

AIR MAIL

FOREIGN SERVICE

From : Embassy KARACHI

To : The Department of State

July 26, 1957

Ref : CBP Section 31 items III-4, III-5, III-6

Subject: Certain Economic and Commercial Development in the Pakistan Market: A British Analysis

400-213

The United Kingdom Trade Commission in Karachi has just completed an extensive survey of the extent of German competition in the Pakistan market during the period July 1952-December 1956. The report covers a survey of the competitive position of German goods in the market for many commodities, details of German participation in the market and the extent of competition are given. Much of the information contained in the report was derived from interviews with British businessmen in Karachi.

The reporting officer was advised that the report which is forwarded in its entirety is classified as "Confidential." In this connection, questioning was made as to whether this report could not be given or shown to United Kingdom business interests. The Board of Trade in light of its obvious and direct interest in the report. The reporting officer was informed, however, that many of the conclusions and findings in the report are in general articles on the Pakistan market in a number of newspapers and magazines. Accordingly, it is believed that certain information contained in this report might be regarded as essentially unclassified in nature.

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In past years much of the German success in the Pakistan market has been due to lower prices, shorter delivery times, the offer of extended payment terms, willingness to participate in local industry, and, most importantly, aggressive and imaginative salesmanship. From the United Kingdom point of view, German competition now is entering a new stage with price and delivery schedules no longer creating such difficulties as German order books have become relatively full while the market for cut prices has disappeared as German manufacturers have gained a foothold in the country. Also, the Government of Pakistan no longer is favorably disposed toward the most deferred payment purchases. With regard to the active participation of the Germans in the market of participation in local enterprises, it is obvious that the extent of United Kingdom participation is substantially reduced.

These things being so, it is probable that the greatest advantage that German exporters will have in the future will be the result of their salesmanship, which often includes the use of frequent and intensive selling tours by technically able salesmen who are very keen to make firm commitments, plus the continuing presence and willingness of German manufacturers to make available practical advice and technical services (such as including the provision of technicians, etc.) to their clients. Similar services have long been established in this area and, in some cases, United Kingdom businessmen have an

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... certain number of local experiments and conditions.

The remaining section deals with each of the above subjects in order
applicable to American operations. **SECRET**

For the Administrator

Edward L. Gandy
Chief, Records Division

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