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OCTOBER-DECEMBER FY 2023

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**CONTENTS**

[**LIST OF ABBREVIATIONS** iv](#_Toc95220057)

[**LIST OF TABLES** v](#_Toc95220058)

[**WORLD ECONOMIC AND TRADE REVIEW** 1](#_Toc95220059)

[**PAKISTAN ECONOMIC OUTLOOK** 3](#_Toc95220060)

[PAKISTAN’S ECONOMIC INDICATORS 4](#_Toc95220061)

[PAKISTAN’S TRADE OUTLOOK 4](#_Toc95220062)

[**PAKISTAN’S EXPORT PROFILE (Goods)** 5](#_Toc95220063)

[**Sector-wise exportS performance** 6](#_Toc95220064)

[**Sector-wise ExportS analyses** 7](#_Toc95220065)

[**Textile Group** 7](#_Toc95220066)

[**FOOD GROUP EXPORTS** 8](#_Toc95220067)

[**OTHER MANUFACTURING GROUP EXPORTS** 9](#_Toc95220068)

[**PETROLEUM GROUP & COAL EXPORTS** 12](#_Toc95220069)

[**PAKISTAN’S IMPORT PROFILE (GOODS)** **Error! Bookmark not defined.**](#_Toc95220070)

[**SECTOR-WISE IMPORTS PERFORMANCE** 13](#_Toc95220071)

[**SECTOR-WISE IMPORTS ANALYSES** 14](#_Toc95220072)

[**PETROLEUM GROUP** 14](#_Toc95220073)

[**MACHINERY GROUP** 15](#_Toc95220074)

[**AGRICULTURE AND CHEMICAL GROUP** 16](#_Toc95220075)

[**METAL GROUP** 18](#_Toc95220076)

[**TEXTILES GROUP** 19](#_Toc95220077)

[**TRANSPORT GROUP** 20](#_Toc95220078)

[**TRADE IN SERVICES** 21](#_Toc95220079)

[**SECTORAL ANALYSES OF TRADE IN SERVICES** 22](#_Toc95220080)

[**FUTURE OUTLOOK** 23](#_Toc95220081)

# **LIST OF ABBREVIATIONS**

|  |  |
| --- | --- |
| **B/L** | BILL OF LADING |
| **CAGR** | COMPOUND ANNUAL GROWTH RATE |
| **CBU** | COMPLETE BUILD-UP |
| **CKD** | COMPLETELY KNOCKED DOWN |
| **COVID** | CORONA VIRUS DISEASE |
| **DLTL** | DRAWBACK OF LOCAL TAXES & LEVIES |
| **EBOPS** | EXTENDED BALANCE OF PAYMENT SYSTEM |
| **ECC** | ECONOMIC COORDINATION COMMITTEE |
| **EFS** | EXPORT FINANCE SCHEME |
| **FASTER** | FULLY AUTOMATED SALES TAX E-REFUND |
| **FY** | FISCAL YEAR (JULY - JUNE) |
| **GAIN** | GLOBAL AGRICULTURAL INFORMATION NETWORK |
| **GDP** | GROSS DOMESTIC PRODUCT |
| **G2G** | GOVERNMENT-TO-GOVERNMENT |
| **IT** | INFORMATION TECHNOLOGY |
| **ITES** | IT ENABLED SERVICES |
| **L/C** | LETTER OF CREDIT |
| **LNG** | LIQUEFIED NATURAL GAS |
| **LPG** | LIQUEFIED PETROLEUM GAS |
| **LSM** | LARGE-SCALE MANUFACTURING |
| **LSMI** | LARGE-SCALE MANUFACTURING INDEX |
| **LTFF** | LONG-TERM FINANCING FACILITY |
| **MMBTU** | 1 MILLION BTU (BRITISH THERMAL UNIT) |
| **MMCFD** | MILLION CUBIC FEET PER DAY |
| **OD** | OFFICIAL DELEGATION |
| **OECD** | ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT |
| **Q1** | FIRST QUARTER OF FISCAL YEAR (JULY - SEPTEMBER) |
| **Q2** | SECOND QUARTER OF FISCAL YEAR (OCTOBER - DECEMBER) |
| **QOQ** | QUARTER-ON-QUARTER |
| **SBP** | STATE BANK OF PAKISTAN |
| **SKD** | SEMI KNOCKED DOWN |
| **STPF** | STRATEGIC TRADE POLICY FRAMEWORK |
| **TCP** | TRADING CORPORATION OF PAKISTAN |
| **TDAP** | TRADE DEVELOPMENT AUTHORITY OF PAKISTAN |
| **TERF** | TEMPORARY ECONOMIC REFINANCE FACILITY |
| **USDA** | US DEPARTMENT OF AGRICULTURE |
| **YoY** | YEAR-ON-YEAR |

# **LIST OF TABLES**

[**Table 1: Top export destinations showing increase -trade values in USD million** 5](#_Toc95304893)

[**Table 2: Exports Sectors (Trade values in USD Million)** 6](#_Toc95304894)

[**Table 3: Textiles group exports (Trade values in USD million)** 7](#_Toc95304895)

[**Table 4: Food group exports (trade values in USD million)** 8](#_Toc95304896)

[**Table 5: Other manufacturing group (trade values in USD million)** 10](#_Toc95304897)

[**Table 6: Petroleum group exports (trade values in USD million)** 12](#_Toc95304898)

[**Table 7: Top import destinations showing increase (trade values in USD million)** 13](#_Toc95304899)

[**Table 8: Top import destinations showing decrease (trade values in USD million)** 13](#_Toc95304900)

[**Table 9: Imports Sectors (trade values in USD million)** 14](#_Toc95304901)

[**Table 10: Top import commodities showing increase (trade values in USD million)** 14](#_Toc95304902)

[**Table 11: Top import commodities showing decrease (trade values in USD million)** 15](#_Toc95304903)

[**Table 12: Petroleum group imports (trade values in USD million)** 15](#_Toc95304904)

[**Table 13: Machinery group imports (trade values in USD million)** 16](#_Toc95304905)

[**Table 14: Agriculture & other chemicals imports (trade values in USD million)** 17](#_Toc95304906)

[**Table 15: Food group imports (trade values in USD)** 18](#_Toc95304907)

[**Table 16: Metal group imports (trade values in USD million)** 19](#_Toc95304908)

[**Table 17: Textiles group imports (trade values in USD million)** 20](#_Toc95304909)

[**Table 18: Transport group imports (trade values in USD million)** 21](#_Toc95304910)

[**Table 19: Miscellaneous group imports (USD million)** 21](#_Toc95304911)

[Table 20: Services exports (trade values in USD million) 22](#_Toc95304912)

[Table 21: Services imports (trade values in USD million) 22](#_Toc95304913)

# **WORLD ECONOMIC AND TRADE REVIEW[[1]](#footnote-1)**

**(OCTOBER - DECEMBER FY 2022-23**

The global economy continues to face steep challenges, shaped by the lingering effects of three powerful forces: the Russian invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflation pressures, and the slowdown in China. The latest forecasts project global growth 2.7 percent in 2023 More than a third of the global economy will contract this year or next, while the three largest economies the United States, the European Union, and China will continue to stall. In short, the worst is yet to come, and for many people 2023 will feel like a recession.

Gas prices in Europe have increased more than four-fold since 2021, with Russia cutting deliveries to less than 20 percent of their 2021 levels, raising the prospect of energy shortages over the next winter and beyond. More broadly, the conflict has also pushed up food prices on world markets, despite the recent easing after the Black Sea grain deal, causing serious hardship for low-income households worldwide, and especially so in low-income countries.

Persistent and broadening inflation pressures have triggered a rapid and synchronized tightening of monetary conditions, alongside a powerful appreciation of the US dollar against most other currencies. Tighter global monetary and financial conditions will work their way through the economy, weighing demand down and helping to gradually subjugate inflation. So far, however, price pressures are proving quite stubborn and a major source of concern for policymakers.

We expected global inflation to peak in late 2022 but to remain elevated for longer than previously expected, decreasing to 4.1 percent by 2024. Given the size of China’s economy and its importance for global supply chains, this will weigh heavily on global trade and activity. The external environment is already very challenging for many emerging market and developing economies. The sharp appreciation longer than previously expected, decreasing to 4.1 percent by 2024. Given the size of China’s economy and its importance for global supply chains, this will weigh heavily on global trade and activity. The external environment is already very challenging for many emerging market and developing economies. The sharp appreciation of the US dollar adds significantly to domestic price pressures and to the cost-of-living crisis for these countries. The 2022 shocks will re-open economic wounds that were only partially healed following the pandemic.

Downside risks to the outlook remain elevated, while policy trade-offs to address the cost-of-living crisis have become acutely challenging. The risk of monetary, fiscal, or financial policy mis-adjustment has risen sharply at a time when the world economy remains historically fragile and financial markets are showing signs of stress.

Central banks around the world are now laser-focused on restoring price stability, and the pace of tightening has accelerated sharply. There are risks of both under and over-tightening. Under tightening would entrench further the inflation process, erode the credibility of central banks, and de-anchor inflation expectations. As history repeatedly teaches us, this would only increase the eventual cost of bringing inflation under control.

Over-tightening risks pushing the global economy into an unnecessarily harsh recession. As several prominent voices have argued recently, over-tightening is more likely when central banks act in an uncoordinated fashion. Financial markets may also struggle to cope with an overly rapid pace of tightening. Yet, the costs of these policy mistakes are not symmetric. Misjudging yet again the stubborn persistence of inflation could.

References:

https://www.imf.org/en/Publications/WEO

# **PAKISTAN ECONOMIC OUTLOOK**

**(OCTOBER - DECEMBER FY 2022-23)**

In early FY 22-23, Pakistan’s economy was undergoing an overdue adjustment, as it recovered from the impacts of COVID-19. Supported by accommodative macroeconomic policies, the economy expanded by 6.0 percent in FY22. Strong domestic demand, coupled with low productivity growth, high world commodity prices, and the global economic slowdown contributed to severe external imbalances. To stabilize the economy, the Government began implementing a range of policies to constrain aggregate demand, including a contractionary budget and increases in administered energy prices. As a result of stabilization measures, growth was expected to slow, the exchange rate was expected to stabilize, and total public debt was expected to decline gradually from current high levels, while foreign exchange reserves were expected to slowly accumulate.

Recent floods have had enormous human and economic impacts. Pakistan has been experiencing heavy monsoon rains since June 2022 leading to catastrophic and unprecedented flooding. Almost 15% of the country is underwater and just over 33 million people are affected. More than 2 million houses have been damaged or destroyed. Loss of life has also been considerable with 1,700 fatalities reported to date. Loss of livestock is also significant with more than 1.1 million animals estimated to have perished, while over 25,000 animal shelters have been damaged. More than 13,000 km of roads are reported to have been affected and 440 bridges have been damaged or destroyed, with these numbers expected to rise.

Economic impacts are concentrated in the agricultural sector, with over 9.4 million acres of cultivated land destroyed, resulting in significant losses to cotton, date, wheat, and rice crops. Lower agriculture output is expected to negatively impact industrial and services sector activity, especially given textile sector reliance on cotton (textiles account for around 25 percent of industrial output).

Flooding will impose a lingering drag on output through infrastructure damage, disruption to crop cycles, possible financial sector impacts (microfinance institutions report major solvency problems), and loss of human capital. Preliminary estimates suggest that as a direct consequence of the flood, the national poverty rate will increase by 2.5 to 4.0 percentage points, pushing between 5.8 and 9.0 million people into poverty.

The economic impacts of flooding is likely to delay much-needed economic adjustment. Growth is now expected to reach only around 2 percent in FY23. Due to higher energy prices, the weaker Rupee, and flood-related disruptions to agricultural production, inflation is projected to rise to around 23 percent in FY23. With disruptions to exports (especially textiles) and higher import needs (food and cotton), the current account deficit is expected to narrow only slightly to around 4.3 percent of GDP in FY23 (from 4.6 percent in FY22). The fiscal deficit (including grants) is projected to narrow only modestly to around 6.9 percent of GDP in FY23 (relative to a budgeted deficit of 4.7 percent), reflecting both negative revenue impacts from flooding and increased expenditure needs.

The Government faces a difficult policy challenge in supporting relief and recovery while maintaining progress towards macroeconomic stabilization. Significant downside risks include: i) unexpected damages from the floods as on-the-ground damage assessments continue ii) political instability which may undermine a coherent and timely policy response; iii) worsening external conditions, including unforeseen increases in global commodity prices and interest rates; and iv) risks associated with large domestic and external financing needs, especially in the context banking sector liquidity constraints. The Government faces a difficult policy.

References: worldbank.org/en/country/pakistanoverview

# PAKISTAN’S ECONOMIC INDICATORS

**Q2: OCT-DECEMBER FY 2022-23)**



# PAKISTAN’S TRADE OUTLOOK

**QUARTERLY COMPARISON OF FY2023 WITH FY20221**

**TRADE VALUES IN USD MILLION**

# **PAKISTAN’S EXPORT PROFILE (Goods)**

Pakistan’s exports during Q2 October-December of FY2023 have declined by 12.8% amounted USD 1.04 billion and reached to USD 7.08 billion from USD 8.12 billion which was reported in October-December of FY2022. On cumulative basis, in the first six months of FY2023, exports have dropped by 5.7% over the same period of last fiscal year (FY2022) and have reached to USD 14.25 billion from USD 15.12 billion after creating a negative gap of USD 867 million dollars. For the current fiscal year, no notable difference reported between 1st and 2nd quarter of FY2023 with overall decline of 1.1% reported in export volume. Major export destinations recorded sluggish growth and decline in the export value due to low global demand for Pakistani products. Pakistan faced issues of exchange rate fluctuation, currency crises and political instability. Exporters have tried to maximize benefits from the movement in Pakistani rupee against the US dollar and taken advantage of the shift in government policies. When the exchange rate fluctuates, it causes a spike in domestic inflation, first in terms of producer prices and subsequently in consumer prices. The government faced severe challenges on the economic front.

The exports to partner countries showing increase and decrease have been detailed as follows:

**Table 1: Top export destinations showing increase -trade values in USD million**

**(Q2: Oct - Dec FY 2022-23)**

|  |  |  |  |
| --- | --- | --- | --- |
| **COUNTRIES** | **OCT-DEC FY'23** | **OCT-DEC FY'22** | **% Change** |
| United Arab Emirates | 401.7 | 336.2 | 19.5% |
| Spain | 348.6 | 311.0 | 12.1% |
| Afghanistan | 265.3 | 214.7 | 23.6% |
| Italy | 253.5 | 227.8 | 11.3% |
| Saudi Arabia | 140.7 | 99.2 | 41.8% |
| Canada | 95.9 | 91.2 | 5.1% |
| Singapore | 95.1 | 14.6 | 553.1% |
| Kenya | 73.9 | 63.1 | 17% |
| Japan | 57.3 | 53.0 | 8% |
| Qatar | 53.6 | 47.1 | 13.8% |

**sOURCE: pbs**

Pakistan’s top 10 exporting partners during the 2nd quarter of FY2023 were USA, China, UK, UAE, Germany, Neatherlands, Spain, Afghanistan Italy and Bangladesh. Increase in the exports volume reported for the following countries during Oct-Dec FY2023, Pakistan’s export to UAE showed positive growth by 19.5%, Spain (12.1%), Afghanistan (23.6%), Italy (11.3%), Saudi Arabia (41.8%), Canada (5.1%), Singapore (553%), Kenya (17%), Japan (8%) and Qatar (13.8%). Pakistan’s exports performance with Singapore during this period was remarkable. Other than that a notable increase observed for Saudi Arabia, and Afghanistan as well. Saudia Arabia’s major importing commodities were Bed, table, toilet and kitchen linens (HS Code: 6302), Men's Or Boy's Suits, Ensembles, Suit-type Jackets, Blazers, Trousers, Bib And Brace Overalls, Breeches, Etc. (HS Code: 6203), Rice products (HS Code: 1006), Woven fabrics of cotton (HS Code: 5209) and Articles of leather (HS Code: 4203) while Afghanistan’s major import commodities from Pakistan were Bed, table, toilet and kitchen linens (HS Code: 6302), Rice products (HS Code: 1006), Madeup articles (HS Code: 6307), Citrus fruits (HS Code: 0805) and Women and girls’ suits (HS Code: 6204).

Pakistan’s top export sub-sectors to UAE for the Q2 of FY2023 were Rice products (HS Code: 1006), Petroleum oils and oils obtained from bituminous minerals, other than crude (HS Code: 2710), Petroleum jelly, paraffin wax, micro- crystalline petroleum wax, slack wax, ozokerite, lignite wax, peat wax, other mineral waxes, and similar products obtained by synthesis or by other processe (HS Code: 2712), Meat of bovine animals, fresh or chilled (HS Code: 0201), Potatoes, fresh or chilled (HS Code: 0701), Men's Or Boy's Suits, Ensembles, Suit-type Jackets, Blazers, Trousers, Bib And Brace Overalls, Breeches, Etc. (HS Code: 6203), Buckwheat, millet canary seed; cereals Jawar products (HS Code: 1008), Cereal grouts, meal and pellets (HS Code: 1103), Cereal flours other than of wheat or meslin (HS Code: 1102), and Bed, table, toilet and kitchen linens  (HS Code: 6302). All the commodities showed increasing pattern excapt Buckwheat, millet canary seed; cereals Jawar products (HS Code: 1008).

Other than that remarkable increase of more than 10 million USD have seen for the following commodities; Petroleum jelly, paraffin wax, micro- crystalline petroleum wax, slack wax, ozokerite, lignite wax, peat wax, other mineral waxes, and similar products obtained by synthesis or by other processes (HS code: 2712), Vegetables (uncooked or cooked by steaming or boiling in water), frozen. (HS code: 0701), Cereal flours other than of wheat or meslin (HS code: 1102), Cereal groats, meal and pellets Groats and meal (HS code: 1103), Petroleum oils and oils obtained from bituminous minerals, other than crude (HS code: 2710), Rice products (HS code: 1006), and Unwrought lead  (HS code: 7801). The highest increase was reported of 43 million USD.

**Table 2: Top export destinations showing increase - trade values in USD million**

**(Q2: Oct-Dec FY 2022-23)**

|  |  |  |  |
| --- | --- | --- | --- |
| **SUB-SECTORS** | **OCT-DEC FY'23** | **OCT-DEC FY'22** | **% Change** |
| United States | 1274.1 | 1844.3 | -30.9% |
| China | 604.8 | 959.6 | -37% |
| United Kingdom | 470.6 | 561.9 | -16.2% |
| Germany | 392.9 | 429.7 | -8.6% |
| Netherlands | 388.3 | 393 | -1.2% |
| Bangladesh | 175.4 | 245 | -28.4% |
| Belgium | 172.1 | 199.5 | -13.8% |
| France | 110.5 | 120.2 | -8.1% |
| Malaysia | 90 | 121.7 | -26% |
| Polano | 75.7 | 95.2 | -20.5% |

**sOURCE: pbs**

Pakistan’s export to its top trading partners notably declined in the recent period. Similar trends appeared for the current quarter when compared with the same period of previous year. Pakistan’s export to US decreased by 30.9%, export with china have shown decline of 37%, UK 16.2%, Germany 8.6%, Netherlands 1.2%, Bangladesh 28.4%, Belgium 13.8%, France 8.1%, Malaysia 26% and Polano 20.5%.

Pakistan’s top export products to US in the current quarter were maximum from textile sector and all the products showed decline when compared with the corresponding period of previous year. The top 10 sub-sectors for the Q2 of FY’ 2022-23 were as followed; Bed Linen, Table, Toilet Kitchen products (HS code: 6302), Curtains (HS code: 6303), made up articles (HS code: 6307), Shirts, Singlets and Other Vests (HS code: 6109), Jerseys, Pullovers, Cardigans, Waistcoats  (HS code: 6110), Men's or boys' shirts, knitted or crocheted (HS code: 6105), Men's or boys' suits, ensembles (HS code: 6103), Panty hose, tights, stockings, socks (HS code: 6115), Articles Of Apparel And Clothing Accessories, Of Leather Or Of Composition Leather (HS code: 4203), and Instruments and appliances used in medical, surgical, dental or veterinary sciences(HS code: 9018). All the exports for these sectors observed negative.

Other than that notable increase of more than a million USD observed for the following commodities; Inorganic acids and inorganic oxygen compounds of non-metals (HS code: 2811), Other clays (not including expanded clays of heading 6806), andalusite, kyanite and sillimanite, whether or not calcined; mullite; chamotte or dinas earths (HS code: 2508), Acyclic alcohols and their halogenated, sulphonated (HS code: 2905), Chocolate and other preparations (HS code: 1806), Sewing thread manmade filaments products (HS code: 5401), Cotton waste (HS code: 5202), Rice products (HS code: 1006), Sacks and bags (HS code: 6305), Cocoa powder (HS code: 1805), Carpets and other textile floor coverings (HS code: 5701). The highest increase was reported of 11.5 million USD.

Pakistan exported mainly Textile and its products to major export destinations. Textile Sector has shown negative growth of 16.7% in Q2 FY2023. As a result export major export destinations have shown decline. Pakistani producers are uncompetitive in the global and regional markets, which not only reduces exports but also leads to an increase in imports. Locally produced goods are unable to compete with imported goods. This increases demand for the latter in the domestic market. Higher import tariffs further impact the competitiveness. The problems are particularly compounded when local producers are unable to acquire essential imported unfinished goods that have a limited number of substitutes in the domestic market. The challenges have multiplied as Pakistan rebuilds after facing floods.

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# **Sector-wise exportS performance**

During the 2nd quarter (October-December) of FY2023 sector-wise performances showed that the export of other manufactures group and petroleum group & coal have shown excellent performance in comparison of the same period of FY2022 with the increase of 69.1% and 61%. While the Textile group which is considered back bone of Pakistan export has shown notable decline and has earned export revenue of USD 4.12 billion, 16.7% less than in the same period of last fiscal year, followed by Food group (USD 1.24 billion) which also showed decline of 14.6%, Other Manufactures group (USD 995 million) and Petroleum and Coal Group (USD 103 million). And other items (USD 608 million). Similar pattern was observed between half yearly exports as compared to last year.

Comparison of Q2 FY2023 with the Q1 of the same FY2023 showed a quit reasonable trends where food group, petroleum group & coal, other manufacturing group and other items have positive impact of exports volume while only textile sector’s export declined around 10%. No major difference in overall export have observed between Q1 and Q2 of FY2023.

Slowdown in global demand and restrictions on import of raw material for textile sector by the State Bank of Pakistan (SBP) were the prime reasons for the fall in textile exports, Besides, delay in export proceeds due to uncertainty about rupee-dollar exchange rate also played a role in reining in exports, other than these issues textile exports went down primarily due to curbs on opening letters of credit (LCs) for raw material import, gas shortage and slowdown in import orders from European countries amid inventory pile-up. Furthermore it is expected that Pakistan’s textile exports to remain muted in the coming months amid inflationary pressures and global economic meltdown followed by domestic gas shortages in winter. The recent flood has damaged the Pakistan’s agriculture exports severely; Agriculture, Livestock sectors suffered the most significant damage of more than USD 3 billion respectively. Sindh is the worst affected province with close to 70% of total damages and losses, followed by Balochistan, Khyber Pakhtunkhwa, and Punjab.

The main reason of this decline was due to political instability, exchange rate crisis, petroleum prices and recession in the global market.

**Table 2: Exports Sectors (Trade values in USD Million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SECTORS** | **Oct-Dec FY’**  **2022-23** | **Oct-Dec FY’**  **2021-22** | **%**  **Change** | **July-Dec FY’**  **2022-23** | **July-Dec FY’**  **2021-22** | **%**  **Change** | **Oct-Dec FY’**  **2022-23** | **July-Sep FY’**  **2022-23** | **%**  **Change** |
| **Grand Total** | 7,088 | 8,129 | -12.8% | 14,258 | 15,125 | -5.7% | 7,088 | 7,170 | -1.1% |
| **A: Food Group** | 1,248 | 1,461 | -14.6% | 2,325 | 2,481 | -6.3% | 1,248 | 1,077 | 15.9% |
| **B: Textile Group** | 4,134 | 4,960 | -16.7% | 8,718 | 9,381 | -7.1% | 4,134 | 4,584 | -9.8% |
| **C: Petroleum Group & Coal** | 103 | 64 | 61.0% | 168 | 123 | 37.4% | 103 | 65 | 58.7% |
| **D: Other Manufactures Group** | 995 | 588 | 69.1% | 1,972 | 1,924 | 2.5% | 995 | 977 | 1.8% |
| **Other Items** | 608 | 664 | -8.5% | 1,074 | 1,216 | -11.7% | 608 | 467 | 30.3% |

**sOURCE: pbs**

Major commodities exported during October-December FY2022-23 were Knitwear (USD 1,246 million), Readymade garments (USD 921 million), Bed wear (USD 648 million), Rice (USD 525 million), Cotton cloth (USD 486 million), Chemical and Pharmaceutical Products (USD 360 million), Towels (USD 254 million), other food items (USD 228 million), and Made-up articles (USD 198 million). All these items export declined during the current quarter by 15.5%, 5.1%, 24.3%, 8.5%, 15.9%, 14.1%, 10.1% and 11.7%, except chemical and pharmaceutical products and all other food items which showed increase of 14.1% and 6.7%.

Top exported commodities were sports goods (89.8%), petroleum crude (59.9%) and leather tanned (23.2%) have reported notable boost.

Majority of Textile sector’s commodities export have shown a declining pattern throughout the period, Knitwear export reduced by 15.5%, likewise readymade garments and bed wear, cotton cloths, towel, made-up articles and other textile materials showed negative pattern. Rice exports also decline by 18.4%.

Instead of relying upon traditional five export-oriented sectors, including Textile, Leather, Sports Goods, Surgical Goods and Carpets, Pakistan now should focus upon diversifying both markets and products. In order to boost up exports of non-traditional sectors, such as engineering, information technology and other sectors would be focused to achieve diversification in the export oriented sectors.

**Table 3: Top export commodities showing increase -trade values in USD million**

**(Q2: Oct - Dec FY 2022-23)**

|  |  |  |  |
| --- | --- | --- | --- |
| SUB-SECTORS | Oct-Dec FY'  2022-23 | Oct-Dec FY'  2021-22 | % Change |
| Chemicals And Pharm. Products | 360 | 316 | 14.1% |
| Fish & Fish Preparations | 145 | 144 | 1.1% |
| Surgical Goods & Medical Instruments | 116 | 108 | 7.2% |
| Sports Goods | 106 | 56 | 89.8% |
| Meat And Meat Preparations | 99 | 85 | 16.5% |
| Petroleum Crude | 87 | 54 | 59.9% |
| Engineering Goods | 66 | 56 | 19.1% |
| Leather Tanned | 43 | 35 | 23.2% |

**sOURCE: pbs**

**Table5: Top export commodities showing decrease -trade values in USD million**

**(Q2: Oct - Dec FY 2022-23)**

|  |  |  |  |
| --- | --- | --- | --- |
| SUB-SECTORS | Oct-Dec FY'  2022-23 | Oct-Dec FY'  2021-22 | % Change |
| Knitwear | 1,146 | 1,356 | -15.5% |
| Readymade Garments | 921 | 971 | -5.1% |
| Bed Wear | 648 | 856 | -24.3% |
| Rice | 525 | 644 | -18.4% |
| Cotton Cloth | 486 | 578 | -15.9% |
| Towels | 254 | 283 | -10.1% |
| Madeup Articles (Excl. Towels Bedwear.) | 198 | 225 | -11.7% |
| Other Textile Materials | 185 | 200 | -7.4% |
| Leather Manufactures | 156 | 165 | -5.5% |

**sOURCE: pbs**

# **Sector-wise ExportS analyses**

## **Textile Group**

The share of Textile industry in the economy along with its contribution to exports, employment, foreign exchange revenue, investment and value addition makes it the single largest manufacturing sector of Pakistan. Textiles trade is classified into two broad categories i.e. Textile which include Yarn, Fabric and another are Made-ups, and Clothing which represents Ready-made garments.

Pakistan is the 8th largest exporter of textile products in Asia. It is 4th largest producer and 3rd largest consumer of cotton. It comprises of 46% of the total manufacturing sector and provides employment to 40% of the total labor force. The textile sector in Pakistan has an overwhelming impact on the economy, contributing 3/5 to the country’s exports. It is deemed as one of the most important sectors for Pakistan’s trade. It is a significant contributor to the country’s’ exports fetched USD 4 billion from abroad during Q2 FY2023. The major exports of the sectors include knitwear, readymade garments, fabrics, weaved apparel, twisting, and processing sector. Despite global and local economic slowdown, declining consumer demand, political turmoil and energy crisis export of Textile sector has shown significant performance during Q2 FY2023. Textile sector plays a significant role in supporting the economy of Pakistan and continue to be in the spotlight owing to country’s dependence on foreign exchange.

**Table 3: Textiles group exports (Trade values in USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | Oct-Dec FY’  2022-23 | Oct-Dec FY’  2021-22 | %  Change | July-Dec FY’  2022-23 | July-Dec FY’  2021-22 | %  Change | Oct-Dec FY’  2022-23 | July-Sep FY’  2022-23 | %  Change |
| **Textile Group** | **4,134** | **4,960** | **-16.7%** | **8,718** | **9,381** | **-7.1%** | **4,134** | **4,584** | **-9.8%** |
| Raw Cotton | 5 | 2 | 203.2% | 11 | 2 | 538.3% | 5 | 6 | -9.5% |
| Cotton Yarn | 145 | 322 | -54.9% | 382 | 610 | -37.5% | 145 | 236 | -38.5% |
| Cotton Cloth | 486 | 578 | -15.9% | 1,066 | 1,135 | -6.0% | 486 | 581 | -16.3% |
| Cotton Carded Or Combed | 1 | 0 | 335% | 1 | 2 | -49.7% | 1 | 0 | 179.8% |
| Yarn Other Than Cotton Yarn | 11 | 16 | -31.2% | 23 | 28 | -19.7% | 11 | 12 | -7.7% |
| Knitwear | 1,146 | 1,356 | -15.5% | 2,466 | 2,500 | -1.4% | 1,146 | 1,321 | -13.3% |
| Bed Wear | 648 | 856 | -24.3% | 1,428 | 1,660 | -14% | 648 | 780 | -16.9% |
| Towels | 254 | 283 | -10.1% | 492 | 524 | -6.2% | 254 | 237 | 7.2% |
| Tents,Canvas &Tarpulin | 32 | 36 | -9.8% | 62 | 57 | 9% | 32 | 30 | 7.7% |
| Readymade Garments | 921 | 971 | -5.1% | 1,833 | 1,832 | 0.1% | 921 | 912 | 1.1% |
| Art,Silk & Synthetic Textile | 101 | 117 | -13.7% | 209 | 225 | -7% | 101 | 108 | -6.8% |
| Made-Up Articles (Excl.Towels Bed wear.) | 198 | 225 | -11.7% | 379 | 422 | -10.3% | 198 | 180 | 10.2% |
| Other Textile Materials | 185 | 200 | -7.4% | 367 | 385 | -4.6% | 185 | 182 | 2% |

**sOURCE: pbs**

The Textile Group contributes more than half share in the overall export. Textile group exports stood at USD 4.1 billion during Oct- Dec FY’ 2022-23 as against USD 4.9 billion during same period over last year showing a decrease of 16.7%. Half yearly comparison shows that Pakistan exported Textile products 7.1% less as compared to the same period over last fiscal year. The falloff was prominent for all the commodities during Q2 FY 2022-23 over Q2 FY2021-22. Cotton yarn and yarn other than cotton yarn showed major decline by 54.9% and 31.2% furthermore these commodities; bed wear, cotton cloths and art, silk & synthetic textile showed notable reduction in exports compared to the same period of last year. No major difference was observed for bi-annual export but when current quarter performance compared with the last quarter of the same year (FY2023) the pattern showed slow negative decline.

At a time of increased focus on giving boost to Pakistan’s exports to earn more foreign exchange, the performance of textile sector has remained unimpressive in international markets, where exports of textile goods decreased by 16.7%. Lower demand in world market and import restrictions in Pakistan have been blamed for slack performance of textile industry, which has more than 50% share in Pakistan’s exports. Overall, in first half of FY’ 2022-23, exports of textile industry dipped by 7% year-on-year to USD 8.7 billion.

Pakistan being the 5th largest producer of cotton means that global repercussions of the flooding in the country will be experienced and will in return strangulate the cotton supply in the coming weeks as well as increase the price of cotton. According to estimates, the monetary losses to the agriculture sector have surpassed [PKR 500 billion](https://www.arabnews.pk/node/2150586/pakistan) in Sindh alone, posing a serious threat to Pakistan’s food security and livelihoods. While it is not easy to estimate the exact extent of damage to the cotton crops due to the flooding and rains this year, it is believed that [45% of cotton](https://www.just-style.com/news/industry-news/cotton-prices-to-surge-on-pakistan-flooding-experts-warn/) has been flooded which has sparked a serious concern amongst the local textile and cotton industry, global clothing brands, and retailers.

Slowdown in global demand and restrictions on import of raw material for textile sector by the State Bank of Pakistan (SBP) were the prime reasons for the fall in textile exports, Besides, delay in export proceeds due to uncertainty about rupee-dollar exchange rate also played a role in reining in exports, other than these issues textile exports went down primarily due to curbs on opening letters of credit (LCs) for raw material import, gas shortage and slowdown in import

orders from European countries amid inventory pile-up. Furthermore it is expected that Pakistan’s textile exports to remain muted in the coming months amid inflationary pressures and global economic meltdown followed by domestic gas shortages in winter. Textile exports fell in the wake of looming recession in the West and possible US economic slowdown, Import of goods meant for value-added textile exports has also dropped. More challenging times for textile exporters as International Monetary Fund (IMF) had pushed for increasing energy prices and jacking up export refinance rates. Dollar unavailability and polyester yarn containers stuck at ports may aggravate the situation, production activities had been disrupted by the unavailability of polyester yarn, a basic raw material.

Textile industry was heavily relying on subsidised financing schemes to meet its working capital needs as its production chain needed around six months before giving final output. In a recent circular, State Bank further reduced the spread between policy rate and rates for subsidised financing schemes; Export Finance Scheme (EFS) and Long Term Financing Facility (LTFF) from 5% to 3%, raising rates from 11% to 13% per annum. As of November 2022, aggregate outstanding loans under EFS and LTFF stood at PKR 714 billion and PKR 648 billion, respectively.

## Of these, textile sector’s outstanding loans were calculated at Rs469 billion and Rs390 billion. That higher policy rate could further dent the growth of textile sector, which accounted for 66% and 60% of the total outstanding EFS and LTFF loans, respectively.

## **FOOD GROUP EXPORTS**

The agriculture sector of Pakistan plays a vital role in the country's economy. It contributes 19% to the GDP and provides employment to around 38 % of the labour force. It is also a significant source of foreign exchange earnings and provides raw-material to other industries that accelerates economic growth of the country.

The Agro Food Sector of Pakistan contributed 18% to the national export in the Q2 F2022-22. The current structure of Agro-based exports mainly consists of Rice, Fish, Meat, Fruits and Vegetables, Tobacco, Spices, Oil Seeds and Nuts, Horticulture and Livestock and inconsistent exports of Sugar and Wheat. All Agro product exports are decreased during Q2 FY 2022-23 except Meat and Meat Preparations, All other food items and Fish & its preparations.

**Table 4: Food group exports (trade values in USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | Oct-Dec FY’  2022-23 | Oct-Dec FY’  2021-22 | %  Change | July-Dec FY’  2022-23 | July-Dec FY’  2021-22 | %  Change | Oct-Dec FY’  2022-23 | July-Sep FY’  2022-23 | %  Change |
| **Food Group** | **1,248** | **1,461** | **-14.6%** | **2,325** | **2,481** | **-6.3%** | **1,248** | **1,077** | **15.9%** |
| Rice | 525 | 644 | -18.4% | 928 | 1,067 | -13% | 525 | 402 | 30.6% |
| A) Basmati | 149 | 150 | -1.1% | 280 | 304 | -7.8% | 149 | 132 | 13.1% |
| B) Others | 377 | 493 | -23.6% | 647 | 763 | -15.1% | 377 | 271 | 39.1% |
| Fish & Fish Preparations | 145 | 144 | 1.1% | 225 | 200 | 12.2% | 145 | 80 | 81.5% |
| Fruits | 78 | 133 | -41.1% | 157 | 247 | -36.5% | 78 | 79 | -0.9% |
| Vegetables | 63 | 83 | -23.9% | 137 | 133 | 2.9% | 63 | 74 | -14.5% |
| Leguminous Vegetables (Pulses) | - | 0 | -100% | 0 | 0 | 11.1% | - | 0 | -100% |
| Tobacco | 12 | 20 | -39.4% | 28 | 28 | -0.7% | 12 | 15 | -22.5% |
| Wheat | - | - | - | - | - | 0% | - | - | - |
| Spices | 28 | 30 | -6.8% | 47 | 53 | -11% | 28 | 19 | 42.8% |
| Oil Seeds, Nuts And Kernals | 70 | 111 | -36.7% | 107 | 156 | -31.3% | 70 | 37 | 90.9% |
| Sugar | - | - | - | - | - | - | - | - | - |
| Meat And Meat Preparations | 99 | 85 | 16.5% | 193 | 163 | 18.1% | 99 | 94 | 5.5% |
| All Other Food Items | 228 | 213 | 6.7% | 504 | 434 | 16.1% | 228 | 277 | -17.8% |

**sOURCE: pbs**

The country exported Food commodities of worth USD 2,325 million during July-December FY2023 compared with July-December FY2022 USD 2,483 million registered decline of 6.3%. Bi-annual trends showed that Fish and meat were the commodities where change in export was positive. If the current quarter performance compared with the previous quarter of the same fiscal year was on recovery phase can be observed as majority of the commodities exports recovered except vegetables and tobacco.

If we talk about the major commodity of this group, Rice is the major contributor in Agro Food Sector with the exported amount of USD 525 million. Rice export was declined during the current quarter when compared with the same quarter of previous fiscal year. Half yearly comparison also showed reduction of 13%. Fortunately; Rice export increased by 30.6% as it is reached to USD 525 million from USD 402 million as reported for the 1st quarter of current fiscal year. Pakistan is the 9th largest producer of world’s rice with annual volumes surpassing 8 million tons. In the FY2022, Pakistan’s annual rice production stood at 9.3 million metric tons. According to PBS projections. In terms of exports, Pakistan is the 4th largest exporter of semi- milled Rice. The global demand of Rice registered continues increase. In 2021/2022 about 510.25 million metric tons of rice was consumed globally. In the last decade, the global consumption of rice has spiraled by 87%. The demand of global rice resulted in export of rice worth USD 26.5 billion in the global market. The top importers of rice include China, Philippines, Saudi Arabia, and United States. Farmers and SMEs in the sector are eligible to receive government supported credit programs. In addition, the State Bank of Pakistan (SBP) provides loans to traders under an Export Financing Scheme (EFS). The only other major government involvement in the rice sector is R&D on rice varieties, extension services, and promoting Pakistan branded basmati in overseas markets. With expectations for a growing exportable surplus, exports in 2022/2023 are projected at 5 MMT. Through the first three months of the 2021/22 local marketing year, the export pace was 13 % above the previous year, and the 2021/22 export forecast has been increased to 4.5 million tons.

The recent flood has damaged the Pakistan’s economy severely, according to World Bank assessment estimates total damages to exceed USD 14.9 billion, and total economic losses to reach about USD 15.2 billion. Estimated needs for rehabilitation and reconstruction in a resilient way are at least USD 16.3 billion, not including much needed new investments beyond the affected assets, to support Pakistan’s adaptation to climate change and overall resilience of the country to future climate shocks. Housing, Agriculture, Livestock, Transport and Communications sectors suffered the most significant damage, at USD 5.6 billion, USD 3.7 billion, and USD 3.3 billion, respectively. Sindh is the worst affected province with close to 70 percent of total damages and losses, followed by Balochistan, Khyber Pakhtunkhwa, and Punjab.

Fishery is the third largest trading sector in the world. Despite the issues faced by the sector, Pakistan export worth was USD 80 million of Fish and Fish preparations with growth of 40% during Q1 FY 2023. Pakistan exported seafood mainly fish to about 45 countries of the world with China as the top market followed by Vietnam, Thailand, Malaysia and nations of Persian Gulf. However, a small volume of seafood is also imported by the EU. Pakistan’s Seafood export was under-potential because of the ban placed on Pakistan’s exporters in 2007 after the concerned authority failed to fulfil the requirements. Fishery is a big and emerging industry in Pakistan. It accounts for less than 1% of GDP but provides employment opportunities for the under-developed areas in Pakistan. Moreover, it is a promising means to earn foreign exchange. Since aquatic products enjoy tariff concession under the second phase of China-Pakistan Free Trade Agreement implemented in December 2019, Pakistan’s fishery sector witnessed a boom in terms of exports. Pakistan’s exports of Fish and Fish Preparation rose 81% to USD 145 million during the Q2 of fiscal year 2022-23 compared with the last quarter but still, more is expected out of these abundant aquatic resources, especially amid the pandemic.

Exports of Fruits have declined by 41% during Q2 FY 2022-23. Due to serious issues of transportation and logistics. Mango exports are a good earner of foreign exchange for Pakistan. Unfortunately this source of forex is being affected due to natural causes for the past two years. In 2021, the earnings from export of the fruit had declined by $72 million as a result of the coronavirus pandemic, and in the current year too, the prospects of mango exports are no better either due to a sudden rise in temperature from early April and water shortage, though this year growers and exporters were optimistic about a 100% increase in mango exports. However, the untimely and prolonged heatwave as well as lack of water have dashed hopes of increasing mango exports. This year the sudden rise in temperature was another freak event caused by climate change. In Pakistan and several neighbouring countries, this abnormal situation led to summer directly from winter skipping the spring season. This has caught farmers and horticulturists, including growers of mangoes, unawares, thereby badly affecting the production of agricultural commodities and fruits.

This season, Kinnow production has dropped by 36-50% due to acute canal water scarcity and unexpectedly high temperatures. Iranian market can absorb between 60,000 and 80,000 tons of kinnow, while the size of the Russian-Ukrainian-Belarus market (the largest citrus importing region in the world) for Pakistani citrus fruit may double from the current level of around 50,000 tons in no time. Kinnow export target will be fixed at a lower level at around 250,000 tons this season. Kinnow exports may not feel the pinch. Reasons for this were the reduction in sea freight rates, more availability of containers and weakening of Pakistani rupee versus global currencies. With average annual harvest of 2.4 million tons, the citrus fruit contributes about 30% to the total fruit production in Pakistan, which is increasing at an annual rate of 1.5% over the past two decades. During this period, annual exports of the citrus fruit have expanded by 17%.

Agriculture, the backbone of Pakistan’s rural economy, has been hit hard in 2022, especially due to the impact of the devastating floods. Agriculture has been hit hard by flooding in Pakistan, where climate change-induced flooding has endangered food security and people's livelihoods and caused disruptions to agricultural exports. The catastrophic floods have damaged more than 8 million acres of crops including rice, cotton, pulses, oil seeds and vegetables, and inflicted losses of over 320 billion rupees (1.34 billion U.S. dollars), said officials from the Ministry of National Food Security and Research, adding that the livestock sector also suffered huge losses as more than 1 million animals perished due to floods. All the major crops have been destroyed across the country. Pakistan is the world's fourth rice exporter and fifth cotton exporter, but the recent floods have destroyed these crops, affecting the country's export revenue generation and global supplies.

Recent flooding in Pakistan has damaged the rice crop and hindered wheat planting, according to a Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USDA). The report said rice output for the 2022-23 marketing year was revised down to 8.3 million tonnes, well below last year’s record total of 9.1 million. Projected rice exports also are reduced to 4.5 million tonnes in 2021-22, which would still be a record, and to 4.2 million tonnes in 2022-23.

In October this year, the federal government announced a Kissan relief package of PKR 1,800 billion. The scope of this package is to provide farmers with subsidised fertiliser, urea and electricity, along with providing new loans and waving off interest payments on existing loans. Such packages are a routine matter and nearly all governments announce such schemes for the betterment of the agriculture sector. Transformation, however, has rarely been observed in this sector due to such relief packages. Rocket inflation, high input prices, high electricity tariff and then floods have put a heavy dent on the country’s agriculture sector. The same situation is likely to continue in 2023, if direct subsidies are not given on the key inputs of the agriculture sector. Government needs to take a series of governance reforms and technology interventions to uplift the financial and social status of the agriculture-dependent populations.

## **OTHER MANUFACTURING GROUP EXPORTS**

The export of Other Manufactures group has shown remarkable growth of 69.1% during Q2 (October-December FY2023) as compared to the same period of last year. The export volume reached up to 1 billion USD. There were no major differences observed between bi-annual export of FY2023 and previous fiscal year 2022, similarly for the 2 consecutive quarters of FY2023.

Comparison of current quarter of FY2023 and same quarter of FY2022 reported growth for the following exported commodities; Chemical and pharmaceutical products export increased by 14.1%, surgical goods and medical instruments 7.2%, sports goods 89.9%, Engineering goods 19.1%, Footballs 120.4%, foot wear 25.1, Carpets 46%. While decline reported for these commodities; Leather manufacturers 5.5%, leather garments 13.3%, Plastic material 47.1%, Cutlery 50.6, Auto parts 15.4%, electric fans 16.5% etc.

**Table 5: Other manufacturing group (trade values in USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | Oct-Dec FY’  2022-23 | Oct-Dec FY’  2021-22 | %  Change | July-Dec FY’  2022-23 | July-Dec FY’  2021-22 | %  Change | Oct-Dec FY’  2022-23 | July-Sep FY’  2022-23 | %  Change |
| **Other Manufactures Group** | **995** | **588** | **69.1%** | **1,972** | **1,924** | **2.5%** | **995** | **977** | **1.8%** |
| Carpets, Rugs & Mats | 21 | 14 | 46.0% | 41 | 41 | 1.9% | 21 | 21 | 1.7% |
| Sports Goods | 106 | 56 | 89.8% | 209 | 164 | 27.4% | 106 | 102 | 4.1% |
| A) Footballs | 62 | 28 | 120.4% | 121 | 79 | 53.6% | 62 | 59 | 4.5% |
| B) Gloves | 20 | 12 | 59.9% | 38 | 38 | 0.5% | 20 | 18 | 9.5% |
| C) Others | 25 | 16 | 58.9% | 50 | 48 | 5.3% | 25 | 25 | -0.7% |
| Leather Tanned | 43 | 35 | 23.2% | 88 | 96 | -8.6% | 43 | 45 | -5.7% |
| Leather Manufactures | 156 | 165 | -5.5% | 315 | 320 | -1.4% | 156 | 159 | -1.9% |
| A) Leather Garments | 76 | 87 | -13.3% | 156 | 168 | -6.8% | 76 | 81 | -6.4% |
| B) Leather Gloves | 76 | 73 | 3.8% | 150 | 143 | 5.5% | 76 | 74 | 2.1% |
| C) Other Leather Manufactures | 5 | 5 | -5.4% | 8 | 9 | -9.6% | 5 | 4 | 16.1% |
| Footwear | 43 | 34 | 25.1% | 92 | 73 | 26.1% | 43 | 49 | -12.6% |
| A) Leather Footwear | 34 | 27 | 25.1% | 75 | 59 | 27.1% | 34 | 41 | -18.2% |
| B) Canvas Footwear | 0 | 0 | -58.2% | 0 | 0 | 50.0% | 0 | 0 | -66.7% |
| C) Other Footwear | 9 | 7 | 27.4% | 16 | 13 | 21.7% | 9 | 7 | 20.7% |
| Surgical Goods & Medical Instruments | 116 | 108 | 7.2% | 224 | 206 | 8.5% | 116 | 108 | 7.0% |
| Cutlery | 15 | 31 | -50.6% | 30 | 59 | -48.6% | 15 | 15 | 2.9% |
| Onyx Manufactured | 1 | 1 | -34.9% | 2 | 3 | -41.3% | 1 | 1 | -5.4% |
| Chemicals And Pharm.Products | 360 | 316 | 14.1% | 705 | 678 | 3.9% | 360 | 344 | 4.6% |
| A) Fertilizer Manufactured | - | - | - | - | - | 0.0% | - | - | - |
| B) Plastic Materials | 53 | 100 | -47.1% | 122 | 187 | -34.6% | 53 | 69 | -24.1% |
| C) Pharmaceutical Products | 91 | 65 | 41.3% | 175 | 138 | 26.9% | 91 | 84 | 8.8% |
| D) Other Chemicals | 217 | 152 | 42.8% | 408 | 354 | 15.3% | 217 | 191 | 13.3% |
| Engineering Goods | 66 | 56 | 19.1% | 128 | 109 | 17.7% | 66 | 62 | 7.5% |
| A) Electric Fans | 4 | 4 | -16.5% | 11 | 10 | 7.9% | 4 | 7 | -49.0% |
| B) Transport Equipment | 3 | 2 | 55.7% | 6 | 4 | 33.1% | 3 | 3 | 26.3% |
| C) Other Electrical Machinery | 13 | 9 | 45.4% | 25 | 16 | 53.7% | 13 | 11 | 17.2% |
| D) Machinery Specialized For | - | - | - | - | - | - | - | - | - |
| D) Machinery Specialized For Particular Industries | 10 | 15 | -30.6% | 19 | 30 | -38.9% | 10 | 8 | 23.9% |
| E) AUTO PARTS & ACCESSORIES | 6 | 7 | -15.4% | 12 | 14 | -12.6% | 6 | 5 | 15.4% |
| F) OTHER MACHINERY | 29 | 18 | 65.9% | 56 | 34 | 63.8% | 29 | 27 | 10.1% |
| Gems | 3 | 3 | -9.5% | 5 | 4 | 14.2% | 3 | 2 | 19.4% |
| Jewellary | 2 | 3 | -25.0% | 5 | 5 | -1.2% | 2 | 3 | -9.2% |
| Furniture | 4 | 2 | 92.9% | 8 | 4 | 92.7% | 4 | 4 | -6.8% |
| Molasses | 9 | 0 | 303700.0% | 15 | 0 | 120773.1% | 9 | 5 | 69.1% |
| Handicrafts | 0 | - | - | 1 | - | 100.0% | 0 | 0 | -24.3% |
| Cement | 39 | 89 | -55.7% | 86 | 144 | -40.5% | 39 | 46 | -15.3% |
| Guar And Guar Products | 10 | 11 | -9.0% | 21 | 19 | 6.5% | 10 | 10 | -2.1% |
| Other Items | 608 | 664 | -8.5% | 1,074 | 1,216 | -11.7% | 608 | 467 | 30.3% |

**sOURCE: pbs**

For the economic growth, the manufacturing sector plays its crucial role in the economy of Pakistan. It is the third largest sector in Pakistan after the agriculture and service sector and share of this sector is 14 to 16 % per annum of overall GDP in the country.

Pakistan is focusing to encourage export-oriented sectors, particularly to new markets in Africa and Central Asia, as well as “non-traditional” Pakistani products, including pharmaceuticals, engineered products, and chemicals. These non-traditional markets, the main ones at this moment are Africa and the Central Asian.

To support said policy, the government is currently offering a financial incentive as a percentage of invoice values for firms to export to such markets. The government has especial focus on Pharmaceutical exports through tariff rationalization, trade-related investment, institutional reforms and easing of business regulations. The “Made in Pakistan” marketing drive is also designed to promote Pakistani products in new markets which will greatly help increase the volume of Pharmaceutical sector exports. The government is making all efforts in removing the obstacles hindering Pharmaceutical sector’s growth. Large scale manufacturing (LSM) sector maintained a steady growth momentum in FY2021-22 as the lifting of pandemic restrictions had a positive impact on demand and production both at home and abroad. Overall growth in the non-textile sector is mainly led by the value-added sectors.

The Sports Goods export has shown remarkable growth of 90% in Q2 FY2022 as compared to the export of corresponding period of last fiscal year. Footballs have major contribution in the exports of sports goods. Pakistan is exporting a large portion of its Sports goods from Sialkot to international famous brands like Adidas, Nike, Puma, Lotto, Umbro, Mitre, Micassa, Diador, Wilson and Decathlon. Due to better quality, Pakistan's sports goods gained foreign fame. Among the sports products, the exports of footballs rose by 120 percent as its surging from USD 28 million last year to USD 62 million during the Q2 of current year. Pakistan’s Football exports during the first six months of the fiscal year of 2022-23 increased by 53 percent as compared to the exports of the commodity during the corresponding period of last year.

The exporters of Tanned Leathers registered growth of 23%, while exports of leather gloves declined by 3.8% during Q2 FY2022-23 as compared to previous year quarter. Investors from Italy has shown positive response for Pakistan’s priority sector – Leather for investment to grow the bilateral investment portfolio at a sustainable pace.

The exports of footwear have shown positive growth of 25% with 25% growth of leather footwear. It is pertinent to mention that all of the subgroups included in Engineering sector have shown positive growth except Leather manufacturers -5.5%, Cutlery -50.6%, Plastic materials 47%, Cement -55.7% sub-sectors showed declined in Q2 FY2022-23 as compared to same period last year.

Cement Exports also dropped from USD 89 million to USD 39 million compared with the corresponding quarter of FY2022. The reduction reported of 55.7%. Pakistan began the new fiscal year 2022-23 by registering lower cement and clinker exports in value and volume terms, with declines seen on both a QoQ and YoY basis. Experts attribute the decline to the global economic slowdown, supply chain disruptions and higher sea freight charges. Low export prices coupled with increasing coal prices made exports unattractive during the new fiscal. The negative trend was also observed last year, and domestic producer [Lucky Cement](https://www.cemnet.com/global-cement-report/company/lucky-cement-limited-lcl)recently shared its concerns in an analyst briefing. Officials at Lucky Cement said the company's cement exports in FY22 fell significantly by 25.5 per cent YoY to 1.8Mt on account of higher input and freight costs, coupled with political instability in Sri Lanka and Afghanistan, which led to a massive decline. While tapping the market of United State of America (USA) for the first time a Pakistani firm has received import of cement worth $360 million. DG Khan Cement Company (DGKCC) has an order to export 600,000 tons of low alkali cement to the USA per year which will fetch approximately $ 360 million for the country.

Exports of Electric Fan from Pakistan to world has shown an increase of 16.5% during Q2 FY2022-23. The industry is mainly located in Gujrat and partially in Gujranwala, there are 150-200 small to medium-sized electric fan manufacturing units, with their component suppliers also spread in the two cities. Manufacturers in the country produce ceiling and pedestal fans, with the former mostly being procured by domestic buyers. Made in Pakistan pedestal fans are currently being exported to Bangladesh, Afghanistan, Middle Eastern countries like Saudi Arabia, United Arab Emirates, Yemen, Iraq, etc. The main reason for steady growth is the increase of prices of basic raw materials needed for the production of electrical fans that have significantly raised the costs of the manufacturers and brought upward pressure on retail market rates across the country. The raw material market is quite volatile for the last six to eight months as the prices of electrical steel sheet, the most important material of a fan, with higher rates. Scrap, which is a second major source of getting steel for fan manufacturers, is hardly available as it is being exported to China. The industry is also facing a shortage of raw materials electrical steel sheet, copper, aluminum, and some plastic items in the domestic market. This along with poor sales owing to the shrinking buying powers of consumers amid the pandemic is leading to production cuts, fan manufacturers.

Moreover, the exports of cutlery have decreased by 55.7%. Surgical instrument exports have shown increase of 7.2% during Q2 FY201-22. Pakistan is one of the main suppliers of global surgical instruments. However, these instruments are re-marketed from western countries with famous brands. As a result, the export value of these products remains negligible.

Government of Pakistan facilitated Engineering and Manufacturing sector through different facilitating schemes during FY’22. Export Facilitation Scheme 2021 is effective from 14th August 2021, and it shall reduce cost of doing business and cost of tax compliance, improve ease of doing business, reduce liquidity problems of exporters by eliminating Sales Tax refunds and Duty Drawback for the users of Scheme and shall attract more users and shall ultimately promote exports. Pakistan manufacturing sector is mainly composed of SMEs including Surgical, Fans, Auto, Light engineering, footwear, plastics, and gloves. Keeping in view, the State Bank has introduced an innovative initiative to improve access to finance for Small and Medium Enterprises (SMEs) in collaboration with the Government of Pakistan with the express aim of enabling businesses who cannot offer security / collateral to access bank finance. This initiative has been brand named, ‘SME Asaan Finance’ or SAAF to emphasize the SME facilitation feature of this scheme to provide clean lending i.e. lending without collateral to SMEs.

## **PETROLEUM GROUP & COAL EXPORTS**

Pakistan has proven oil reserves of 354 million barrels, ranking 52nd in the world on this count. Every year, it produces on an average 83,000 barrels per day of oil, which represents 8.5 per cent of its total proven oil reserves, and 19pc of total yearly consumption of oil in the country. In other words, indigenous oil reserves will be exhausted totally within 10-12 years given the present rate of production in case new discoveries of crude oil reserves are not made.  On the list of oil-consuming countries, Pakistan is ranked 33rd. Pakistan has consumed 79.8% of the total reserves. Pakistan’s oil production stood at 27 million barrels in financial year 2020-21 compared to the target of 30 million barrels, showing 90% achievement of the goal.

The alarming trade deficit is propelled, primarily, by record increase in oil prices in the international market, and, generally, because of imports growing significantly higher than exports. Petroleum products, and mineral fuels, including oil are the main contributor to the massive trade deficit. Pakistan imports crude oil as well as refined oil since the domestic oil refining industry has limitations in terms of capacity and capability.

The trend of import of oil, crude as well as refined, is likely to continue. Oil demand in Pakistan is increasing by at least 8% a year. For the last few weeks, global oil prices have been declining, having gone below $100 per barrel, but there is upward trend again. According to a JP Morgan forecast, global oil prices could reach as high as $380 per barrel if Russia cuts its crude oil output in the wake of the Western sanctions due to the ongoing war with Ukraine. These challenging times provide an excellent opportunity for the government to accelerate oil exploration and production in the country, which will result in the reduction in oil imports. Inviting new investments in the oil and gas sector is the need of the hour.

**Table 6: Petroleum group exports (trade values in USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | Oct-Dec FY’  2022-23 | Oct-Dec FY’  2021-22 | %  Change | July-Dec FY’  2022-23 | July-Dec FY’  2021-22 | %  Change | Oct-Dec FY’  2022-23 | July-Sep FY’  2022-23 | %  Change |
| **Petroleum Group & Coal** | **103** | **64** | **61%** | **168** | **123** | **37.4%** | **103** | **65** | **58.7%** |
| Petroleum Crude | 87 | 54 | 59.9% | 142 | 107 | 33% | 87 | 55 | 58.3% |
| Petroleum Products(Excl Top Naphta) | 16 | 10 | 67.5% | 26 | 16 | 66.9% | 16 | 10 | 60.8% |
| Petroleum Top Naphta | - | - | - | - | - | - | - | - | - |
| Solid Fuels (Coal) | 0 | - | - | 0 | - | 100% | 0 | - | - |

**sOURCE: pbs**

# **PAKISTAN’S IMPORT PROFILE (GOODS)**

Imports into Pakistan during October-December, FY2022-23 amounted to USD 15.04 billion as against USD 21.9 billion in October-December FY2021-22 showing decrease of 31% over the last year. Imports during July –December, 2022 totaled around USD 31.24 billion as against the USD 40.56 billion during the corresponding period of last year showing decrease of 23%. Imports during the current quarter October-December, FY2022-23 over the preceding quarter July-September FY 2022-23 recorded decrease of 8%. The imports of partner countries showing increase and decrease have been detailed as follows:

**TOP IMPORT PARTNERS SHOWING INCREASE (Q2: OCT – DEC FY2022-23)**

**Table 7: Top import destinations showing increase (trade values in USD million)**

|  |  |  |  |
| --- | --- | --- | --- |
| **PARTNER COUNTRIES** | **OCT-DEC** | **OCT-DEC** | **% Change** |
| **FY 2022-23** | **FY 2021-22** |
| Saudi Arabia | 1174 | 1121 | 5% |
| Qatar | 1035 | 798 | 30% |
| Morocco | 310 | 225 | 38% |
| Afghanistan | 301 | 272 | 11% |
| Netherlands | 258 | 185 | 39% |
| Iran, Islamic Republic of | 242 | 195 | 24% |
| Brazil | 230 | 149 | 54% |
| Russian Federation | 218 | 98 | 122% |
| Oman | 184 | 112 | 65% |
| Australia | 178 | 148 | 20% |

**sOURCE: pbs**

**TOP IMPORT PARTNERS SHOWING DECREASE (Q2: OCT – DEC FY2022/23)**

**Table 8: Top import destinations showing decrease (trade values in USD million)**

|  |  |  |  |
| --- | --- | --- | --- |
| **PARTNER COUNTRIES** | **OCT-DEC** | **OCT-DEC** | **% Change** |
| **FY 2022-23** | **FY 2021-22** |
| China | 3087 | 6247 | -51% |
| United Arab Emirates | 1410 | 1896 | -26% |
| Indonesia | 1129 | 1188 | -5% |
| Kuwait | 614 | 791 | -22% |
| United States | 494 | 1198 | -59% |
| Japan | 293 | 639 | -54% |
| Thailand | 291 | 493 | -41% |
| Singapore | 221 | 350 | -37% |
| Germany | 205 | 240 | -15% |
| Malaysia | 197 | 409 | -52% |

**sOURCE: pbs**

# **SECTOR-WISE IMPORTS PERFORMANCE**

Of the total USD 15.04 billion imports during October-December, FY2022-23, imports of the petroleum group ranked the highest with imports worth of USD 4,420 million followed by agriculture & Chemicals group (USD 2,540 million), Food group (USD 2,191 million), machinery group (USD 1,468 million), Metal group (USD 1,137 million), Textile group (USD 1,135 million), Transport group (USD 561 million), and Miscellaneous group (USD 250 million). Main commodities of imports during October-December, FY 2022-23 were Petroleum Crude (USD 1,421 million), Raw Cotton (USD 551 million), Fertilizer Manufactured (USD 351 million), Pulses (USD 287 million), Petroleum Gas, Liquified (USD 205 million), Tea (USD 184 million), Paper & Paper Board & Manuf.Thereof (USD 129 million), Soyabean Oil (USD 77 million), Aluminium Wrought & Worked (USD 67 million), and Milk, Cream & Milk Food For Infants (USD 48 million).

The sector wise analysis Q2 of FY’23 as compared with Q2 of FY’22 showed that all import sectors depict declining trend. Overall 31% decrease in imports was observed. Where major decline was reported in Machinery group by 52% which is mainly due to low import of power generating machinery, followed by Machinery group 38% and Agricultural & other Chemicals group 44%. The decline in imports is attributed to the government restrictions on the issuance of Letters of Credit (LCs), dollar shortage, and political issues in the country. Also, many major industries have shut down their production plants due to a shortage of imported raw materials during this period.

**Table 9: Imports Sectors (trade values in USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SECTORS** | **OCT-DEC** | **OCT-DEC** | **% Change** | **JULY -DEC** | **JULY-DEC** | **% Change** | **OCT-DEC** | **July – Sep FY22/23** | **% Change** |
| **FY2022-23** | **FY2021-22** | **FY2022-23** | **FY 2021-22** | **FY 2022-23** |
| **GRAND TOTAL** | **15,046** | **21,951** | **-31%** | **31,245** | **40,563** | **-23%** | **15,046** | **16,400** | **-8%** |
| PETROLEUM GROUP | 4,420 | 5,589 | -21% | 9,286 | 10,182 | -9% | 4,420 | 2,724 | 62% |
| MACHINERY GROUP | 1,468 | 3,061 | -52% | 3,236 | 5,915 | -45% | 1,468 | 1,769 | -17% |
| AGRICULTURAL AND OTHER CHEMICALS GROUP | 2,540 | 4,519 | -44% | 5,176 | 7,937 | -35% | 2,540 | 606 | 319% |
| FOOD GROUP | 2,191 | 2,435 | -10% | 4,914 | 4,799 | 2% | 2,191 | 4,866 | -55% |
| METAL GROUP | 1,137 | 1,858 | -39% | 2,384 | 3,400 | -30% | 1,137 | 973 | 17% |
| TEXTILE GROUP | 1,135 | 1,207 | -6% | 2,109 | 2,396 | -12% | 1,135 | 2,636 | -57% |
| TRANSPORT GROUP | 561 | 1,218 | -54% | 1,163 | 2,318 | -50% | 561 | 1,255 | -55% |
| MISCELLANEOUS GROUP | 250 | 325 | -23% | 502 | 618 | -19% | 250 | 251 | -0.4% |
| ALL OTHERS ITEMS | 1,345 | 1,740 | -23% | 2,476 | 2,998 | -17% | 1,345 | 1,321 | 2% |

**sOURCE: pbs**

Pakistan’s trade deficit narrowed by 33.22 percent during the first half (July-December) of the current fiscal year and stood at $16.987 billion compared to $25.438 billion during the same period of the last fiscal year.

**TOP IMPORT COMMODITIES SHOWING INCREASE (Q2: OCT – DEC FY2022-23)**

**Table 10: Top import commodities showing increase (trade values in USD million)**

|  |  |  |  |
| --- | --- | --- | --- |
| **SUB-SECTORS** | **Oct – Dec FY'23** | **Oct – Dec FY'22** | **% Change** |
| PETROLEUM CRUDE | 1421 | 1156 | 23% |
| RAW COTTON | 551 | 478 | 15% |
| FERTILIZER MANUFACTURED | 351 | 267 | 31% |
| PULSES (LEGUMINOUS VEGETABLES) | 287 | 122 | 135% |
| PETROLEUM GAS, LIQUIFIED | 205 | 178 | 15% |
| TEA | 184 | 149 | 23% |
| PAPER & PAPER BOARD & MANUF.THEREOF | 129 | 121 | 6% |
| SOYABEAN OIL | 77 | 25 | 209% |
| ALUMINIUM WROUGHT & WORKED | 67 | 51 | 32% |
| MILK, CREAM & MILK FOOD FOR INFANTS | 48 | 38 | 26% |

**sOURCE: pbs**

**TOP IMPORT COMMODITIES SHOWING DECREASE (Q2: OCT – DEC FY2022-23)**

**Table 11: Top import commodities showing decrease (trade values in USD million)**

|  |  |  |  |
| --- | --- | --- | --- |
| **SUB-SECTORS** | **Oct – Dec FY'23** | **Oct – Dec FY'22** | **% Change** |
| NATURAL GAS, LIQUIFIED | 980 | 1374 | -29% |
| PALM OIL | 946 | 953 | -1% |
| PLASTIC MATERIALS | 624 | 771 | -19% |
| IRON AND STEEL | 505 | 829 | -39% |
| ROAD MOTOR VEH. (BUILD UNIT, CKD/SKD) | 494 | 978 | -49% |
| CKD/SKD | 375 | 628 | -40% |
| MEDICINAL PRODUCTS | 364 | 1952 | -81% |
| ELECTRICAL MACHINERY & APPARATUS | 346 | 567 | -39% |
| IRON AND STEEL SCRAP | 330 | 731 | -55% |
| TELECOM | 317 | 785 | -60% |

**sOURCE: pbs**

# **SECTOR-WISE IMPORTS ANALYSES**

**Table 12: Petroleum group imports (trade values in USD million)**

## **PETROLEUM GROUP**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | **OCT-DEC** | **OCT-DEC** | **% Change** | **JULY -DEC** | **JULY-DEC** | **% Change** | **OCT-DEC** | **July – Sep FY22/23** | **% Change** |
| **FY2022-23** | **FY2021-22** | **FY2022-23** | **FY 2021-22** | **FY 2022-23** |
| **PETROLEUM GROUP** | 4420 | 5589 | -21% | **9,286** | **10,182** | **-9%** | 4,420 | 4,866 | -9% |
| 22. PETROLEUM PRODUCTS | 1813 | 2881 | -37% | 4,202 | 5,057 | -17% | 1,813 | 2,389 | -24% |
| 23. PETROLEUM CRUDE | 1421 | 1156 | 23% | 2,776 | 2,411 | 15% | 1421 | 1355 | 5% |
| 24.NATURAL GAS, LIQUIFIED | 980 | 1374 | -29% | 1,950 | 2,399 | -19% | 980 | 970 | 1% |
| 25. PETROLEUM GAS, LIQUIFIED | 205 | 178 | 15% | 357 | 316 | 13% | 205 | 152 | 35% |
| 26. OTHERS | 0.11 | 0.079 | 41% | 0.189 | 0.177 | 7% | 0.11 | 0.08 | 42% |

**sOURCE: pbs**

The petroleum group contributed over 29% of the overall import bill during second quarter of FY2022-23. Petroleum group imports into Pakistan stood at USD 4,420 million during Oct- December FY 2022-23 as against USD 5,589 million during same period over last year showing decrease of 21%. Half yearly comparison shows that Pakistan imported Petroleum products soared 113% as compared to the same period over last year. A downtrend seen in the import of petroleum group in the first six months of the FY 2022-23, led by sluggish industrial activity, weak auto sales and lofty product prices, is likely to spill over to early 2023.

Three import item in the Petroleum Group showing Increasing trend including Petroleum Crude (USD 1,421 Million), Petroleum Gas Liquefied (USD 205 Million) and Others Item (USD 0.011 Million) during Q2 of FY22/23. The hike in Petroleum Crude and other Petroleum items are due to a hike in global oil prices. Pakistan is a net importer of petroleum products and Russia’s war in Ukraine resulted in a massive increase in prices of petroleum products. The persistently high crude oil prices will likely weigh heavily on Pakistan’s economy. However, by lifting domestic production of petroleum products like diesel, it can avoid paying hefty premiums to foreign firms on the purchase of refined products. The expensive imports of energy products, like crude oil, petrol, diesel and liquefied natural gas (LNG), have hollowed out the economy and exposed millions of Pakistanis to back-breaking inflation

While two import item in the Petroleum Group showing decreasing trend including Petroleum Products (USD 1,813 Million), and Natural Gas Liquefied (USD 980 Million) during Q2 of FY22/23. With the beginning of winter, stoves at homes have run out of gas, indicating that the energy crisis will worsen in the coming months when the weather will become harsh. The decreasing import of Natural Gas Liquefied makes the situation worst. Pakistan has been struggling to arrange LNG cargoes in recent months to meet the growing demand for gas in the winter season. State-owned Pakistan LNG Limited (PLL) has so far failed to secure supplies as demand has surged in many countries including the European states. Although Russia was willing to sell natural gas to Pakistan through the “infrastructure of Central Asia or in a swap from the territory of Iran”. The main aim of Russia is to diversify its energy buyers as it faces increasing global isolation following the invasion of Ukraine in February. One of the largest energy producers, Russia’s share in the global gas export market is around one-fifth. But Pakistan is not able to capture the benefits from this opportunity due to two main reasons. One, lack of infrastructure to handle gas imports; and two, inadequate capacity in the existing pipeline system to transport gas from one point to another. Pakistan has made little progress to expedite the construction of two long-overdue LNG terminals — Qatar-backed Energas LNG and Mitsubishi-backed Tabeer LNG. Each of the two terminals will have capacities of 750-1,000mmcfd. But still Pakistan require Pakistan shows seriousness in developing the long-pending 683-mile pipeline from Karachi to Lahore by offering the proposal for Russian help.

## **MACHINERY GROUP**

Import of Machinery Group is necessary for the growth of manufacturing sector of Pakistan. Over the Q2 (October-December) FY’23, the import volume of Machinery group has reported decline by 52% as compared to same period of last of FY’22. The comparison shows that Pakistan imported Machinery worth of USD 1.46 billion during Q2 (October-December) FY’23 which was reported USD 3.06 billion for the same quarter in the FY’22. All the sub-sector’s import volume decreased when compared to the same period of FY’22. Major decline were reported for the following sub-sectors where 67% reduction was reported for power generating machinery, 65% import value reduced in account of construction & mining machinery. Quarterly comparison showed that import payments of Machinery Group in Q2 FY’23 has negative growth of 17% as compared to Q1 (July-September) of FY’23.

**Table 13: Machinery group imports (trade values in USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | **OCT-DEC** | **OCT-DEC** | **% Change** | **JULY -DEC** | **JULY-DEC** | **% Change** | **OCT-DEC** | **July – Sep FY22/23** | **% Change** |
| **FY2022-23** | **FY2021-22** | **FY2022-23** | **FY 2021-22** | **FY 2022-23** |
| **MACHINERY GROUP** | **1,468** | **3,061** | **-52%** | **3,236** | **5,915** | **-45%** | **1,468** | **1,769** | **-17%** |
| POWER GENERATING MACHINERY | 153 | 458 | -67% | 288 | 990 | -71% | 153 | 151 | 1% |
| OFFICE MACHINE INCL.DATA PROC EQUIP | 102 | 159 | -36% | 167 | 300 | -44% | 102 | 65 | 56% |
| TEXTILE MACHINERY | 96 | 203 | -53% | 242 | 435 | -44% | 96 | 146 | -34% |
| CONSTRUCTION & MINING MACHINERY | 20 | 57 | -65% | 43 | 96 | -55% | 20 | 23 | -13% |
| ELECTRICAL MACHINERY & APPARATUS | 346 | 567 | -39% | 871 | 1041 | -16% | 346 | 530 | -35% |
| TELECOM | 317 | 785 | -60% | 566 | 1423 | -60% | 317 | 249 | 27% |
| A. MOBILE PHONE | 203 | 596 | -66% | 363 | 1091 | -67% | 203 | 160 | 27% |
| B. OTHER APPARATUS | 115 | 190 | -40% | 203 | 333 | -39% | 115 | 89 | 29% |
| AGRICULTURAL MACHINERY & IMPLEMENTS | 6 | 31 | -80% | 21 | 62 | -65% | 6 | 15 | -58% |
| OTHER MACHINERY | 428 | 801 | -47% | 1037 | 1568 | -34% | 428 | 590 | -27% |

**sOURCE: pbs**

All imported items of Machinery Group registered significant decrease including Power Generating Machinery (USD 153 million), Office Machine Incl. Data Proc Equip (USD 102 million), Textile Machinery (USD 96 million), Construction & Mining Machinery (USD 20 million), Electrical Machinery & Apparatus (USD 346 million), Telecom (USD 317 million), Agricultural Machinery & Implements (USD 6 million), and others machinery item (USD 428 million.

Import of machinery item showing downward trend mainly because of restrictions imposed since May by the State Bank of Pakistan (SBP) in order to reduce dollar outflows to protect the country’s declining foreign exchange reserves as well as stem the rupee’s freefall. Import restrictions were in place even on items required as raw material for exports. Few companies also closing their operations in Pakistan due to the uncertain scenario, all items of machinery import showed decline trends. Another noticeable point is that textile machinery import dropped to 53 percent as compared to the previous quarter. Textile industry maintains its ranking of the single largest manufacturing sector in Pakistan. Unfortunately, the reduction of import machinery of textile hinder the production and export of textile sector.

## **AGRICULTURE AND CHEMICAL GROUP**

Agriculture and Chemical Group has shown significant reduction with 44% in the import bill during Q2 FY’23. The comparison shows that Pakistan imported Agriculture and Chemical products worth of USD 2.5 billion during Q2 FY’23 as against USD 4.5 billion during the corresponding period of last year FY’22.

All Sub-sectors of Agriculture and Chemical Group; insecticides, medicinal products and plastic material and other product imports have shown decrease except fertilizer manufactured. Import of medicinal products showed significant decline with 81% in imports followed by plastic material 19% and insecticides 15%, while imports of fertilizer manufactures surged by 31% with the value of USD 351 million during Q2 of FY’23 as against the import of USD 267 million of the same period in FY’22. There is a huge difference of USD 1588 million has observed in the imported value of medicinal products when compared to the same period of FY’22. The sharp decline in the Medicinal products is due to the decline the import of Covid-19 vaccination as vaccination process of Pakistani citizens almost completed.

**Table 14: Agriculture & other chemicals imports (trade values in USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | **OCT-DEC** | **OCT-DEC** | **% Change** | **JULY -DEC** | **JULY-DEC** | **% Change** | **OCT-DEC** | **July – Sep FY22/23** | **% Change** |
| **FY2022-23** | **FY2021-22** | **FY2022-23** | **FY 2021-22** | **FY 2022-23** |
| **AGRICULTURAL AND OTHER CHEMICALS GROUP** | **2,540** | **4,519** | **-44%** | **5,176** | **7,937** | **-35%** | **2,540** | **2,636** | **-4%** |
| FERTILIZER MANUFACTURED | 351 | 267 | 31% | 467 | 523 | -11% | 351 | 116 | 202% |
| INSECTICIDES | 42 | 49 | -15% | 101 | 86 | 17% | 42 | 59 | -29% |
| PLASTIC MATERIALS | 624 | 771 | -19% | 1283 | 1525 | -16% | 624 | 659 | -5% |
| MEDICINAL PRODUCTS | 364 | 1,952 | -81% | 736 | 3099 | -76% | 364 | 372 | -2% |
| OTHERS | 1160 | 1,480 | -22% | 2589 | 2703 | -4% | 1160 | 1,429 | -19% |

**sOURCE: pbs**

The sharp increase of fertilizer manufactured USD 351 million during Q2 FY23 as against the import of USD 116 million during Q1 FY23. All fertilizers were being imported at zero percent Customs duty and the DAP was also being imported from China with whom Pakistan had a Free Trade Agreement. Fauji Fertilizer Bin Qasim Limited (FFBL) was the sole producer of the DAP in Pakistan and in fact constituted domestic industry. FFBL recently submit a proposal that hat either the GST at input stage for FFBL may be exempted or imported DAP may be made subject to GST or duty may be imposed at the import stage of the DAP fertilizer. However, the FFBL was inefficient ad imported DAP was cheaper. As the international prices of the imported DAP had fallen lately it had pushed FFBL/FFC to sell the DAP at import parity price. In these circumstances, the imposition of the GST on imported DAP might not be feasible.

The sharp decrease in the import of insecticides due to not opening of LCs. The non-availability of appropriate insecticides are rice, mango, citrus fruits, vegetables, maize and sunflower, etc. These crops are of vital importance for food security and foreign exchange earnings.  So, if LCs for such commodities were not opened at the right time area under these crops and national productivity will be negatively affected which will not only create shortage but also cause severe food inflation in local markets.

**FOOD GROUP**

Food Group has shown significant reduction with 10% in the import bill during Q2 FY’23. The comparison shows that Pakistan imported Food products worth of USD 2.1 billion during Q2 FY’23 as against USD 2.43 billion during the corresponding period of last year FY’22.

**Table 15: Food group imports (trade values in USD)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | **OCT-DEC** | **OCT-DEC** | **% Change** | **JULY -DEC** | **JULY-DEC** | **% Change** | **OCT-DEC** | **July – Sep FY22/23** | **% Change** |
| **FY2022-23** | **FY2021-22** | **FY2022-23** | **FY 2021-22** | **FY 2022-23** |
| **FOOD GROUP** | **2,191** | **2,435** | **-10%** | **4,914** | **4,799** | **2%** | **2,191** | **2,724** | **-20%** |
| MILK, CREAM & MILK FOOD FOR INFANTS | 48 | 38 | 26% | 81 | 72 | 13% | 48 | 34 | 41% |
| WHEAT UNMILLED | 201 | 371 | -46% | 609 | 470 | 30% | 201 | 409 | -51% |
| DRY FRUITS & NUTS | 13 | 25 | -46% | 22 | 36 | -39% | 13 | 8 | 68% |
| TEA | 184 | 149 | 23% | 319 | 301 | 6% | 184 | 135 | 36% |
| SPICES | 40 | 53 | -25% | 78 | 123 | -37% | 40 | 38 | 4% |
| SOYABEAN OIL | 77 | 25 | 209% | 155 | 46 | 235% | 77 | 78 | -1% |
| PALM OIL | 946 | 953 | -1% | 2082 | 1844 | 13% | 946 | 1,136 | -17% |
| SUGAR | 2 | 98 | -98% | 3 | 189 | -98% | 2 | 1 | 91% |
| PULSES (LEGUMINOUS VEGETABLES) | 287 | 122 | 135% | 533 | 346 | 54% | 287 | 246 | 17% |
| ALL OTHERS FOOD ITEMS | 392 | 600 | -35% | 1031 | 1371 | -25% | 392 | 639 | -39% |

**sOURCE: pbs**

The agricultural sector is one of the largest contributors to the economy. While declining as a proportion of GDP, agriculture still contributes one-fifth of Pakistan's wealth and almost half the population depends directly or indirectly on agriculture for their livelihoods. With 79.6 million acres of arable land, there is a great potential for improving efficiencies and productivity of the agriculture sector.

Six import items / sub-sectors in the Food Group showing decreasing trend including wheat unmilled (USD 201 Million), dry fruits & nuts (USD 13 Million), spices (USD 40 Million), sugar (USD 2 Million), and Others Item (USD 392 Million) during Q2 of FY22/23. The negative trend of import items related to food group is a good sign for Pakistan economy. It means the comparatively less shortage or production of these food items are increased as compared to previous years and country is now less dependent of these food items import.

While four import item in the Food Group showing decreasing trend including milk, cream & milk food for infants (USD 48 Million), tea (USD 1,84 Million), soybean oil (USD 77 Million), and pulses (USD 287 Million) during Q2 of FY22/23. In Pakistan, nearly 90% of the import of oilseeds is constituted by palm and soybean oilseeds. Soybean oil import is 204% increase during Q2 FY22/23 as compared to the same quarter of the previous year. The soybean oil import is upsurge despite of the restriction of letter of credit and other import restrictions in Pakistan. During July-November 2022, over 97,945 metric tons of soybean oil costing $144.094 million were also imported for producing edible oil and manufacturing vegetable ghee to fulfill local consumptions as compared to the imports of 34,672 metric tons worth $43.095 million in the same period last year. Similarly, 23 percent surged have been witnessed in the import of tea increase during Q2 FY22/23 as compared to the same quarter of the previous year. Pakistan is the biggest importer of tea, and currently Pakistan is facing financial crisis. Pakistan’s heavy reliance on import of tea is calling for enhanced production capacity. Pakistan has huge potential to become self-sufficient in the tea sector. We have 64,000 hectares of land suitable for tea plantation. But now less than 80 hectares are devoted to tea plantation. Although, Farmers are reluctant to grow tea because it took at least five to six years for the first picking. Tea planting can be promoted through cooperative farming and government subsidies. Providing incentives such as loans free of interest to growers during the gestation period is also a practice adopted by China.

## **METAL GROUP**

The metal group imports have shown an overall decrease of 39% with the imported value USD 1.137 billion in Q2 (October-December) of FY’23 as compared to the same period last FY’22. Half yearly comparison also shown that Pakistan imported Metal group products worth of USD 2,384 million during July –December FY2022-23 as against USD 3,400 million during the corresponding period of last year - showing an decrease of 30%. In comparison with the Q1 of FY’23, the import bill of metal group decreased by 9% during the Q2 of FY 23.

**Table 16: Metal group imports (trade values in USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | **OCT-DEC** | **OCT-DEC** | **% Change** | **JULY -DEC** | **JULY-DEC** | **% Change** | **OCT-DEC** | **July – Sep FY22/23** | **% Change** |
| **FY2022-23** | **FY2021-22** | **FY2022-23** | **FY 2021-22** | **FY 2022-23** |
| **METAL GROUP** | **1,137** | **1,858** | **-39%** | **2,384** | **3,400** | **-30%** | **1,137** | **1,255** | **-9%** |
| GOLD | 8 | 6 | 39% | 14 | 10 | 44% | 8 | 7 | 22% |
| IRON AND STEEL SCRAP | 330 | 731 | -55% | 706 | 1232 | -43% | 330 | 377 | -12% |
| IRON AND STEEL | 505 | 829 | -39% | 1025 | 1539 | -33% | 505 | 521 | -3% |
| ALUMINIUM WROUGHT & WORKED | 67 | 51 | 32% | 137 | 104 | 32% | 67 | 70 | -4% |
| ALL OTHER METALS & ARTICALS | 227 | 242 | -6% | 501 | 515 | -3% | 227 | 281 | -19% |

**sOURCE: pbs**

Two import items / sub-sectors in the metal Group showing increasing trend including gold ( USD 8 million) and Aluminum Wrought & Worked (USD 67 million). Due to high import of Aluminum, the customs classification committee of the Federal Board of Revenue (FBR) has imposed 30 percent customs duty on the import of aluminium waste and scrap of auto-parts. They view that that the impugned goods were fragmented pieces of auto-parts, without change in their actual composition, and classifiable under Pakistan Customs Tariff (PCT) Code 7602.0010 (auto-parts). While two import items / sub-sectors in the metal Group showing decreasing trend including Iron and steel scrap (USD 330 million) and Iron and steel (USD 505 million).

## **TEXTILES GROUP**

The Textile imports have decreased by 6% during Q2 FY’23 as compared to same period of FY’22. Half yearly comparison shows that Pakistan imported textiles group products worth of USD 2.109 billion during July –December FY2022-23 as against USD 2.396 billion during the corresponding period of last year - showing decrease of 12%. Quarterly comparison shows 17% surge in the import bill during October-December 2022 as compared to July- September 2022.

**Table 17: Textiles group imports (trade values in USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | **OCT-DEC** | **OCT-DEC** | **% Change** | **JULY -DEC** | **JULY-DEC** | **% Change** | **OCT-DEC** | **July – Sep FY22/23** | **% Change** |
| **FY2022-23** | **FY2021-22** | **FY2022-23** | **FY 2021-22** | **FY 2022-23** |
| **TEXTILES GROUP** | **1135** | **1207** | **-6%** | **2,109** | **2,396** | **-12%** | **1135** | **973** | **17%** |
| RAW COTTON | 551 | 478 | 15% | 930 | 821 | 13% | 551 | 380 | 45% |
| SYNTHETIC FIBRE | 114 | 160 | -29% | 263 | 405 | -35% | 114 | 149 | -24% |
| SYNTHETIC & ARTIFICIAL SILK YARN | 169 | 201 | -16% | 326 | 428 | -24% | 169 | 156 | 8% |
| WORN CLOTHING | 100 | 101 | -1% | 200 | 214 | -6% | 100 | 100 | 0% |
| OTHR TEXTILE ITEMS | 202 | 266 | -24% | 389 | 528 | -26% | 202 | 187 | 8% |

**sOURCE: pbs**

Four import items / sub-sectors in the textiles Group showing decreasing trend including Synthetic Fiber (USD 114 million), Synthetic & Artificial Silk Yarn (USD 169 million), Worn Clothing (USD 100 million), and Other Textile Items (USD 202 million).

While raw cotton registered significant increase of 15% during FY’ 23 as compared to same quarter of the previous year. According to Pakistan Cotton Ginner's Association (PCGA), total cotton arrival in Pakistan declined to 4.61 million bales as of January 1, 2023, compared to 7.347 million bales in the same period last year, a fall of 2.737 million bales or 37.2% he snowball effect from the destruction of the cotton crop by monsoon floods in Aug-Sep seems to be finally showing up in the production figures of the downstream manufacturing value chain. . Due to clear signs of raw material shortage in the local market, the import of raw cotton increase 15 percent during Q2FY’23 as compared to the same period of the last year

## 

## **TRANSPORT GROUP**

The import of transport group has shown significant decrease of 54% in Q2 (July-September) of FY’23 as compared to same period last year. The statistics reveal that around USD 561 million worth of goods under transport group were imported during Q2 FY’23. Quarterly comparison shows a reduction of 7% during Q2 of FY’23 as compared to the Q1 of FY’23. All the sub-sectors of transport group showed decrease in the imported values where massive decline of 88% reported in the imported value of aircraft, ships and boats 85% in motor cars, and 81% in CBU imports of Q2 FY’23 when compared with the same period of FY’22. Road motors vehicles and CKD/SKD have the major import shares of worth USD 494 million an USD 978 million in transport sector. Comparison of Q2 FY’23 and Q1 FY’23 also showed the decline in the transport group import 7 percent.

**Table 18: Transport group imports (trade values in USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | **OCT-DEC** | **OCT-DEC** | **% Change** | **JULY –DEC** | **JULY-DEC** | **% Change** | **OCT-DEC** | **July – Sep FY22/23** | **% Change** |
| **FY2022-23** | **FY2021-22** | **FY2022-23** | **FY 2021-22** | **FY 2022-23** |
| **TRANSPORT GROUP** | **561** | **1218** | **-54%** | **1,163** | **2,318** | **-50%** | **561** | **606** | **-7%** |
| 19. ROAD MOTOR VEH. (BUILD UNIT, CKD/SKD) | 494 | 978 | -49% | 1,034 | 1,871 | -45% | 494 | 541 | -9% |
| 19.1 CBU | 30 | 154 | -81% | 108 | 319 | -66% | 30 | 70 | -58% |
| A. BUSES, TRUCKS & OTH. HEAVY VEHICLES | 17 | 76 | -77% | 75 | 144 | -48% | 17 | 51 | -66% |
| B. MOTOR CARS | 12 | 76 | -85% | 33 | 172 | -81% | 12 | 19 | -39% |
| C.MOTOR CYCLES | 1 | 1 | -46% | 1 | 3 | -65% | 1 | 0.3 | 80% |
| 19.2 CKD/SKD | 375 | 628 | -40% | 723 | 1212 | -40% | 375 | 361 | 4% |
| A. BUSES, TRUCKS & OTH. HEAVY VEHICLES | 115 | 205 | -44% | 197 | 366 | -46% | 115 | 90 | 28% |
| B. MOTOR CARS | 246 | 403 | -39% | 498 | 808 | -38% | 246 | 258 | -5% |
| C.MOTOR CYCLES | 14 | 20 | -30% | 28 | 38 | -27% | 14 | 14 | 0% |
| 19.3 PARTS & ACCESSORIES | 81 | 166 | -51% | 189 | 285 | -34% | 81 | 103 | -21% |
| 19.4 OTHERS | 9 | 30 | -71% | 15 | 55 | -73% | 9 | 6 | 44% |
| 20.AIRCRAFTS, SHIPS AND BOATS | 28 | 235 | -88% | 88 | 440 | -80% | 28 | 62 | -55% |
| 21OTHERS TRANSPORT EQUIPMENTS | 39 | 5 | 674% | 41 | 7 | 475% | 39 | 2 | 1834% |

**sOURCE: pbs**

Pakistan spent $1.2 billion on the import of transportation items, including luxury cars, high-end electric vehicles, and their parts, during the last six months amidst sinking reserves and fear of default. This country is the middle of financial crunch with foreign reserves depleting to as low as $4 billion, forcing the central bank to slow down the import of even essential items. Despite the over reduction in imports of transportation vehicles and other items compared with last year, the economy was still burdened with heavy outflows for buying expensive luxury vehicles and useless items.

During these six months, the country imported completely built units (CBU), completely knocked down/semi knocked down (CKD/SKD) of $530.5 million equivalent to Rs 118.2 billion. Since CKD kits are not allowed to be imported, yet millions of dollars of these kits are being imported, harming the local industry and their production. The economy is suffering, but hefty spending on cars and other vehicle imports is raising a lot of questions about the government's policy of halting imports related to the industrial and commercial sectors.

**MISCELLANEOUS GROUP**

The miscellaneous group imports in Q2 (October-December) of FY’23 have seen an overall 23% decrease and sub-sectors, paper & paper board has increase in imports by 6%. Other sub-sectors Rubber crude, sectors Rubber tyres and tubes, wood and cork, Jute, wood and cork have shown decrease by 32%, 60%, 16% and 35% respectively. The import trend of the Q2 of FY’23 indicates a decline over the preceding quarter of Q1 of FY’23. Half year comparison statistics show that the import of miscellaneous group decreased by 17 % during (July-December) of FY 23 as same period of last year.

**Table 19: Miscellaneous group imports (USD million)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUB-SECTORS** | **OCT-DEC** | **OCT-DEC** | **% Change** | **JULY -DEC** | **JULY-DEC** | **% Change** | **OCT-DEC** | **July – Sep FY22/23** | **% Change** |
| **FY2022-23** | **FY2021-22** | **FY2022-23** | **FY 2021-22** | **FY 2022-23** |
| **MISCELLANEOUS GROUP** | **250** | **325** | **-23%** | **502** | **618** | **-19%** | **250** | **251** | **-0.4%** |
| 42. RUBBER CRUDE INCL. SYNTH/RECLAIMED | 49 | 73 | -32% | 112 | 129 | -13% | 49 | 63 | -21% |
| 43. RUBBER TYRES & TUBES | 30 | 76 | -60% | 67 | 150 | -56% | 30 | 36 | -16% |
| 44. WOOD & CORK | 26 | 31 | -16% | 44 | 59 | -24% | 26 | 19 | 36% |
| 45. JUTE | 16 | 24 | -35% | 33 | 35 | -6% | 16 | 18 | -13% |
| 46. PAPER & PAPER BOARD & MANUF.THEREOF | 129 | 121 | 6% | 246 | 244 | 1% | 129 | 117 | 10% |
| ALL OTHERS ITEMS | 1345 | 1740 | -23% | 2476 | 2998 | -17% | 1345 | 1,321 | 2% |

**sOURCE: pbs**

# **TRADE IN SERVICES**

**EXPORT PERFORMANCE OF SERVICES**

As per Extended Balance of Payments Services Classification (EBOPS 2010), Trade in Services has been divided into 11 categories. The cumulative exports of Services in the second quarter FY 2022-23 reported around USD 667 million, slump 3% from the previous corresponding quarter exports of USD 689 million in the FY2022.

**Table 20: Services exports (trade values in USD million)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| SERVICES | Oct – Dec FY22/23 | Oct – Dec  FY21/22 | % Change | July – Dec FY22/23 | July – Dec FY’21/22 | % Change |
| Exports | 667 | 689 | -3% | 3527 | 3432 | 3% |
| Maintenance and repair services n.i.e. | 0.1 | 1.00 | -90% | 0.49 | 3.14 | -84% |
| Transport | 71 | 79 | -10% | 430 | 376 | 14% |
| Travel | 50 | 53 | -6% | 255 | 282 | -10% |
| Construction | 6 | 14 | -57% | 25 | 69 | -64% |
| Insurance and pension services | 5 | 5 | 0% | 32 | 20 | 61% |
| Financial services | 9 | 11 | -18% | 42 | 48 | -12% |
| Charges for the use of intellectual property n.i.e. | 2 | 1 | 107% | 7 | 7 | 1% |
| Telecommunications, computer, and information services | 246 | 251 | -2% | 1333 | 1302 | 2% |
| Other business services | 151 | 138 | 9% | 816 | 791 | 3% |
| Personal, cultural, and recreational services | 1.04 | 1.00 | 5% | 8 | 6 | 32% |
| Government goods and services n.i.e. | 126 | 135 | -7% | 578 | 528 | 10% |

**Table 21: Services imports (trade values in USD million)**

**IMPORT PERFORMANCE OF SERVICES**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| SERVICES | Oct – Dec FY22/23 | Oct – Dec  FY21/22 | % Change | July – Dec FY22/23 | July – Dec FY’20/21 | % Change |
| Imports | 619 | 1115 | -44% | 3884 | 5571 | -30% |
| Maintenance and repair services n.i.e. | 4 | 3 | 35% | 18 | 13 | 40% |
| Transport | 304 | 605 | -50% | 2181 | 2883 | -24% |
| Travel | 111 | 118 | -6% | 556 | 576 | -3% |
| Construction | 0.05 | 0.01 | 400% | 0.18 | 35.027 | -99% |
| Insurance and pension services | 14 | 16 | -12% | 125 | 143 | -12% |
| Financial services | 15 | 20 | -25% | 112 | 93 | 21% |
| Charges for the use of intellectual property n.i.e. | 12 | 25 | -52% | 28 | 126 | -78% |
| Telecommunications, computer, and information services | 15 | 76 | -80% | 167 | 330 | -49% |
| Other business services | 130 | 207 | -37% | 615 | 1143 | -46% |
| Personal, cultural, and recreational services | 0.10 | 0.05 | 100% | 1.37 | 0.40 | 247% |
| Government goods and services n.i.e. | 14 | 45 | -69% | 80 | 229 | -65% |

# **SECTORAL ANALYSES OF TRADE IN SERVICES**

Trade in Services takes place via four modes that are cross border supply, consumption abroad, commercial presence, and presence of natural persons. Due to the government restrictions on the issuance of Letters of Credit (LCs), dollar shortage, and political issues in the country the import and export of services showing decreasing trend during Q2 FY 2023 as compared to the same period of the last year.

Given the circumstances, services exports such as Charges for the use of intellectual property services n.i.e. (USD 2 million), other business services (USD 151 million), and personal, cultural, and recreational services (USD 1.04 million) have registered the positive growth of 107%, 9% and 5% respectively in the second quarter of FY2023. The largest contributor to the services export is IT services which is showing decreasing (2%) as compared to the Q2 FY 22. The declining trend of l IT services is also a serious concern to the services exports due to volatility of PKR compared to the US$ and companies not bringing complete dollar flows in the country. Hence, currency stability going ahead will remain vital for improvement in headline export numbers going ahead. Going forward, training of IT professionals, removal of key sector bottlenecks and revival of global economy will remain key to the future of IT exports All remaining export services showing declining trend.

The cumulative imports of Services in the second quarter FY 2022-23 reported around USD 619 million, decrease of 44% from the previous corresponding quarter exports of USD 1115 billion in the FY2022. The import of charges for the use of maintenance and repair services, construction services, Personal, cultural, and recreational services are showing declining trend growth of 35%, 400%, and 100% respectively during this quarter. Except these three services, all import services showing negatively performance during Q2 FY 23 as compared to the same period of the last year.

**Government initiatives/Facilitation (October – December FY 2023)**

* SMEs (as defined in the SMEDA Act including Mid-Market Enterprise) exporting to the South African market are eligible for the FRS.
* Pakistan Stock Exchange (PSX) signed a memorandum of understanding (MoU) with Pakistan Software Export Board (PSEB) in the presence of the minister to bind themselves to play a pivotal role in ensuring sustainable growth of IT industry in the country
* Kissan Package 2022 is introduced boost agriculture productivity. During Jul-Dec FY2023, the agriculture credit disbursement increased by 31.5 percent, reached to Rs 842.4 billion from Rs 640.8 billion compared to corresponding period last year.
* Pakistan Poverty Alleviation Fund (PPAF) through its 24 Partner Organizations has disbursed 43,239 interest free loans amounting to Rs 1.77 billion during the month of December, 2022
* During Jul-Dec FY2023, loans to private sector businesses witnessed expansion of Rs 574.5 billion as compared to expansion of Rs 860.2 billion during same period last year.

# **FUTURE OUTLOOK**

As in many other countries, Pakistan's economic activity remains currently below potential, implying a negative output gap. At the same time, again as in many other countries, inflation remains substantially above targets. Furthermore, as is also the case in several other emerging economies, the global energy crises, which has pushed up global commodity prices, also puts downward pressure on international official reserves.

On the export front, the export of other manufactures group and petroleum group & coal have shown excellent performance in comparison of the same period of FY’2021-22 with the increase of 69.1% and 61%. While the Textile group which is considered back bone of Pakistan export has shown notable decline and has earned export revenue of USD 4.12 billion, 16.7% less than in the same period of last fiscal year, followed by Food group (USD 1.24 billion) which also showed decline of 14.6%, Other Manufactures group (USD 995 million) and Petroleum and Coal Group (USD 103 million). And other items (USD 608 million). Similar pattern can be observed between half yearly exports comparison of current and previous fiscal years.

On the import front, Pakistani recorded decrease in value of imports by 31% in which petroleum group ranked the highest with imports worth of USD 4,420 million followed by agriculture & Chemicals group (USD 2,540 million), Food group (USD 2,191 million), machinery group (USD 1,468 million), Metal group (USD 1,137 million), Textile group (USD 1,135 million), Transport group (USD 561 million), and Miscellaneous group (USD 250 million). Main commodities of imports during October-December, FY 2022-23 were Petroleum Crude (USD 1,421 million), Raw Cotton (USD 551 million), Fertilizer Manufactured (USD 351 million), Pulses (USD 287 million), Petroleum Gas, Liquified (USD 205 million), Tea (USD 184 million), Paper & Paper Board & Manuf.Thereof (USD 129 million), Soyabean Oil (USD 77 million), Aluminium Wrought & Worked (USD 67 million), and Milk, Cream & Milk Food For Infants (USD 48 million).

Fiscal consolidation is key to saving official reserves and exchange rate stability. This may temporarily be costly in terms of growth prospects in the short term, but long-run prosperity and growth can only be achieved by augmenting the country's long-term equilibrium growth path by expanding production capacities and productivity. This is a shared responsibility of both the private and public sectors.

**TDAP PERFORMANCE OCTOBER-DECEMBER 2022**

**Meeting on the potential Joint Ventures between Pak-KSA in Construction Materials (9th November 2022):**

TDAP in collaboration with Pakistan Trade Mission, Jeddah, KSA organized a meeting regarding exploring different opportunities for potential Joint Ventures between Pakistan and Saudi Arabia in Construction Materials.

**B2B Session of PATO with AMAV (9th November 2022):**

A B2B session of tour operators from the Pakistan Association of Tour Operators (PATO) was arranged with the members of the Mexican Travel Agent Association (AMAV).

**Webinar on “Opportunities for Pakistan’s Women-led Startups in Silicon Valley” (9th November 2022):**

Trade Mission of Pakistan in Los Angeles, USA, in collaboration with the Trade Development Authority of  Pakistan organized a Webinar on “Opportunities for  Pakistan’s Women-led Startups in Silicon Valley”.

**Webinar, on "Export of Electrical Machinery to Senegal” (12th November 2022):**

TDAP in collaboration with Trade & Investment Attaché, The Embassy of Pakistan, Dakar, Senegal, organized a Webinar, on "Export of Electrical Machinery to Senegal”.

**Participation in the biggest Pakistani American Tech Forum - OPEN Silicon Valley (16th November 2022):**

Trade and Investment Section, Los Angeles participated in the biggest Pakistani American Tech Forum - OPEN Silicon Valley alongside the Ambassador of Pakistan to the USA Mr. Masood Khan. Two prominent exclusive sessions were Invest in Pakistan and Doing Business in Pakistan.

**Sial Interfood Exhibition (16th November 2022):**

TDAP organized Pakistan Pavilion at Sial Interfood, the premier food and beverage exhibition in Indonesia with local support provided by Trade and Investment Wing, Jakarta. Three exporters showcased a wide range of Pakistani products.

**Training for the newly selected Assistant Managers (23rd November 2022):**

TDAP successfully concluded Post Induction Training for the newly selected Assistant Managers. Secretary TDAP, Mr. Ahsan Ali Mangi graced the occasion with his presence as well.

**Pakistan's first permanent pavilion in Shanghai (24th November 2022):**

Pakistan's first permanent pavilion in Shanghai was inaugurated at Shanghai Pilot Free Trade Zone, China’s largest free trade zone, today.

**Pakistan's mega Trade Event in Johannesburg, South Africa (1st December 2022):**

Ministry of Commerce and Trade and its associated authority TDAP successfully organized Pakistan's mega Trade Event in Johannesburg, South Africa. Federal Minister for commerce Syed Naveed Qamar kicked off the three-day Pakistan’s biggest PADTC and SCE.

**Meeting with DG Marine Fisheries Department (1st December 2022):**

TDAP in collaboration with Commercial Section Doha, Qatar held a consultative meeting with DG Marine Fisheries Department in order to address the issue of the stoppage of seafood imports in Qatar.

**Webinar on the Registration and Promotion of brands in China (1st December 2022):**

Trade Development Authority of Pakistan in coordination with the Consulate General of Pakistan in Shanghai organized a Webinar on the Registration and Promotion of brands in China.

**Webinar on “Logistic Solution for Uzbekistan & Tajikistan” (8th December 2022):**

Trade Development Authority of Pakistan and Trade Mission, Tajikistan organized a Webinar on “Logistic Solution for Uzbekistan & Tajikistan”. The objective of the webinar was the awareness of stakeholders about the possible logistic solution for Uzbekistan & Tajikistan.

**Marble City Road Show (9th December 2022):**

The Chief Executive, TDAP, Mr. Zubair Motiwala was invited as keynote Speaker for “Marble City Road Show”, organized by the Sindh Economic Zones Management Company on 7th December, 2022 at Marriot Hotel Karachi.

**Seminar on “Sustainability and Net Zero Carbon” (12th December 2022):**

Trade Development Authority of Pakistan (TDAP) organized a seminar on “Sustainability and Net Zero Carbon” for Textile and Leather Industry at the Movenpick Hotel, Karachi, wherein, more than 50 participants from leather and textile industry participated.

**Chief Executive, TDAP Meeting with Ambassador of Algeria (13th December 2022):**

His Excellency, Dr. Brahim Romani, Ambassador of Algeria on 13th December 2022 called on Mr. M. Zubair Motiwala, the Chief Executive, TDAP at his office. The purpose of his visit/meeting was to discuss about various possibilities regarding enhancement of bilateral trade between Pakistan and Algeria. As current trade volume between the two countries is merely at $20 million.

**Webinar on “Pakistan USA Trade Opportunities” (14th December 2022):**

TDAP Lahore in collaboration with Commercial Section, Los Angeles USA, organized a webinar on ‘Pakistan USA Trade Opportunities’ on 14th December, 2022. The objective of this webinar was to explore trade potential with USA and establish ties between Chambers and Trade Missions abroad.

**Global #Innovation Group meeting of West Coast Global innovators and entrepreneurs (17th December 2022):**

Trade and Investment Section, Los Angeles participated alongside 44 countries in the “Global #Innovation Group meeting of West Coast Global innovators and entrepreneurs”. IT/Tech investment and trade opportunities in Pakistan were presented and discussed at the forum.

**Women Entrepreneurs (WE) website (22nd December 2022):**

Mr. Ahsan Ali Mangi, Secretary TDAP, explained the background and objectives of this newly developed WE website urging the audience to focus on the utilization of digital platforms for expanding their businesses & trade.

**Training’ on “How to Finance Your Business” (22rd December 2022):**

TDAP’s Training on “How To Finance Your Business” Clubbed With WE Website Launch held on 22nd December, 2022 at the Movenpick Hotel, Karachi. TDAP in collaboration with First Women Bank Ltd. organized a ‘Training’ on “How to Finance Your Business” The event was clubbed with the soft launch gala ceremony of the Women Entrepreneur (WE) website more than 100 women entrepreneurs from different sectors participated. More than 100  women entrepreneurs from different sectors  participated. The first in the series of trainings was organized for expanding the women entrepreneurship across Pakistan in wake of easing the methods of financing their businesses at the grass root level.

**Webinar for Faisalabad region on to explore trade potential in the UK market (26th December 2022):**

TDAP, Faisalabad arranged the first region specific Webinar for Faisalabad region including Sargodah , Jhang and Chinniot  to explore trade potential in the UK market. The chambers, associations and leading business community participated in the webinar. The participants appreciated the efforts of TDAP to increase linkage ,connectivity and accessibility of trade missions of Pakistan .

**Webinar on export strategy for export business (30th December 2022):**

Trade Development Authority of Pakistan (TDAP) organized an online line zoom link webinar on export strategy for export business.Which was widely participated by the stakeholders of Pak business community Trade & Investment Officer (TIO) Kenya. The webinar was about the role of export strategies in the export business scenario.

1. International Trade Statistics released on 18 December 2022 by WTO [↑](#footnote-ref-1)