to the world}$

This variable provides the baseline average unit value for Pakistan's global export performance in that product.

PKAUR_H: Pakistan's Average Unit Rate to High-Valued Markets

This is the weighted average unit value Pakistan receives from those export destinations where Pakistan's country-specific unit rate is greater than or equal to PKAUR_W.

Formula:

$PKAUR_H = \text{Pakistan's export value to high-valued markets} / \text{Pakistan's export quantity to high-valued markets}$

This variable shows the price level Pakistan is already capable of achieving in better-paying markets. It is especially important for Pathway B, where Pakistan does not yet have meaningful exports to China and therefore a China-specific Pakistan unit rate may not be available.

PKAUR_L: Pakistan's Average Unit Rate to Low-Valued Markets

This is the weighted average unit value Pakistan receives from those export destinations where Pakistan's country-specific unit rate is below PKAUR_W.

Formula:

$PKAUR_L = \text{Pakistan's export value to low-valued markets} / \text{Pakistan's export quantity to low-valued markets}$

This variable identifies markets where Pakistan is currently receiving below-average unit values for a given product. These markets form the potential pool for value optimization under Pathway A.

PKAUR_CN: Pakistan's Average Unit Rate to China

This is the average unit value Pakistan receives when exporting a specific product to China.

Formula:

$PKAUR_CN = \text{Pakistan's export value of the product to China} / \text{Pakistan's export quantity of the product to China}$

This variable is used in Pathway A because the product is already being exported to China. It provides the reference unit value for estimating Pakistan's potential gain from redirecting part of the lower-valued export quantity toward China.

$\Sigma PKQty_L$: Pakistan's Total Quantity Exported to Low-Valued Markets

This is the total quantity of a product that Pakistan exports to destinations where the unit value is below $PKAUR_W$.

This variable represents the maximum pool of Pakistan's existing export quantity that may be considered for potential redirection under Pathway A. It does not mean that the entire quantity is available or should be diverted.

$\Sigma PKQty_W$: Pakistan's Total Global Export Quantity

This is Pakistan's total export quantity of a product to all global destinations.

This variable is especially relevant for Pathway B, where Pakistan's existing global export quantity provides an indication of demonstrated export capacity. For new market-entry products, Pakistan's potential supply to China should be interpreted in relation to its existing export scale and not only in relation to China's import demand.

3.4.2 China-Side Variables

$CHAUR_H$: China's Average Unit Rate from High-Cost Suppliers

This is the weighted average unit value China pays to selected high-cost supplier countries for a specific product.

The definition of "high-cost supplier" differs slightly between Pathway A and Pathway B:

- In **Pathway A**, high-cost suppliers are those from which China imports the product at a unit rate greater than or equal to $PKAUR_CN$.
- In **Pathway B**, high-cost suppliers are those from which China imports the product at a unit rate greater than or equal to $PKAUR_H$.

Formula:

$CHAUR_H$ = China's import value from high-cost suppliers / China's import quantity from high-cost suppliers

This variable estimates the average price level that China currently pays to higher-cost suppliers for comparable HS 6-digit product categories.

$\Sigma CNQty_H$: China's Total Quantity Imported from High-Cost Suppliers

This is the total quantity China imports from suppliers whose unit values meet the high-cost supplier threshold.

This variable represents the potential addressable market from the China-side perspective. It does not imply that all of this quantity can be replaced by Pakistan. It is used only to estimate the size of the opportunity that may exist if Pakistan can meet China's regulatory, commercial, and quality requirements.

3.5 Pathway A: Value Optimization Strategy for Existing Exports

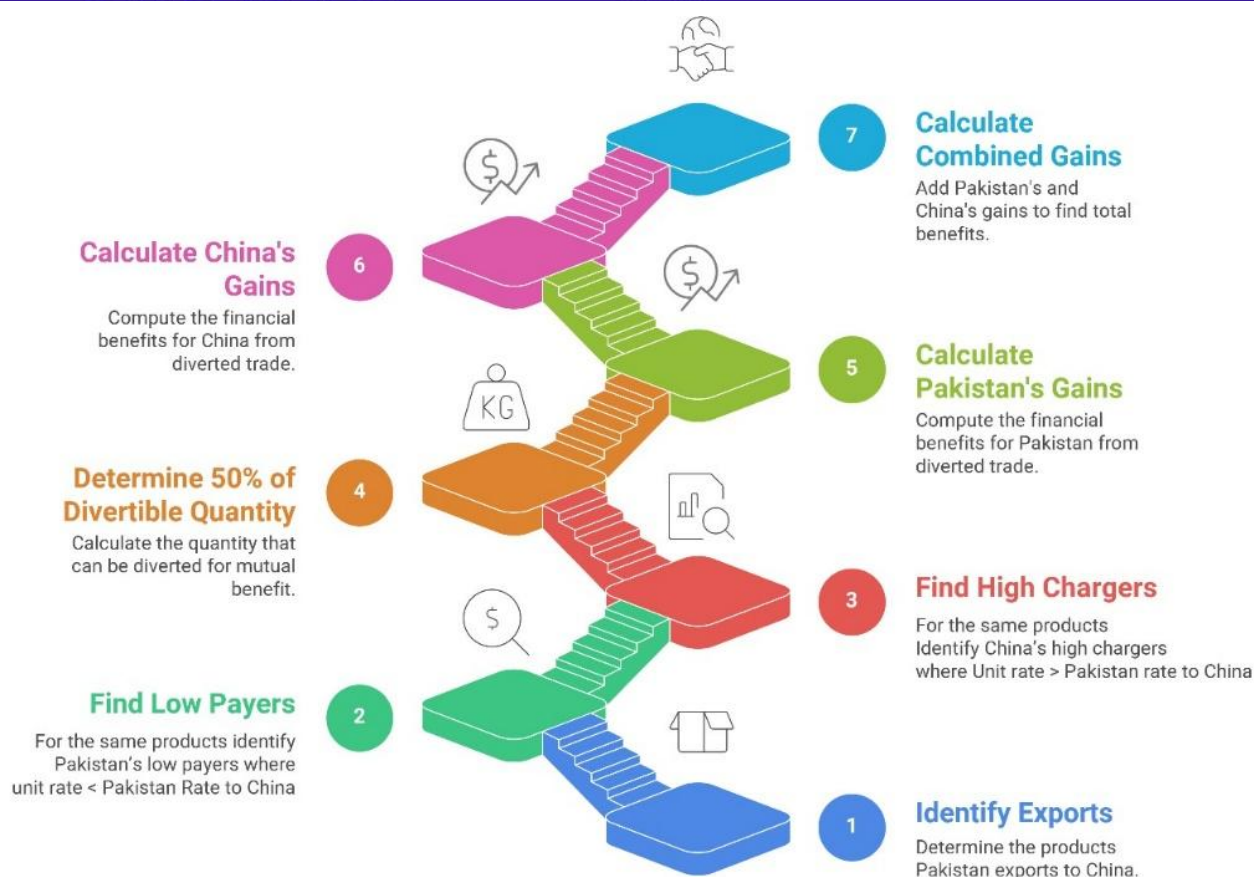


Figure 3-1 Pathway A: Value Optimization Strategy for Existing Exports

Objective

Pathway A estimates the additional revenue Pakistan could earn by redirecting part of its existing exports from lower-valued destination markets toward China for products that Pakistan already exports to China.

The logic is based on three conditions:

1. Pakistan already exports the product to China.
2. Pakistan also exports the same product to other markets at lower average unit values.
3. China imports the product from other suppliers at unit values equal to or higher than Pakistan's current unit value to China.

This pathway is therefore focused on **value optimization**, not new production. The aim is to identify where Pakistan may be able to improve export earnings by selling part of its existing export quantity into a higher-value market.

Step A.1: Pakistan Exporter Analysis

For each selected product, the following variables are calculated:

- PKAUR_W
- PKAUR_L
- PKAUR_CN
- $\Sigma PKQty_L$

Pakistan's potential unit gain is calculated as:

$$\text{Gain_PK} = \text{PKAUR_CN} - \text{PKAUR_L}$$

This measures the additional unit value Pakistan could receive if part of the quantity currently going to lower-valued markets were sold to China at Pakistan's current average unit rate to China.

A product is considered relevant for Pathway A only where Gain_PK is positive.

Step A.2: China Importer Analysis

China's high-cost suppliers are identified as those countries from which China imports the product at a unit rate greater than or equal to PKAUR_CN.

For this supplier group, the following variables are calculated:

- CHAUR_H
- ΣCNQty_H

China's potential unit saving is calculated as:

$$\text{Gain_CN} = \text{CHAUR_H} - \text{PKAUR_CN}$$

This measures the potential average unit saving for Chinese importers if Pakistan supplies a portion of the product at its current China unit value instead of China sourcing the same quantity from higher-cost suppliers.

A product is considered commercially attractive from China's perspective only where Gain_CN is positive.

Step A.3: Determination of Replaceable Quantity

The analysis then applies a bottleneck approach. The replaceable quantity cannot exceed either:

1. Pakistan's export quantity currently going to lower-valued markets; or
2. China's quantity currently imported from high-cost suppliers.

Therefore:

$$\text{Qty_Replaceable} = \min(\Sigma \text{PKQty}_L, \Sigma \text{CNQty}_H)$$

This step prevents the model from assuming that Pakistan can supply more than its identified lower-valued export quantity or that China can absorb more than the high-cost supplier volume identified in the analysis.

Step A.4: Application of the 50 Percent Screening Factor

The model applies a 50 percent factor to the replaceable quantity:

$$\text{Actionable_Qty} = \text{Qty_Replaceable} \times 0.50$$

This 50 percent factor should not be interpreted as an immediate diversion forecast. It is a screening assumption used to identify products where a meaningful trade reallocation may be worth pursuing. The assumption reflects a medium-term opportunity scenario that may be realized gradually through buyer engagement, compliance improvements, logistics planning, and contract-backed shipments.

Step A.5: Calculation of Potential Gains

Pakistan's potential gain is calculated as:

$$\text{Gain_Pakistan} = \text{Gain_PK} \times \text{Actionable_Qty}$$

China's potential saving is calculated as:

$$\text{Gain_China} = \text{Gain_CN} \times \text{Actionable_Qty}$$

The combined bilateral gain is calculated as:

$$\text{Combined_Gain} = \text{Gain_Pakistan} + \text{Gain_China}$$

This combined gain represents the estimated value created by shifting part of the trade flow from lower-value markets and higher-cost suppliers toward a more efficient Pakistan-China trade route.

3.6 Pathway B: Market Entry Strategy for New Exports



Figure 3-2 Pathway B: Market Entry Strategy for New Exports

Objective

Pathway B identifies products where Pakistan has demonstrated export capacity in global markets but has limited or no meaningful presence in China, despite measurable Chinese import demand. This pathway is different from Pathway A. It does not focus on products Pakistan already sells to China. Instead, it identifies product categories where Pakistan already exports to the world and may be able to enter the Chinese market if regulatory, quality, logistics, and commercial conditions are addressed.

The logic is based on four conditions:

1. Pakistan exports the product to the world.
2. Pakistan has limited or no meaningful exports of the product to China in 2024.
3. China imports the product from the world.
4. China imports the product from some suppliers at unit values higher than Pakistan's demonstrated high-market unit value.

Step B.1: Pakistan Exporter Analysis

For each selected product, the following variables are calculated:

- $PKAUR_W$
- $PKAUR_H$
- $\Sigma PKQty_W$

Because Pakistan does not have meaningful exports of the product to China, $PKAUR_CN$ is not used as the benchmark. Instead, $PKAUR_H$ is used as a proxy for the unit value Pakistan has already demonstrated it can achieve in higher-valued international markets.

This avoids assuming that Pakistan would enter China at its lowest global price. It also avoids assuming that Pakistan would immediately receive the highest price paid by China. $PKAUR_H$ is therefore a practical and evidence-based benchmark for potential market entry.

Step B.2: China Importer Analysis

China's high-cost suppliers are identified as those countries from which China imports the product at a unit rate greater than or equal to $PKAUR_H$.

For this supplier group, the following variables are calculated:

- $CHAUR_H$
- $\Sigma CNQty_H$

China's potential unit saving is calculated as:

$$\text{Gain_CN} = CHAUR_H - PKAUR_H$$

This measures the potential average unit saving for Chinese importers if Pakistan enters the market at a unit value comparable to its existing high-valued export markets.

A product is considered relevant for Pathway B only where China's high-cost supplier unit value is higher than Pakistan's demonstrated high-market unit value.

Step B.3: Determination of Addressable Market Volume

The initial addressable market is based on China's imports from high-cost suppliers:

$$\text{Initial_Addressable_Volume} = \Sigma CNQty_H \times 0.50$$

However, because Pakistan's ability to supply China depends on its demonstrated export capacity, the addressable volume should also be interpreted in relation to Pakistan's existing global export quantity. For a more conservative estimate, the model may apply a supply-cap:

$$\text{Actionable_Addressable_Volume} = \min(\text{Initial_Addressable_Volume}, \Sigma PKQty_W \times 0.50)$$

This adjustment ensures that the model does not assume Pakistan can immediately supply volumes that are far beyond its existing export scale.

Where the supply-cap is not applied directly in the numerical calculation, the results should be treated as an upper-bound screening estimate and should be validated through product-specific feasibility assessment.

Step B.4: Calculation of Potential Revenue and Savings

Pakistan's potential export revenue from market entry is calculated as:

$$\text{Potential_Revenue_Pakistan} = \text{Actionable_Addressable_Volume} \times PKAUR_H$$

China's potential saving is calculated as:

$$\text{Potential_Savings_China} = \text{Gain_CN} \times \text{Actionable_Addressable_Volume}$$

The combined bilateral opportunity is calculated as:

$$\text{Combined_Opportunity} = \text{Potential_Revenue_Pakistan} + \text{Potential_Savings_China}$$

This calculation identifies product categories where Pakistan may generate new export revenue while offering Chinese importers a lower-cost alternative to existing high-cost suppliers.

3.7 How to Interpret the 50 Percent Scenario

The 50 percent assumption used in both pathways is one of the most important elements of the methodology and should be interpreted carefully.

The assumption does **not** mean that Pakistan can immediately reroute half of all eligible export quantities to China. It also does **not** mean that Chinese importers will automatically replace half of their current high-cost suppliers with Pakistani suppliers.

Instead, the 50 percent factor is used as a **screening scenario**. It helps identify products where the potential trade opportunity is large enough to justify policy attention, exporter mobilization, regulatory engagement, certification investment, and phased pilot shipments.

In practical terms, the 50 percent scenario should be read as a medium-term opportunity under improved conditions. Actual realization may be lower or higher depending on:

- market access approval;
- GACC registration and SPS compliance;
- product quality and grade compatibility;
- Chinese buyer qualification;
- logistics and cold-chain capacity;
- contract terms and payment conditions;
- price volatility;
- Pakistan's domestic supply conditions;
- exporter readiness; and
- the ability to maintain existing customers while developing the Chinese market.

The scenario therefore provides an analytical basis for prioritization, not a guaranteed forecast of trade diversion.

3.8 Methodological Caveats

The results generated by this framework should be interpreted with the following caveats.

First, opportunity estimates are not official forecasts.

The calculated gains represent potential opportunities under defined assumptions. They are not guaranteed revenues, official projections, or commitments by exporters or importers.

Second, unit values are imperfect price indicators.

Average unit values are derived from customs data and may differ from actual transaction prices. Product grade, variety, quality, packaging, certification, branding, freight, insurance, Incoterms, and contract structures may all affect the reported unit value.

Third, HS 6-digit categories may include heterogeneous products.

Products within the same HS 6-digit code may not be identical. A higher Chinese import unit value

may reflect superior quality, different specifications, processed forms, branded products, or stricter compliance requirements.

Fourth, reporting-basis differences matter.

Pakistan's export data and China's import data may differ because of valuation basis, freight and insurance treatment, time of recording, customs classification, re-export routes, and partner-country reporting practices. The methodology reduces this issue by comparing Pakistan-side rates with Pakistan-side rates and China-side rates with China-side rates, but it cannot eliminate all reporting differences.

Fifth, high-cost suppliers may not be fully substitutable.

China's existing suppliers may have advantages in quality consistency, scale, traceability, logistics, brand recognition, food safety certification, and long-term buyer relationships. Pakistan's price competitiveness alone may not be sufficient to displace them.

Sixth, market access is a binding condition.

A product may show strong numerical potential but still face regulatory barriers. GACC registration, SPS protocols, residue limits, quarantine requirements, labeling rules, halal certification where relevant, cold-chain requirements, and inspection procedures may determine whether the opportunity is commercially viable.

Seventh, the analysis does not deduct market-entry costs.

The calculations do not subtract the cost of certification, laboratory testing, packaging redesign, marketing, distributor margins, buyer credit, financing charges, freight, insurance, port handling, warehousing, rejected shipments, or compliance upgrades.

Eighth, trade diversion must protect existing markets.

The purpose of the strategy is not to abandon existing customers. Exporters should avoid damaging established market relationships. In practice, diversion should be gradual, contract-backed, quality-segmented, and commercially negotiated.

Ninth, quantities are based on 2024 trade patterns.

The feasibility of future exports may change due to domestic production conditions, food security requirements, export restrictions, global price cycles, exchange rates, shipping costs, policy changes, or changes in Chinese demand.

Tenth, the methodology identifies products for action, not automatic trade flows.

The results should be used to shortlist products for deeper feasibility studies, buyer engagement, regulatory review, and commercial negotiations. They do not replace product-specific business planning or market-entry due diligence.

3.9 How the Results Should Be Used

The results generated by this framework should be used by different stakeholders in different ways. For **government agencies**, the findings can help prioritize SPS negotiations, GACC registration efforts, trade diplomacy, market-access requests, and export facilitation support.

For **trade bodies and chambers**, the findings can guide exporter awareness campaigns, buyer-seller matchmaking, product-specific delegations, and participation in Chinese trade fairs.



For **exporters**, the findings can identify products where China may offer a higher-value opportunity than some existing markets, subject to compliance and buyer requirements.

For **investors and financial institutions**, the findings can highlight product categories where investment in grading, processing, packaging, cold chain, traceability, warehousing, and certification may unlock export returns.

For **Chinese importers**, the findings can identify Pakistani products that may offer cost-efficient sourcing options, supplier diversification, and shorter regional supply chains.

The following chapters apply this framework to identify two categories of opportunity. Chapter 4 presents the results of **Pathway A: Value Optimization Strategy for Existing Exports**, while Chapter 5 presents the results of **Pathway B: Market Entry Strategy for New Exports**.

4 Pathway A: Value Optimization Strategy (For Existing Exports)

4.1 Purpose of Pathway A

Chapter 3 established the methodological basis for identifying product-level opportunities in Pakistan-China agricultural trade. This chapter applies the first part of that framework: **Pathway A — Value Optimization Strategy for Existing Exports**.

Pathway A focuses only on products that Pakistan already exports to China. The objective is not to identify entirely new products or assume new production capacity. Instead, it asks a more immediate commercial question:

For products already entering China, where is Pakistan also selling part of its export quantity to lower-valued markets, while China is importing the same HS 6-digit product category from higher-cost suppliers?

This pathway therefore examines whether Pakistan can improve export earnings by gradually redirecting part of its existing lower-valued export flows toward China, subject to market access, buyer demand, quality requirements, logistics, and commercial feasibility.

The results should be interpreted as a **prioritization exercise**, not as a guaranteed trade forecast. The analysis identifies products where the unit-value gap is large enough to justify exporter outreach, buyer matching, regulatory facilitation, product-specific feasibility checks, and phased pilot shipments.

4.2 Aggregate Results of Pathway A

The 2024 product-level analysis identifies a significant value-optimization opportunity for Pakistan. For the top 20 products ranked by Pakistan's potential gain, the 50 percent screening scenario indicates that Pakistan could generate approximately **USD 83.83 million** in additional export revenue by redirecting part of its lower-valued export quantity toward China.

At the same time, Chinese importers could potentially save approximately **USD 957.09 million** by sourcing these products from Pakistan instead of relying entirely on higher-cost suppliers. The combined bilateral gain under the 50 percent scenario is estimated at approximately **USD 1.04 billion**.

These figures demonstrate that Pathway A is not only a Pakistan-side revenue opportunity. It is also a commercially meaningful proposition for Chinese importers. In several product categories, the value of China's potential procurement savings is much larger than Pakistan's additional export gain. This strengthens the commercial case for Pakistan to approach Chinese buyers with a cost-efficiency proposition, not only a diplomatic or preferential-market-access argument.

Table 4.1: Pathway A — Top 20 Products Ranked by Pakistan Potential Gain, 2024
50 percent screening scenario

Rank	HS Code	Product Description	Actionable Quantity, 50% Scenario	Pakistan Potential Gain, USD	China Potential Saving, USD	Combined Gain, USD Mn
1	240120	Tobacco, stemmed/stripped	12,872 MT	14M	58M	72M
2	120740	Sesame seeds	23,264 MT	12M	9M	22M
3	170490	Sugar confectionery (excl. gum, incl. white chocolate), no cocoa	10,409 MT	11M	56M	67M
4	210690	Food preparations n.e.c.	16,280 MT	10M	521M	531M
5	080450	Guavas, mangoes & mangosteens, fresh/dried	56,781 MT	9M	94M	103M
6	100630	Rice, semi/wholly milled	323,500 MT	8M	43M	51M
7	190590	Bakers' wares n.e.c.; wafers & similar	9,159 MT	6M	88M	94M
8	190531	Sweet biscuits	5,853 MT	3M	15M	18M
9	020230	Bovine meat, boneless, frozen	1,570 MT	2M	4M	7M
10	200911	Orange juice, frozen	3,768 MT	2M	3M	5M
11	350300	Gelatin & derivatives; animal glues	1,082 MT	1M	3M	4M
12	170199	Sucrose; pure, solid	171,224 MT	1M	22M	23M
13	121300	Cereal straw & husks	13,138 MT	700K	3M	3M
14	330190	Essential oils, extracts & oleoresins	300 MT	633K	2M	3M
15	220210	Flavoured/sweetened mineral & aerated waters	1,439,958 liter	525K	572K	1M
16	090240	Black tea >3kg packs	243 MT	482K	2M	2M
17	100640	Broken Rice	24,937 MT	450K	1M	2M
18	140490	Vegetable products n.e.c.	1,363 MT	444K	2M	2M
19	040900	Natural honey	1,569 MT	422K	22M	22M
20	090230	Black tea ≤ 3kg packs	634 MT	327K	8M	8M

Figure 4-1 Pathway A: Top 20 Products Ranked by Pakistan Potential Gain, 2024 - 50 percent screening scenario

Note: Actionable quantity refers to 50 percent of the modelled divertible quantity. Values are opportunity estimates based on 2024 trade data and should not be interpreted as guaranteed revenues or immediate trade flows.

4.3 Key Findings from Pathway A

The Pathway A results generate four important findings.

4.3.1 The Opportunity Is Concentrated in a Small Number of Products

The top five products by Pakistan's potential gain — tobacco, sesame seeds, sugar confectionery, food preparations, and guavas/mangoes/mangosteens — account for approximately **USD 56.15 million**, or about **67 percent** of Pakistan's total potential gain under Pathway A.

This concentration is useful from an implementation perspective. It means Pakistan does not need to pursue all 20 products with equal urgency. A focused first-stage action plan can begin with a small number of high-impact products, supported by product-specific buyer mapping, regulatory checks, exporter engagement, and pilot shipments.

4.3.2 China's Savings Are Larger Than Pakistan's Gains

A striking feature of the results is the asymmetry between Pakistan's potential gain and China's potential saving. For example, HS 210690, food preparations n.e.c., generates an estimated **USD 9.52 million** in additional revenue for Pakistan but offers Chinese importers potential savings of approximately **USD 521.44 million**. Similarly, HS 080450, guavas, mangoes and mangosteens, offers Pakistan an estimated **USD 9.23 million** in additional revenue but gives China potential savings of approximately **USD 94.01 million**.

This asymmetry should not be viewed as a weakness. It is a strategic advantage. It allows Pakistan to present the opportunity to Chinese buyers as a commercial sourcing proposition: Pakistan can help Chinese importers reduce procurement costs while also improving Pakistan's export earnings.

4.3.3 Pathway A Includes Both Commodity and Value-Added Opportunities

The top-20 list is not limited to one type of product. It includes four broad categories:

Opportunity Segment	Relevant Products	Strategic Meaning
High-value agricultural commodities	Tobacco, sesame seeds, honey, essential oils	Require quality consistency, grading, direct buyer relationships, and certification discipline
Processed and value-added foods	Food preparations, sugar confectionery, bakers' wares, biscuits, flavoured waters, orange juice	Require branding, packaging, Chinese food safety compliance, labeling, and distributor networks
Bulk staples and food-security products	Milled rice, broken rice, sucrose, cereal straw/husks	Require volume reliability, logistics, price competitiveness, and contract-backed supply
Regulated animal-origin products	Frozen boneless bovine meat, gelatin	Require strict SPS compliance, facility registration, traceability, cold chain, and inspection readiness

This mix is important. It shows that the opportunity is not only about exporting more raw commodities. There is also scope to move into processed foods, branded products, food ingredients, and higher-value agricultural categories.

4.3.4 Existing Exports to China Reduce the Entry Barrier, but Do Not Eliminate It

Because all Pathway A products are already exported to China, the market-entry barrier is lower than for entirely new products. However, the opportunity is still not automatic. Additional volumes will only be commercially viable if Pakistani exporters can meet Chinese buyer requirements regarding quality, packaging, shipment consistency, payment terms, regulatory compliance, and delivery timelines.

In other words, Pathway A is more actionable than a new-market-entry strategy, but it still requires product-level execution.

4.4 Deep Dive: The Price Gap Paradox in Action

To illustrate the practical meaning of Pathway A, this section examines the top three products ranked by Pakistan's potential gain. These examples show how the **Price Gap Paradox** operates across different types of products: a regulated commodity, a high-value seed product, and a processed consumer food category.

The purpose of these case studies is not to claim that trade can be shifted automatically. Rather, they show where the price signal is strong enough to justify focused commercial action.

4.4.1 HS 240120 — Tobacco, Partly or Wholly Stemmed/Stripped

Pakistan potential gain: USD 13.70 million

China potential saving: USD 58.23 million

Combined gain: USD 71.93 million

Actionable quantity under 50% scenario: approximately 12,872 MT

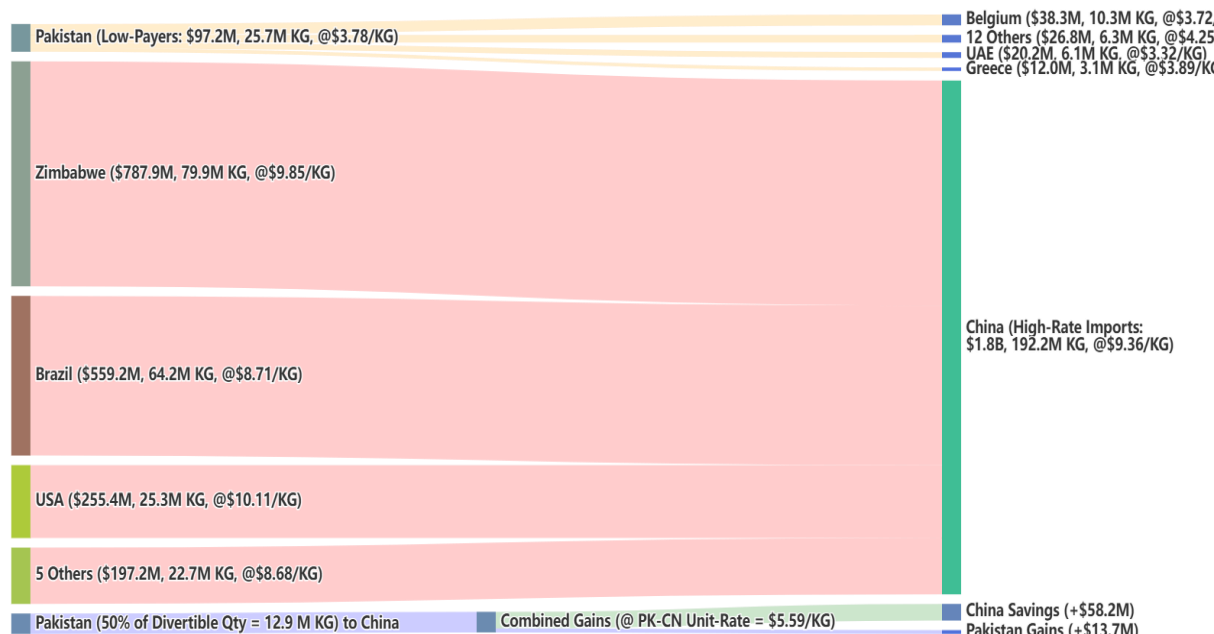


Figure 4-2 Sankey Diagram for HS 240120 - Tobacco

Tobacco represents the largest Pathway A opportunity for Pakistan by potential revenue gain. The 2024 data indicates that Pakistan exports part of this HS category to lower-valued markets, while China imports comparable tobacco categories from higher-cost suppliers.

The commercial logic is clear. If Pakistan can redirect part of its lower-valued tobacco exports toward China at the unit value already demonstrated in Pakistan-China trade, exporters could capture higher returns without requiring entirely new production. At the same time, Chinese buyers could benefit from lower procurement costs relative to some of their existing high-cost suppliers.

However, this opportunity should be treated carefully because tobacco is a highly regulated product. Realizing the opportunity would require grade matching, quality consistency, residue compliance, buyer qualification, and direct engagement with Chinese industrial buyers. Exporters must also evaluate whether existing contracts in current destination markets can be adjusted without damaging long-term customer relationships.

Strategic implication:

Tobacco should be treated as a priority product for targeted buyer engagement, but not as a general open-market opportunity. The recommended next step is a product-specific China dossier covering grades exported by Pakistan, Chinese buyer requirements, regulatory conditions, current suppliers, and feasible pilot shipment volumes.

4.4.2 HS 120740 — Sesame Seeds

Pakistan potential gain: USD 12.33 million

China potential saving: USD 9.38 million

Combined gain: USD 21.72 million

Actionable quantity under 50% scenario: approximately 23,264 MT

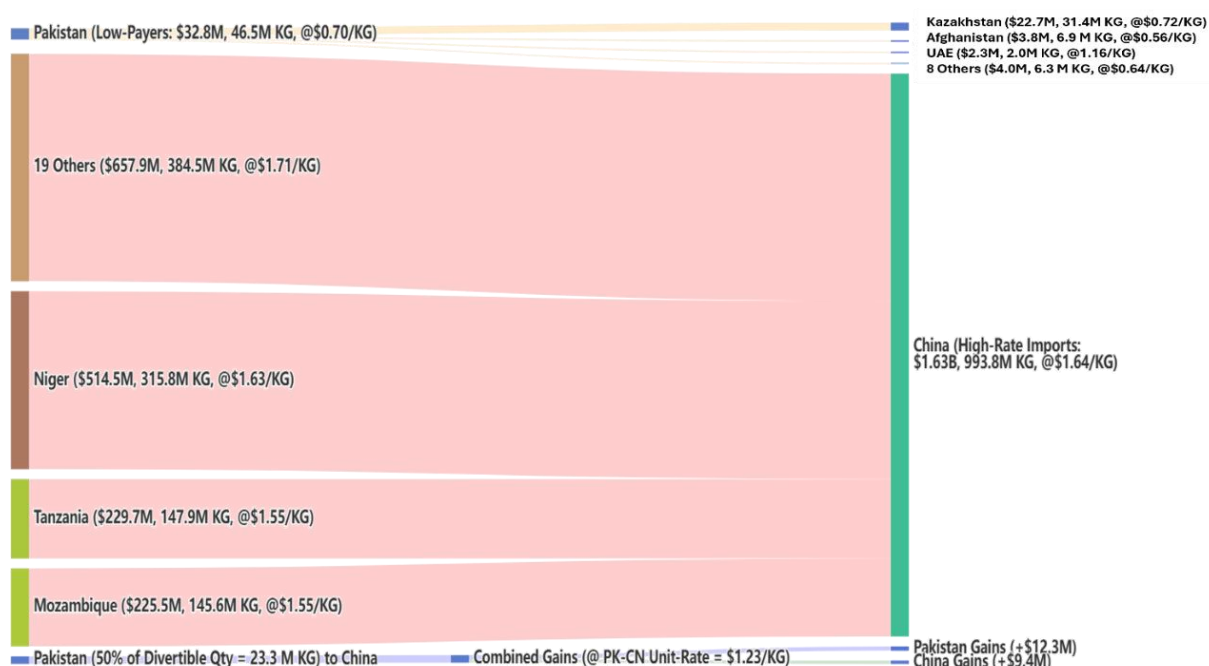


Figure 4-3 Sankey Diagram for HS 120740 - Sesame Seeds

Sesame seeds are already one of Pakistan's most important agricultural exports to China. This makes the product especially relevant for Pathway A. The question is not whether Pakistan can access the Chinese sesame market; the question is whether Pakistan can capture more value by shifting part of its lower-valued sesame exports from other destinations toward China.

The data suggests that Pakistan has an opportunity to increase earnings by supplying a larger share of its sesame exports directly to Chinese food processors, traders, and manufacturers. The relatively balanced gain between Pakistan and China also makes this a commercially realistic product for near-term engagement.

The main challenge is quality and consistency. Chinese buyers are likely to require reliable grading, cleaning, moisture control, residue compliance, and shipment regularity. If Pakistan can improve these elements, sesame seeds can become one of the most practical early wins under Pathway A.

Strategic implication:

Sesame should be prioritized for exporter-buyer matchmaking, quality standardization, and direct contracts with Chinese processors. Pakistan should also explore whether some current exports are passing through intermediary markets before reaching final processors. Direct-to-China linkages may allow exporters to retain more value.

4.4.3 HS 170490 — Sugar Confectionery Not Containing Cocoa

Pakistan potential gain: USD 11.37 million

China potential saving: USD 56.01 million

Combined gain: USD 67.38 million

Actionable quantity under 50% scenario: approximately 10,409 MT

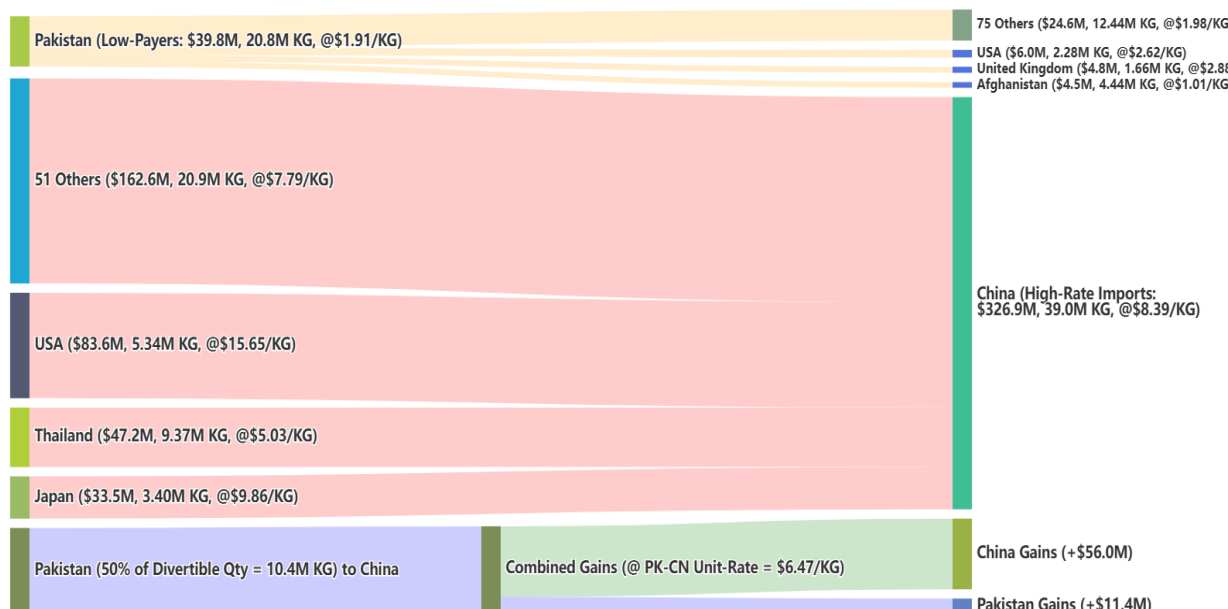


Figure 4-4 Sankey Diagram for HS 170490 - Sugar Confectionery

Sugar confectionery is one of the most important findings in Pathway A because it moves the report beyond raw commodities. This product category includes processed consumer foods, where value is influenced not only by the product itself but also by packaging, branding, food safety compliance, distribution, and consumer acceptance.

The data indicates that Pakistan exports sugar confectionery to other markets at lower unit values, while China imports comparable HS categories from higher-cost suppliers. This suggests that Pakistani manufacturers may have room to position selected confectionery products in the Chinese market at prices that remain attractive to Chinese buyers while still improving Pakistan's export earnings.

However, the opportunity is not simply a matter of rerouting shipments. Processed food exports to China require careful attention to labeling, ingredients, shelf-life requirements, packaging aesthetics, Chinese consumer preferences, distribution channels, and food safety standards. In this product category, the main barrier is likely to be market development rather than production capacity alone.

Strategic implication:

Sugar confectionery should be treated as a value-added export opportunity. Pakistani firms should not approach China only as a bulk buyer. They should develop China-specific packaging, obtain required certifications, work with local distributors, and test products through targeted retail, wholesale, and e-commerce channels.

4.5 Product-Level Prioritization for Implementation

Pathway A should be translated into a phased action agenda. Not all top-20 products should be pursued in the same way. Each product requires a different type of intervention.

Priority Type	Products	Recommended Action
Immediate exporter-buyer outreach	Sesame seeds, rice, sugar confectionery, bakers' wares, food preparations	Prepare buyer lists, product sheets, and direct B2B matchmaking
Regulatory and SPS verification	Bovine meat, gelatin, honey, processed foods	Confirm GACC/SPS requirements, facility registration, labeling, and inspection conditions
Logistics-sensitive opportunities	Mangoes/guavas/mangosteens, orange juice, meat	Assess cold chain, transit time, packaging, and port handling
Brand and packaging-dependent products	Sugar confectionery, biscuits, flavoured waters, food preparations	Develop China-specific packaging, labeling, and distributor strategy
Data-validation required	Black tea categories, cereal straw/husks, vegetable products n.e.c.	Check origin, re-export content, product composition, and domestic value addition

This prioritization is important because some HS categories may contain heterogeneous products. In addition, some reported exports may involve re-export, limited processing, or special trade

arrangements. Before policy action is taken, each product should be validated through exporter consultations and customs-level product review.

4.6 Operational Use of the Pathway A Results

The top-20 list should be used as a working shortlist for action by government agencies, trade bodies, exporters, and investors.

For each product, Pakistan should prepare a **Product Opportunity Dossier** containing:

1. HS code and product description;
2. Pakistan's current export destinations and unit values;
3. China's current supplier countries and unit values;
4. Pakistan's existing exporters and production clusters;
5. Chinese importers, processors, wholesalers, or distributors;
6. GACC, SPS, labeling, quarantine, and certification requirements;
7. feasible pilot shipment quantity;
8. logistics route and cost estimate;
9. product-specific risks; and
10. recommended public and private sector actions.

This will convert the Pathway A results from a statistical opportunity into an implementation-ready trade facilitation agenda.

4.7 Chapter Conclusion

Pathway A demonstrates that Pakistan can potentially extract greater value from products it already exports to China. The estimated additional revenue for Pakistan under the 50 percent screening scenario is approximately **USD 84 million**, while the estimated saving for Chinese importers is approximately **USD 957.09 million**. The combined bilateral gain of approximately **USD 1.04 billion** provides a strong commercial case for deeper Pakistan-China agricultural trade engagement.

The key message is that Pakistan does not always need to begin with new production or entirely new products. In several cases, the country already has exportable supply and an existing trade relationship with China. The immediate challenge is to trade smarter: redirect suitable quantities from lower-valued markets, meet Chinese buyer and regulatory requirements, and build reliable commercial relationships.

Pathway A should therefore be treated as the first practical layer of the report's strategy: optimizing existing exports before moving to new market-entry opportunities in Chapter 5.

5 Pathway B: The Market Entry Strategy (For New Exports)

5.1 Purpose of Pathway B

Chapter 4 examined products that Pakistan already exports to China and identified where existing trade flows could be optimized for higher value. This chapter applies the second part of the report’s analytical framework: **Pathway B — The Market Entry Strategy for New Exports.**

Pathway B focuses on products that Pakistan already exports to the world but does not yet export meaningfully to China. These are not speculative products requiring entirely new production capacity. Rather, they are products where Pakistan has already demonstrated export capability in other international markets, while China simultaneously imports the same HS 6-digit product categories from other suppliers at higher unit values.

The central question in this chapter is:

Where can Pakistan use its existing export capacity to enter the Chinese market for products that China already imports from higher-cost suppliers?

This pathway is therefore about **new market entry from existing capacity**. It identifies product categories where Pakistan can potentially diversify its China-bound export basket, move beyond the existing concentration in a few products, and capture higher-value demand in China.

The results should be interpreted as a **screening and prioritization exercise**, not as a guaranteed forecast. The purpose is to identify products that justify deeper market-access work, buyer engagement, SPS and GACC review, packaging and certification investment, and phased pilot shipments.

5.2 Aggregate Results of Pathway B

The Pathway B analysis identifies a commercially meaningful set of new market-entry opportunities. For the top 20 products ranked by Pakistan’s potential gain, the 50 percent screening scenario indicates that Pakistan could generate approximately **USD 49.46 million** in additional export earnings by redirecting part of its existing export capability toward the Chinese market.

At the same time, Chinese importers could potentially save approximately **USD 223.96 million** by sourcing these products from Pakistan instead of relying entirely on higher-cost suppliers. The combined bilateral gain is estimated at approximately **USD 273.42 million**.

These results show that Pathway B offers a different type of opportunity from Pathway A. Pathway A is about optimizing products already entering China. Pathway B is about opening new product lines in China where Pakistan has demonstrated export capability but has not yet converted that capability into China-facing trade.

Table 5.1: Pathway B — Top 20 Products Ranked by Pakistan Potential Gain, 2024

50 percent screening scenario

Rank	HS Code	Product Description	Actionable Quantity, MT 50% Scenario	Pakistan Potential Gain, USD	China Potential Saving, USD	Combined Gain, USD
1	190190	Food preps; flour/milk-based n.e.c.	8,687	10M	84M	94M
2	100590	Maize (corn), other than seed	343,837	9M	13M	22M
3	151620	Veg. oils; hydrogenated/modified	12,875	6M	19M	25M
4	080521	Mandarins, fresh or dried	21,447	3M	26M	29M
5	081090	Fruits n.e.c., fresh	6,247	3M	3M	6M
6	020629	Bovine offal (excl. tongues/livers), frozen	1,433	3M	849K	4M
7	190532	Waffles and wafers	553	2M	395K	3M
8	230800	Veg. residues for animal feed	19,082	2M	20M	22M
9	170410	Chewing gum (no cocoa)	1,083	2M	2M	3M
10	130219	Veg. saps/extracts n.e.c.	723	2M	12M	13M
11	120921	Lucerne (alfalfa) seeds	1,123	1M	3M	5M
12	081340	Dried fruits n.e.c.	368	1M	2M	3M
13	080390	Bananas (excl. plantains)	17,393	1M	6M	7M
14	240110	Tobacco, unstemmed	357	960K	12M	13M
15	190110	Infant food, retail	846	858K	11M	12M
16	200799	Jams/jellies/marmalades n.e.c.	618	766K	963K	2M
17	190120	Mixes & doughs (bread/pastry)	535	674K	872K	2M
18	240220	Cigarettes	173	671K	5M	6M
19	200520	Potatoes, preserved (not frozen)	283	539K	1M	2M
20	121410	Lucerne meal & pellets	8,801	472K	973K	1M

Figure 5-1 Pathway B: Top 20 Products Ranked by Pakistan Potential Gain, 2024 - 50 percent screening scenario

Note: Actionable quantity represents the 50 percent screening scenario based on modelled addressable Pakistani export quantity, validated against China's high-cost import demand. Values are opportunity estimates based on 2024 trade data and should not be interpreted as guaranteed revenues or immediate trade flows.

5.3 Key Findings from Pathway B

The Pathway B results generate five important findings.

5.3.1 New Market Entry Can Add Meaningful Value Beyond Existing China Exports

Pathway B identifies approximately **USD 49.46 million** in additional potential gains for Pakistan. This is separate from the Pathway A opportunity identified in Chapter 4. The implication is important: Pakistan's opportunity in China is not limited to improving existing export flows. There is also measurable potential to introduce new product lines into the Chinese market.

This finding directly supports the report's broader diversification argument. Pakistan's agricultural exports to China are currently concentrated in a narrow set of products. Pathway B shows that Pakistan can expand the product base by targeting categories where export capability already exists.

5.3.2 The Opportunity Is Strongest in Processed and Value-Added Products

The top-20 list includes several processed and semi-processed agricultural products, such as flour/milk-based food preparations, hydrogenated vegetable oils, waffles and wafers, chewing gum, vegetable extracts, infant food preparations, jams, bakery mixes, and preserved potatoes.

This is strategically important because Pakistan's agricultural export policy should not focus only on bulk commodities. Processed and value-added products create stronger linkages with domestic manufacturing, packaging, branding, logistics, food safety certification, and formal retail channels. These products can help Pakistan move up the agricultural value chain.

5.3.3 Bulk and Feed-Related Products Offer Scale

Maize, vegetable residues for animal feed, lucerne seeds, and lucerne meal/pellets appear in the top-20 list. These products are less brand-dependent than consumer foods, but they require reliable volume, consistent specifications, and strong logistics.

Maize is especially important because it represents the second-largest Pakistan gain under Pathway B, with an estimated gain of **USD 9.18 million** and a combined bilateral gain of **USD 22.16 million**. However, maize market entry into China would likely require phytosanitary clearance, shipment reliability, and careful consideration of domestic food and feed requirements in Pakistan.

5.3.4 Fruits and Horticulture Provide Diversification Potential

Mandarins, fresh fruits n.e.c., dried fruits, and bananas appear in the top-20 list. These products align with China's diversified food import demand and could help Pakistan diversify beyond rice and oilseeds.

However, horticulture exports are highly sensitive to cold chain, shelf life, pest-risk protocols, packaging, grading, and consumer presentation. For these products, market entry will require more than price competitiveness. It will require product-specific SPS protocols, reliable post-harvest handling, and direct linkages with Chinese importers and distributors.

5.3.5 China's Savings Strengthen the Commercial Case

As in Pathway A, China's potential saving is larger than Pakistan's incremental gain. For example, HS 190190 generates approximately **USD 9.91 million** in additional gain for Pakistan but offers

Chinese importers potential savings of approximately **USD 84.09 million**. Mandarins generate **USD 3.04 million** in gain for Pakistan but offer China potential savings of **USD 26.10 million**.

This asymmetry should be treated as a strategic advantage. Pakistan should not approach China only with the argument that Pakistan wants to export more. The stronger commercial argument is that Pakistani suppliers may help Chinese importers reduce procurement costs, diversify suppliers, and secure additional regional supply options.

5.4 Opportunity Segmentation for Implementation

Pathway B products should not be treated as one uniform list. Each product category requires a different market-entry approach.

Opportunity Segment	Products	Strategic Meaning	Main Requirements
Processed and value-added foods	HS 190190, 151620, 190532, 170410, 130219, 190110, 200799, 190120, 200520	Supports value addition, packaging, branding, and agro-processing exports	Food safety standards, labeling, packaging, distributor networks, shelf-life testing
Bulk/feed/staples	HS 100590, 230800, 120921, 121410	Offers volume-based entry into feed and staple supply chains	SPS clearance, volume reliability, logistics, contract-backed supply
Fruits and horticulture	HS 080521, 081090, 081340, 080390	Diversifies Pakistan's export basket into consumer-facing food categories	Cold chain, pest-risk protocols, grading, packaging, market timing
Animal-origin products	HS 020629	Potential higher-value regulated product category	GACC/SPS approval, traceability, halal where relevant, cold chain, facility registration
Tobacco-related products	HS 240110, 240220	Specialized regulated trade opportunity	Product-specific regulation, buyer qualification, compliance review

This segmentation should guide implementation. For example, processed foods require packaging and distributor strategy; maize requires phytosanitary and logistics work; fruit requires cold-chain and quarantine compliance; bovine offal requires strict animal-health protocols; and tobacco products require regulatory and buyer-specific due diligence.

5.5 Deep Dive: Pathway B Market Entry Potential

To illustrate the practical meaning of Pathway B, this section examines the top three products ranked by Pakistan's potential gain: food preparations, maize, and hydrogenated/modified vegetable oils. These examples show three different types of new market-entry opportunity: value-added processed food, bulk staple/feed commodity, and industrial processed agri-good.

The purpose of these case studies is not to claim that Pakistan can automatically enter the Chinese market. Rather, they show where the price and demand signals are strong enough to justify focused commercial and regulatory action.

5.5.1 HS 190190 - Food Preparations Based on Flour, Starch, Malt Extract or Milk

Pakistan potential gain: USD 9.91 million

China potential saving: USD 84.09 million

Combined gain: USD 94.00 million

Actionable quantity under 50 percent scenario: approximately 8,687 MT

This product category represents the largest Pathway B opportunity for Pakistan by potential gain. It includes food preparations based on flour, meal, starch, malt extract, or milk products not elsewhere specified under heading 1901. Pakistan already exports this category to other markets, but it does not yet have a meaningful presence in China under this HS line.

The commercial signal is strong. China imports this product category from existing suppliers at higher unit values, while Pakistan has demonstrated the ability to export the product internationally at competitive rates. Under the 50 percent screening scenario, Pakistan's additional gain is estimated at **USD 9.91 million**, while China's potential procurement saving is much larger at **USD 84.09 million**.

However, this opportunity should be treated as a processed-food market-entry challenge rather than a simple price-arbitrage opportunity. Success will depend on compliance with Chinese food safety standards, ingredient approvals, labeling rules, packaging requirements, shelf-life testing, and importer/distributor relationships.

Strategic implication:

HS 190190 should be treated as a priority value-added food category. Pakistan should prepare a China-specific product dossier covering product specifications, Pakistani exporters, existing destination markets, Chinese importers, applicable GB standards, labeling requirements, and pilot shipment feasibility.

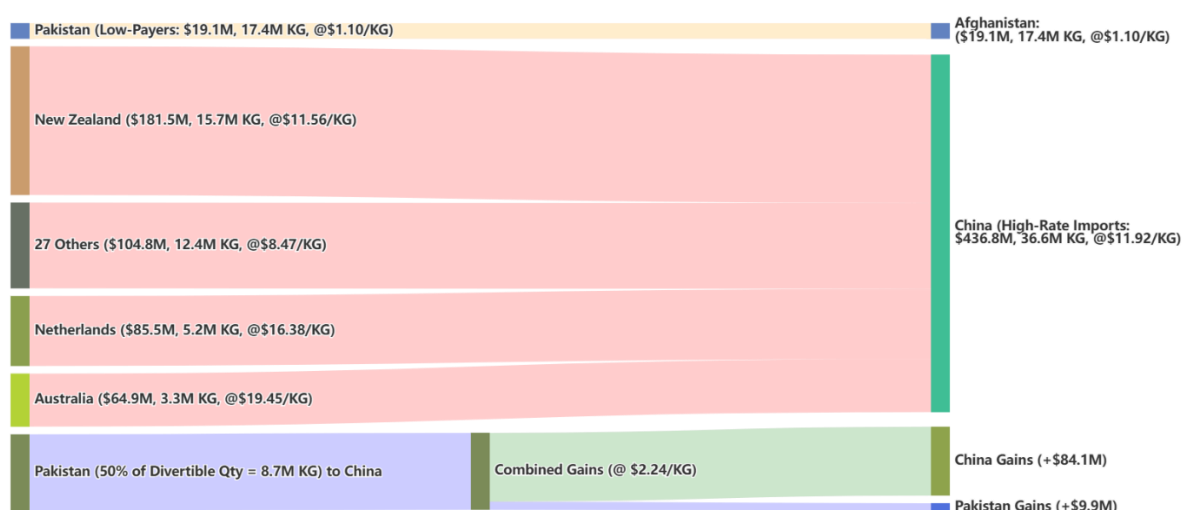


Figure 5-2 Potential Trade Flow for HS 190190 - Food Preparations

Caption:

This diagram illustrates the current absence of Pakistan in China's import market for HS 190190 and the potential for Pakistan to enter the market using existing export capability, subject to Chinese regulatory and commercial requirements.

5.5.2 HS 100590 - Maize/Corn, Other Than Seed

Pakistan potential gain: USD 9.18 million

China potential saving: USD 12.97 million

Combined gain: USD 22.16 million

Actionable quantity under 50 percent scenario: approximately 343,837 MT

Maize represents a large-volume opportunity under Pathway B. Unlike processed foods, this is a bulk commodity category where competitiveness depends on price, volume, quality specifications, phytosanitary clearance, and logistics.

Pakistan has demonstrated export capacity in maize, while China is a major importer of the product from established suppliers. The Pathway B result suggests that redirecting part of Pakistan's existing maize export capability toward China could generate **USD 9.18 million** in additional gain for Pakistan and **USD 12.97 million** in potential savings for Chinese importers.

This opportunity is attractive because of its scale. The actionable quantity under the screening scenario is approximately **343,837 MT**, the largest volume among the top Pathway B products. However, this scale also makes the opportunity sensitive to domestic supply conditions. Pakistan must ensure that any export expansion does not conflict with domestic feed, poultry, livestock, or food-security needs.

Strategic implication:

Maize should be treated as a high-volume strategic product, but market entry will likely require government-to-government engagement on SPS protocols, pest-risk assessment, fumigation rules, port handling, and possibly quota or buyer-specific arrangements. Exporters should not pursue maize entry without a clear assessment of domestic supply availability and long-term contract feasibility.

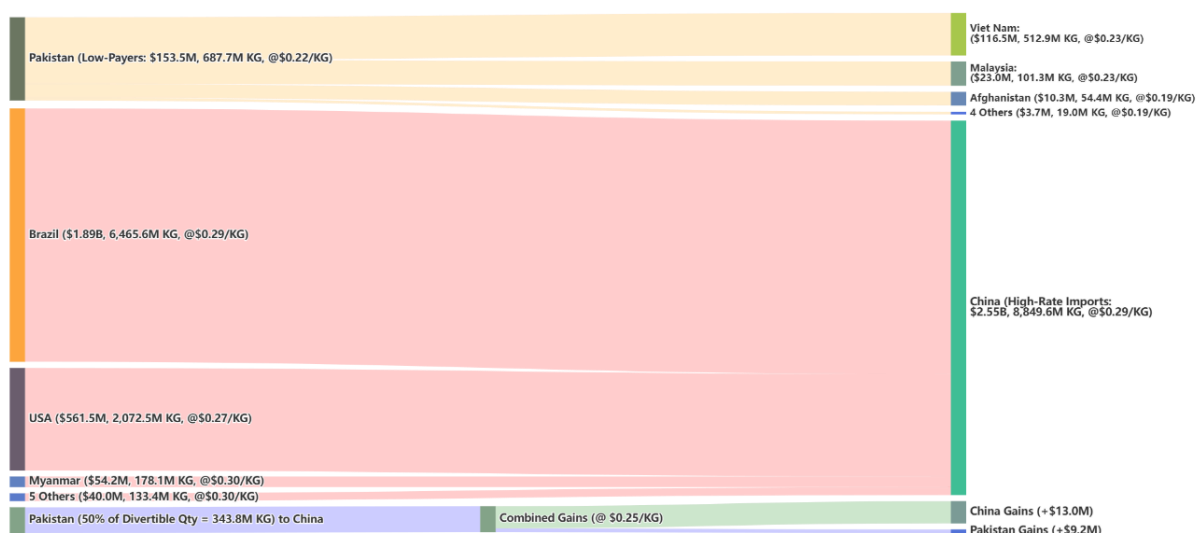


Figure 5-3 Sankey diagram Potential Trade Flow for HS 100590 - Maize

Caption:

This diagram demonstrates how Pakistan’s processing industry could enter China’s market for modified vegetable oils, creating additional export gains for Pakistan and procurement savings for Chinese buyers.

5.6 Product-Level Prioritization for Market Entry

The Pathway B results should be translated into a phased market-entry agenda rather than a broad, unfocused export campaign.

Priority Level	Products	Recommended Action
First-stage commercial validation	HS 190190, 151620, 190532, 170410, 190120, 200799	Identify Pakistani exporters, prepare product sheets, map Chinese importers/distributors, verify labeling and food safety requirements
SPS and protocol priority	HS 100590, 020629, 080521, 080390, 081090	Review China’s import protocols, quarantine requirements, GACC registration, pest-risk conditions, and cold-chain needs
Feed and livestock supply-chain opportunity	HS 100590, 230800, 120921, 121410	Assess volume reliability, domestic supply balance, feed-sector demand, and contract shipment feasibility
Horticulture market development	HS 080521, 081090, 081340, 080390	Develop grading, packaging, cold-chain, phytosanitary, and distributor strategy
Regulatory due diligence required	HS 240110, 240220, 190110	Conduct product-specific legal, health, labeling, and buyer-qualification review before promotion

This prioritization is important because not all products can be promoted through the same channel. Processed foods may require branding and distributor partnerships. Maize and feed products require SPS and logistics. Fruits require cold chain and pest-risk compliance. Animal-origin products require strict regulatory approval. Tobacco and infant food require additional regulatory sensitivity.

5.7 Operational Use of the Pathway B Results

For Pathway B, the next step should not be immediate large-scale export diversion. The next step should be **market-entry preparation**.

For each shortlisted product, Pakistan should prepare a **Market Entry Dossier** containing:

1. HS code and product description;
2. Pakistan’s current export destinations, quantities, and unit values;
3. Pakistan’s existing exporters and production clusters;
4. China’s current import value, quantity, suppliers, and unit values;
5. China’s applicable tariff, SPS, GACC, quarantine, labeling, and food safety requirements;
6. potential Chinese importers, processors, distributors, or e-commerce channels;
7. product packaging and shelf-life requirements;
8. logistics route and cost comparison;
9. feasible pilot shipment size;
10. product-specific risks; and
11. recommended public and private sector actions.



This will convert the Pathway B list from a statistical opportunity into a practical market-entry workplan.

5.8 Chapter Conclusion

Pathway B demonstrates that Pakistan's opportunity in China extends beyond products already exported to the Chinese market. The analysis identifies a set of products where Pakistan has existing export capability but limited or no meaningful presence in China, despite China's measurable import demand and higher-cost sourcing from other suppliers.

Under the 50 percent screening scenario, the top 20 Pathway B products indicate approximately **USD 49.46 million** in additional potential gain for Pakistan, **USD 223.96 million** in potential savings for Chinese importers, and a combined bilateral gain of approximately **USD 273.42 million**.

The key message is that Pakistan can use existing export capability to build new product lines in China. However, this opportunity will not materialize automatically. It requires regulatory preparation, product-specific market intelligence, buyer outreach, packaging and certification upgrades, logistics planning, and phased pilot shipments.

Pathway B should therefore be treated as the second strategic layer of Pakistan's China agricultural trade strategy: after optimizing existing exports through Pathway A, Pakistan should systematically open new product categories through focused, compliance-backed market entry.

6 Cross-Cutting Challenges and Strategic Barriers

The opportunities identified in Chapters 4 and 5 demonstrate that Pakistan can potentially increase agricultural exports to China through both value optimization of existing exports and new market entry from existing export capacity. However, these opportunities should not be interpreted as automatic trade flows. The 50 percent scenario used in this report is a screening and prioritization tool, not a forecast of immediate diversion or guaranteed market capture.

Realizing the identified gains will require Pakistan to address a set of practical barriers related to quality, compliance, logistics, market access, and commercial intelligence. These barriers are cross-cutting because they affect both Pathway A and Pathway B, though their intensity varies across products.

6.1 Supply-Side Constraints in Pakistan

Pakistan's agricultural export potential is constrained by issues that affect consistency, scale, and compliance.

Quality inconsistency and post-harvest losses remain major concerns, especially for perishable products such as fruits, vegetables, meat, and processed food items. Inconsistent grading, weak storage systems, limited cold-chain infrastructure, and inadequate post-harvest handling reduce Pakistan's ability to meet the uniform quality standards required by high-value Chinese buyers.

Fragmented production and aggregation challenges also limit export readiness. Pakistan's agricultural base is largely composed of small and medium producers, which makes it difficult to assemble large, consistent, traceable, and recurring export volumes. Chinese importers often require reliable supply at scale, and fragmented supply chains weaken Pakistan's ability to compete with established suppliers such as Brazil, Australia, Thailand, New Zealand, and Viet Nam.

Compliance and certification deficits are a binding constraint. Many high-potential products require compliance with Chinese SPS measures, food safety rules, labeling requirements, quarantine protocols, and, where applicable, registration with the General Administration of Customs of China. Broader adoption of certifications such as GlobalG.A.P., HACCP, ISO 22000, BRCGS, organic certification, and halal certification where relevant would strengthen exporter credibility and reduce market-entry risk.

6.2 China-Side Market Access and Regulatory Barriers

China is a large agricultural import market, but it is also highly regulated and competitive. Preferential tariffs under the Pakistan-China Free Trade Agreement are important, but tariffs alone do not guarantee market entry.

For many agricultural products, the decisive barriers are **non-tariff measures**, including SPS protocols, inspection requirements, product registration, customs clearance procedures, residue limits, labeling rules, and importer qualification. Products such as bovine meat, offal, citrus, mangoes, processed foods, infant food preparations, feed inputs, and animal-origin products require product-specific regulatory review before export promotion can be scaled.

Pakistan also faces **established competition** in China. Existing suppliers often have stronger buyer relationships, better branding, proven logistics, traceability systems, and long-term contracts. Therefore, Pakistan's lower unit values may create an opportunity, but price competitiveness alone will not be sufficient. Exporters must prove reliability, quality consistency, and compliance.

6.3 Logistics and Transaction Costs

The China-Pakistan Economic Corridor provides a strategic connectivity framework, but dedicated agricultural export logistics remain underdeveloped. For many products, especially fruits, meat, juices, dairy-linked products, and other perishables, the feasibility of exports depends on cold-chain reliability, transit time, packaging, port handling, and temperature control.

For bulk products such as rice, maize, sugar, sesame, and feed inputs, logistics challenges relate more to shipment scale, container availability, freight costs, and regularity of supply. In both cases, the relevant question is not only whether Pakistan can supply China, but whether it can do so at a landed cost that preserves the price advantage identified in the analysis.

6.4 Market Intelligence and Brand Positioning Gaps

A major constraint is the lack of product-specific market intelligence. Many exporters know that China is a large market, but lack detailed information on Chinese buyers, regional demand patterns, technical standards, packaging preferences, competitor prices, distributor networks, and consumer behavior.

This information gap is especially important for processed and value-added products such as confectionery, biscuits, food preparations, jams, bakery mixes, flavoured beverages, and processed oils. These products require not only compliance, but also packaging adaptation, branding, distributor relationships, and market positioning.

Pakistan also needs to strengthen "**Brand Pakistan**" in China. At present, Pakistan is not widely recognized as a consistent supplier of premium, safe, traceable, and value-added agricultural products. Building that reputation will require coordinated trade promotion, participation in Chinese trade fairs, buyer-seller matchmaking, and consistent delivery performance by exporters.

6.5 Product-Specific Barrier Snapshot

Product Group	Main Barrier	Required Response
Rice, maize, sugar, feed inputs	Scale, logistics, domestic supply balance	Aggregation, route-cost analysis, contract-backed supply
Sesame, honey, essential oils	Quality consistency, testing, traceability	Grading, lab testing, direct buyer linkages
Fruits and horticulture	Cold chain, SPS protocols, shelf life	Pack-house systems, phytosanitary compliance, cold-chain investment
Processed foods	Labeling, food safety, packaging, branding	GB-standard review, packaging adaptation, distributor partnerships
Meat, offal, gelatin	SPS approval, facility registration, cold chain	GACC/SPS compliance, traceability, approved facilities

Product Group	Main Barrier	Required Response
Tobacco and infant food	Sensitive product regulation	Product-specific legal and regulatory due diligence

6.6 Chapter Conclusion

The opportunities identified in this report are substantial, but they are gated by real implementation barriers. Pakistan's challenge is not only to produce agricultural goods or identify higher-value markets. The challenge is to build an export system that can meet Chinese requirements consistently, competitively, and at scale.

These barriers are manageable, but they require coordinated action by government agencies, exporters, trade bodies, investors, logistics providers, testing laboratories, and Pakistan's trade missions in China. The Pakistan-China Agri-Trade Conference discussed in Chapter 7 can help align stakeholders around these constraints, while Chapter 8 presents the strategic roadmap required to convert the identified opportunities into actual export growth.

7 Pakistan-China Agri-Trade Conference

8 Strategic Roadmap and Recommendations

The analysis in Chapters 4 and 5 identifies a clear opportunity to expand Pakistan's agricultural exports to China through two complementary routes: optimizing products already exported to China under **Pathway A**, and entering new product categories under **Pathway B**. Under the 50 percent screening scenario, the combined opportunity indicates approximately **USD 133.29 million** in potential additional gains for Pakistan and approximately **USD 1.18 billion** in potential savings for Chinese importers.

However, as discussed in Chapter 6, these gains will not materialize automatically. They require coordinated action on market access, compliance, exporter readiness, logistics, product quality, buyer engagement, and financing. This chapter provides a focused roadmap for converting the report's findings into practical action.

The roadmap should also be updated after the Pakistan-China Agri-Trade Conference discussed in Chapter 7. Any MoUs, product protocols, buyer commitments, institutional arrangements, or investment announcements from that conference should be mapped against the actions proposed below.

8.1 Strategic Priorities

Pakistan's China agricultural export strategy should be built around four priorities.

First, prioritize products rather than pursuing a broad export campaign.

The opportunity is product-specific. Pathway A products such as tobacco, sesame seeds, food preparations, sugar confectionery, mangoes, rice, biscuits, and honey require value optimization and buyer expansion. Pathway B products such as food preparations, maize, hydrogenated vegetable oils, mandarins, fresh fruits, animal feed inputs, and bakery products require market-entry preparation.

Second, treat compliance as the foundation of market access.

Price competitiveness alone will not be sufficient. Products must meet Chinese SPS requirements, GACC registration conditions where applicable, food safety standards, labeling rules, residue limits, packaging expectations, and importer documentation requirements.

Third, convert price gaps into commercial contracts.

The Price Gap Paradox identifies where potential exists, but actual gains depend on buyer confidence. Pakistan must move from general trade promotion to product-specific buyer matching, pilot shipments, and contract-backed supply.

Fourth, protect existing markets while developing China.

The strategy should not abruptly abandon current export destinations. Trade diversion should be gradual, commercially negotiated, and focused on quantities that can be redirected without damaging existing customer relationships.

8.2 Recommendations for the Government of Pakistan

The Government of Pakistan should act as the main enabler by improving market access, coordination, infrastructure, and exporter support.

i. **Fast-track product-specific market access with China.**

The Ministry of National Food Security and Research, Ministry of Commerce, TDAP, Department of Plant Protection, Animal Quarantine authorities, and Pakistan's trade missions in China should jointly identify priority products from Pathway A and Pathway B for regulatory follow-up. Priority should be given to products requiring SPS, GACC, quarantine, or protocol-level action, including bovine meat, bovine offal, gelatin, citrus, mangoes, mandarins, maize, feed inputs, and selected processed foods.

ii. **Establish a China Agri-Trade Desk.**

A dedicated **China Agri-Trade Desk** should be established within TDAP or as an inter-agency platform involving MNFSR, Ministry of Commerce, provincial departments, and Pakistan's missions in China. The desk should provide exporters with product-specific guidance on Chinese standards, importer lists, GACC requirements, labeling rules, trade fair opportunities, and buyer-seller matchmaking.

iii. **Prepare product opportunity dossiers.**

For each priority HS code, the government should prepare a short product dossier covering Pakistan's export capacity, China's import demand, unit-value gap, regulatory requirements, potential buyers, competing suppliers, logistics route, and pilot shipment feasibility. These dossiers should be used in trade missions and B2B meetings.

iv. **Use CPEC and PPPs for export logistics.**

CPEC-related platforms and public-private partnerships should be used to support cold chain, pack houses, accredited laboratories, testing facilities, warehousing, and containerized agricultural export logistics. Priority should be given to perishable and compliance-sensitive products such as fruits, meat, juices, processed foods, and high-value ingredients.

v. **Convert conference outcomes into an implementation tracker.**

After details of the Pakistan-China Agri-Trade Conference are available, each MoU or commitment should be assigned to a responsible agency, product category, timeline, and measurable output. This will prevent the conference from remaining symbolic and will connect it directly to the report's roadmap.

8.3 Recommendations for Exporters and Trade Associations

Exporters and trade associations are the main implementers of this strategy. The government can facilitate market access, but actual trade growth will depend on exporter readiness.

1. Form product-specific export groups.

Trade associations should form export groups or consortia around priority products such as sesame, rice, maize, mangoes, processed foods, confectionery, meat, and feed inputs. These groups can aggregate supply, standardize quality, share market intelligence, and negotiate with Chinese buyers more effectively.

2. Invest in compliance and quality systems.

Exporters should upgrade grading, sorting, testing, packaging, labeling, traceability, and documentation systems. For relevant products, firms should pursue GACC registration, HACCP, ISO

22000, GlobalG.A.P., BRCGS, halal certification, organic certification, or other standards required by buyers and regulators.

3. Shift from commodity selling to buyer-specific selling.

For China, exporters should not rely only on price. They should prepare product specifications, quality certificates, packaging samples, shelf-life data, and consistent shipment plans. Processed-food exporters should adapt packaging, labeling, flavours, sizes, and presentation to Chinese market preferences.

4. Launch pilot shipments before scaling.

For both Pathway A and Pathway B products, exporters should begin with small, contract-backed pilot shipments. These pilots should test compliance, logistics, packaging, buyer response, payment terms, and landed-cost competitiveness before larger volumes are committed.

5. Participate in targeted Chinese trade platforms.

Exporters should participate in major Chinese trade events such as CIIE, food and beverage exhibitions, and sector-specific B2B forums. However, participation should be product-focused. Each delegation should carry priority HS-code dossiers, company profiles, samples, and clear commercial offers.

8.4 Recommendations for Investors and Financial Institutions

Investment and finance are required to close the gap between identified opportunity and export readiness.

1. Finance value-chain modernization.

Investors should target cold storage, pack houses, grading lines, processing facilities, accredited laboratories, packaging units, warehousing, traceability systems, and temperature-controlled logistics. These investments are especially important for fruits, meat, processed foods, juices, dairy-linked products, and high-value ingredients.

2. Develop export finance products for agri-exporters.

Banks and financial institutions should design working-capital loans, export credit guarantees, certification financing, invoice discounting, and shipment finance for agricultural exporters. Many firms may have export potential but lack the liquidity to finance testing, certification, packaging, inventory, and freight.

3. Support product innovation and packaging.

Processed-food exporters need financing for China-specific product adaptation, packaging redesign, labeling compliance, shelf-life testing, and market trials. This is particularly relevant for confectionery, biscuits, food preparations, bakery mixes, jams, beverages, and processed oils.

8.5 Phased Implementation Plan

Phase	Timeframe	Main Actions
Phase 1: Product Prioritization	0-3 months	Finalize priority HS codes from Pathway A and Pathway B; prepare product dossiers; map Chinese regulatory requirements and buyers

Phase	Timeframe	Main Actions
Phase 2: Compliance and Market Access	3-9 months	Begin SPS/GACC follow-up; support exporter certification; verify labeling and testing requirements; identify pilot exporters
Phase 3: Buyer Engagement and Pilot Shipments	6-12 months	Conduct B2B meetings, trade delegations, sample testing, and small contract-backed pilot shipments
Phase 4: Commercial Scaling	12-24 months	Scale successful products, expand logistics support, deepen buyer relationships, and monitor export performance

8.6. Monitoring Indicators

The roadmap should be monitored through a small set of measurable indicators:

Area	Suggested Indicator
Market access	Number of priority products with SPS/GACC progress
Exporter readiness	Number of exporters certified or registered for China
Buyer engagement	Number of verified Chinese buyers contacted
Pilot trade	Number and value of pilot shipments completed
Export growth	Increase in Pakistan's agricultural exports to China by HS code
Diversification	Reduction in dependence on a narrow set of China-bound products
Investment	Value of investment in cold chain, testing, packaging, and processing

8.7 Chapter Conclusion

Pakistan's agricultural opportunity in China is real, but it must be pursued through a disciplined and product-specific strategy. The findings of this report show that Pakistan can gain by optimizing existing exports under Pathway A and by entering new product categories under Pathway B. At the same time, Chinese importers can benefit from cost-efficient and geographically proximate sourcing from Pakistan.

The roadmap presented in this chapter converts the report's analysis into an implementation agenda. The immediate task is to move from broad ambition to targeted execution: identify priority products, resolve compliance barriers, prepare exporters, engage Chinese buyers, test pilot shipments, and scale only those products that prove commercially viable.

The Pakistan-China Agri-Trade Conference can become an important implementation platform if its outcomes are linked to specific products, responsible institutions, timelines, and measurable results. With coordinated action, Pakistan can begin transforming its agricultural trade relationship with China from underutilized potential into diversified, higher-value, and mutually beneficial growth.

9 Conclusion

9.1 Summary of Findings

This report examined how Pakistan can enhance agricultural exports to China by using existing export capacity more strategically. The analysis was based on 2024 UN Comtrade data and applied a dual-pathway framework.

Pathway A focused on products that Pakistan already exports to China but also sells to other markets at lower unit values. The analysis found that redirecting part of the modelled divertible quantity toward China could generate approximately **USD 83.83 million** in additional export gains for Pakistan, while offering Chinese importers potential savings of approximately **USD 957.09 million**.

Pathway B focused on products that Pakistan exports to the world but does not yet export meaningfully to China, despite Chinese import demand. This pathway identified approximately **USD 49.46 million** in potential additional gains for Pakistan and approximately **USD 223.96 million** in potential savings for Chinese importers.

Together, the two pathways indicate a combined opportunity of approximately **USD 133.29 million** in potential additional gains for Pakistan and **USD 1.18 billion** in potential savings for Chinese importers, producing a total estimated bilateral gain of approximately **USD 1.31 billion** under the 50 percent screening scenario.

9.2 Strategic Significance

The findings confirm that Pakistan's agricultural trade challenge is not only about producing more. It is also about selling better, targeting higher-value markets, and aligning existing export capability with China's import demand.

The report identifies a clear **Price Gap Paradox**: in selected HS 6-digit product categories, Pakistan sells products to lower-valued markets while China imports comparable categories from higher-cost suppliers. This gap creates a potential opportunity for Pakistan to improve export earnings and for China to diversify sourcing at more competitive prices.

However, the opportunity is not automatic. The 50 percent scenario used in the report is a screening and prioritization tool, not a guaranteed forecast. Actual results will depend on market access, SPS and GACC compliance, product quality, logistics, buyer relationships, certification, packaging, and exporter readiness.

9.3 Broader Economic Impact

The direct export gains identified in the report could also generate wider economic benefits for Pakistan. Higher agricultural exports can stimulate activity in farming, processing, packaging, logistics, cold storage, testing laboratories, certification services, warehousing, and trade finance.

Using a conservative multiplier logic, the potential Pakistani gain of **USD 133.29 million** could support broader economic activity beyond the direct export value. However, precise estimates of GDP impact, employment generation, household income effects, and fiscal gains would require a separate sector-specific assessment using a Social Accounting Matrix or Computable General Equilibrium model.

The employment impact could be particularly relevant in rural areas, especially if opportunities are developed in fruits, processed foods, feed inputs, meat products, oilseeds, and value-added agro-

processing. These sectors can support both on-farm and off-farm livelihoods if supported by investment in quality systems, aggregation, cold chain, and processing capacity.

9.4 Future Research

This report provides a product-level opportunity screening framework for Pakistan-China agricultural trade. Future work can strengthen the evidence base in three areas.

First, each priority product should be examined through a detailed feasibility study covering Chinese regulatory requirements, buyer specifications, logistics cost, tariff treatment, packaging needs, and pilot shipment viability.

Second, Pakistan should develop a broader **Product-Country Optimization Matrix** for agricultural exports. This would identify which global markets offer the highest unit values for each major Pakistani agricultural product, allowing exporters and policymakers to prioritize destinations beyond China as well.

Third, comparative case studies should be conducted on countries that successfully expanded agricultural exports to China, such as Thailand, Viet Nam, Chile, New Zealand, Australia, and Brazil. These cases can provide practical lessons on SPS compliance, branding, logistics, product standardization, and public-private coordination.

9.5 Final Conclusion

Pakistan has a meaningful opportunity to transform its agricultural trade relationship with China from underutilized potential into diversified, higher-value, and mutually beneficial growth. The evidence shows that Pakistan already has exportable products, while China already has large and diversified import demand. The missing link is a coordinated strategy that converts product-level opportunity into compliant, reliable, and commercially viable trade.

The roadmap presented in this report therefore calls for targeted action: prioritize the right HS codes, resolve market-access barriers, prepare exporters, improve quality and traceability, strengthen logistics, engage Chinese buyers, and scale through pilot shipments. If implemented carefully, the strategy can help Pakistan reduce export concentration, increase agricultural earnings, support rural value chains, and build a more balanced agri-trade partnership with China.

10 Concluding Message

Pakistan's agricultural trade opportunity with China is clear. The country already produces and exports many products that China imports at scale, yet Pakistan's share in China's agricultural import market remains marginal. This report shows that the issue is not only production capacity; it is market targeting, compliance, logistics, buyer engagement, and strategic execution.

The **Price Gap Paradox** should therefore be treated as a call to action. Pakistan can no longer afford to sell exportable agricultural products into lower-valued markets while one of the world's largest agricultural importers sources comparable products from higher-cost suppliers. The opportunity is commercially meaningful, but it will only materialize through coordinated action by government, exporters, investors, trade bodies, and Pakistan's missions in China.



The path forward is practical: prioritize the right products, meet Chinese standards, build reliable supply chains, engage buyers directly, test pilot shipments, and scale what works. If implemented with discipline, Pakistan can transform its agricultural trade relationship with China from underutilized potential into a diversified, higher-value, and mutually beneficial partnership.