



# Pakistan Trade Perspective

JAN - MAR 2021



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## ACKNOWLEDGEMENTS

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## LIST OF ABBREVIATIONS

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

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## WORLD ECONOMIC AND TRADE REVIEW<sup>1</sup>

JAN - MARCH 2021

In 2020, the world output shrank by 4.3% leading to a major economic crisis due to the pandemic. This massive contraction could only be offset with a massive overhaul in global economic framework in 2021. According to IMF, global growth rate is projected at 6% in 2021 and 4.4% in 2022 and this can only be achieved with the effective development and distribution of vaccines coupled with efficient policies to promote production can help boost GDP growth globally. However, the effects of the vaccines are predicted to be seen in the latter part of 2021. The United States and China are shaping up to be the main drivers of economic growth in the starting months of 2021. Household consumption and investment have amplified in both countries, along with measures of private sector confidence. Industrial production has bounced back in most countries, contributing to stable commodity prices and robust international trade. Apart from US and China, South Korea, India and Indonesia are also amongst the countries which are expected to regain pre-covid GDP levels by the end of 2021. This can be attributed to several reasons one of which is the massive fiscal stimulus packages provided by these countries to stabilize the economy. European economies are facing difficulty in regaining their GDP levels due to another wave of Covid-19 infections, although UK which had to face both BREXIT and the pandemic simultaneously has made good progress to vaccinate its population and stabilize production growth in the country.

As far as global trade is related, according to WTO the volume of world merchandise trade is expected to increase by 8.0% in 2021 after

having fallen 5.3% in 2020. Owing to WTO predictions in 2021 demand for traded goods will be shifted to North America (11.4%) because of large fiscal injections in the United States, which should also encourage other economies to take part in the trade. Europe and South America will both see import growth of around 8%, while other regions will register smaller increases. The majority of global import demand will be met by Asian countries, exports from which are expected to grow by 8.4% in 2021. European exports will increase by 8.3%, while shipments from North America will see a smaller rise of 7.7%. WTO forecasts strong export growth of 8.1% in Africa and 12.4% in the Middle East depending on mainly travel expenditures which are picking up at the start of 2021, which would ultimately strengthen the demand for oil. Furthermore, South America will see weaker export growth of 3.2%.

With ever evolving situations due to renewed waves of the pandemic and new strains of the virus, global uncertainty is at its peak it is quite evident that the recipe for a strong recovery in 2021 is for economies to curb the spread of new waves of the virus and distribute vaccines within the timetable. Coupled with this a balanced monetary and fiscal stimulus is needed that emphasize on policies which focus on increasing productivity and specialization which would promote international trade ultimately.

Source:

[https://www.wto.org/english/news\\_e/pres21\\_e/pr876\\_e.htm](https://www.wto.org/english/news_e/pres21_e/pr876_e.htm)

<https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021>

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<sup>1</sup> World Trade data is available with a lag of a quarter. Data analyses for the first quarter 2021 are based on estimated values.

## PAKISTAN ECONOMIC OUTLOOK

### JAN - MARCH 2021

Pakistani economy like any other economy had to face the full repercussion of the pandemic in 2020. Due to lockdowns and the overall recession in the economy GDP growth was negative at 0.4% in 2020. However due to the control of covid-19 cases in the country it wasn't long until the lockdown was partially lifted and then fully lifted in the latter part of 2020. This ultimately led to the Pakistani economy becoming more stable and future forecasts start to look more promising in the 3<sup>rd</sup> quarter of FY 2021. IMF predicts that GDP growth for Pakistan in 2021 should be 1.5% and it should increase to 4% in 2022.

As a result of the pandemic, private consumption contracted at the start of 2020 due to the initial severe lockdown, but consumption was seen to show positive signs in the final months of 2020 and at the start of 2021. Pakistan's current account deficit narrowed from 4.9% of GDP in 2019 to 1.7% of GDP in 2020, driven mainly by a 15.9% decline in the value of imports. With global oil and food prices increasing, Pakistani economy was predicted to see a massive surge in price level. However, that was not the case as in Feb 2021 the consumer price index saw an increase of 8.7% as compared to 12.4% in Feb 2020. Furthermore, due to a stable economic and political environment and the effective distribution of vaccines in the country, business confidence was seen to be boosted. This can be attributed from the fact as to how money supply observed an expansion of 962.4 billion during July-March FY2021. Additionally, SBP relief packages and refinance schemes for different sectors have also boosted extensive growth in LSM. Pakistan's total liquid foreign exchange reserves increased to 20.1 billion by the end of Feb 2021 which shows positive signs for the economy in the future. During Feb 2021, which marked the eight-consecutive month for

remittances to be above \$2 billion, remittances were recorded at \$2.3 billion which ascribed to an increase of 24.2% from last year during the same month. These remittances were mainly received from Saudi Arabia, U.A.E, USA and UK. Pakistan also attracted net FDI from China (\$651 million), Netherland (\$65.4 million) and Hong Kong (\$ 105.7 million) during the first three quarters of FY2021 and the total FDI stood at \$ 1395 million during this period.

Pakistani exports peaked in December 2020 at \$2.37 billion and this trend was continued as the first three months of 2021 also crossed the \$2 billion mark in exports. In March 2021 exports increased to USD 2.365 Billion which is an increase of 14.4% over Feb-2021 and this is the monthly highest change in last ten years. This increase in exports has ultimately led to a positive effect on Pakistani economy as it is looking towards stability and is also on the road to appreciation.

Moreover, Pakistan's economy till now has catered to the virus in an effective way and the first two waves were dealt with efficiently and the economy was seen to be regaining to its original strength after the decrease of cases coupled with the introduction of vaccines in the country. This growth though can be short-lived if the recent third wave in Pakistan is not curbed before it escalates and can be devastating to the final quarter of FY 2021.

#### References:

<https://www.worldbank.org/en/news/press-release/2021/04/05/pakistan-s-economy-shows-signs-of-a-nascent-recovery> & Ministry of Finance, Pakistan

[https://www.nordeatrade.com/en/explore-new-market/pakistan/economical-context#:~:text=In%20its%20most%20recent%20January,of%200.5%25%20in%202021\).&text=In%202020%2C%20the%20fiscal%20deficit,GDP%20from%209.0%25%20in%202019](https://www.nordeatrade.com/en/explore-new-market/pakistan/economical-context#:~:text=In%20its%20most%20recent%20January,of%200.5%25%20in%202021).&text=In%202020%2C%20the%20fiscal%20deficit,GDP%20from%209.0%25%20in%202019)

## PAKISTAN'S ECONOMIC INDICATORS

Q3: JANUARY - MARCH FY 2020-21



JULY - MARCH FY 2020-21

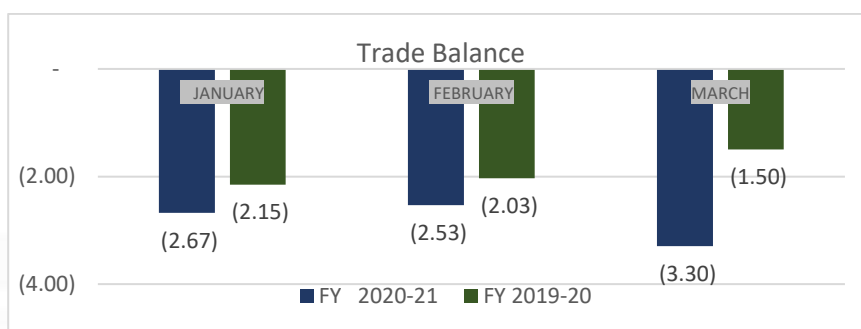
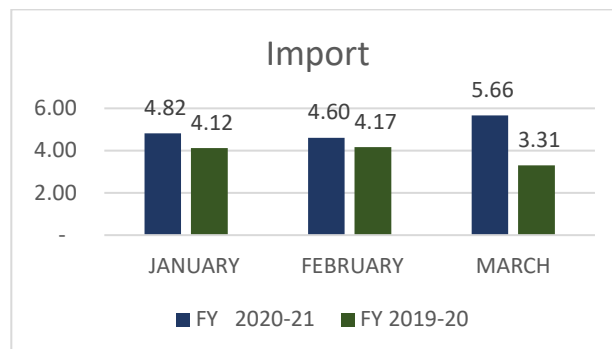
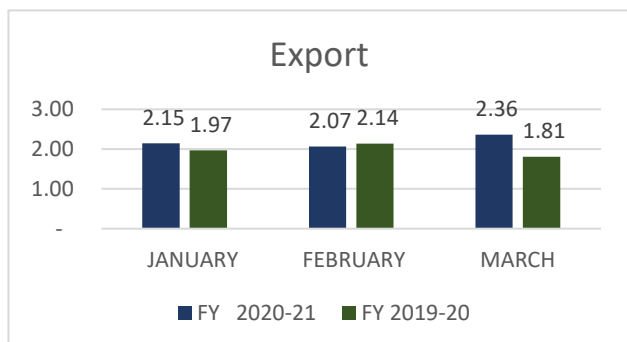




## PAKISTAN'S TRADE OUTLOOK

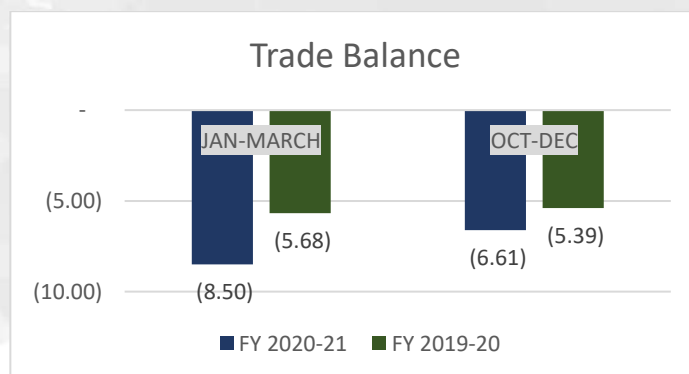
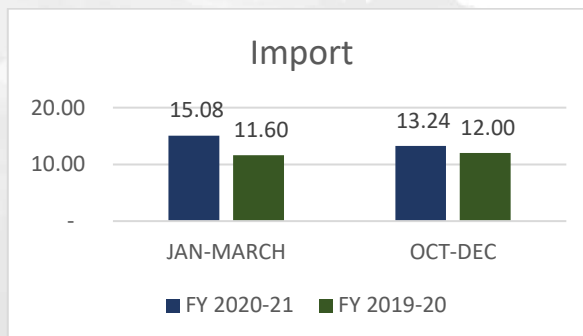
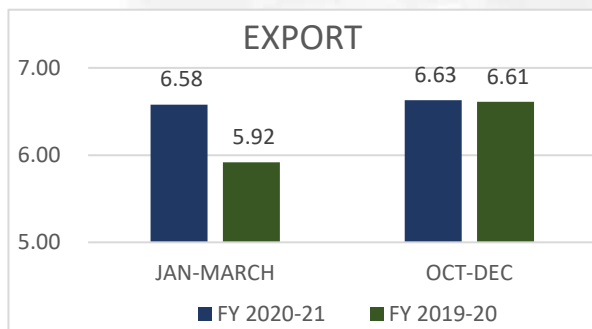
### JAN – MARCH COMPARISON OF FY2019-20 WITH FY2020-21

#### TRADE VALUES IN US\$ BILLION



### QUARTERLY COMPARISON OF FY2019-20 WITH FY2020-21

#### TRADE VALUES IN US\$ BILLION



## PAKISTAN'S EXPORT PROFILE (GOODS)

Pakistan's exports have surged by 11% to US\$ 6.58 billion from US\$ 5.9 billion in Q3 (Jan-March) FY2020-21 as against same period of FY2019-20. On cumulative basis, in the first nine months of FY2020-21, export proceeds have grown by 7% over the same period of last fiscal year (FY 2019-20) and have reached to US\$ 18,688 billion. For the current fiscal year, there is a notable pickup in export revenue in Q3 (FY2020-21) as against Q2 (FY2020-21). The exports to partner countries showing increase and decrease have been detailed as follows:

### TOP EXPORT PARTNERS SHOWING INCREASE (Q3: JAN-MARCH FY 2020/21)

Export Destinations	Jan-March FY20/21	Jan-March FY19/20	% Change
United States	1,275	1,008	27%
China	718	430	67%
United Arab Emirates	594	296	101%
United Kingdom	503	413	22%
Germany	366	360	2%
Netherlands	312	288	9%
Afghanistan	261	169	55%
Spain	224	212	6%
Italy	214	204	5%
Belgium	170	162	5%

Table 1: Top export destinations showing increase (trade values in US\$ million)

### TOP EXPORT PARTNERS SHOWING DECREASE (Q3: JAN-MARCH FY 2020/21)

Export Destinations	Jan-March FY20/21	Jan-March FY19/20	% Change
Bangladesh	168	205	-18%
Saudi Arabia	122	128	-5%
Sri Lanka	81	88	-8%
Kenya	68	87	-22%
Turkey	63	74	-15%
Qatar	41	45	-9%
Mozambique	34	35	-4%
Tanzania	23	32	-28%
Greece	23	24	-6%
Somalia	20	20	-2%

Table 2: Top export destinations showing decrease (trade values in US\$ million)

## SECTOR-WISE EXPORTS PERFORMANCE

During Jan-March, FY2020-21, textile group has shown remarkable performance and has earned export revenue of US\$ 3.9 billion, 12% more than that earned in the same period of last fiscal year, followed by food group (US\$ 1.3 billion), other manufactures group (US\$ 872 million) and petroleum and coal group (US\$ 23 million). Main commodities exported during Jan-March, FY2020-21 were Knitwear (US\$ 931 million), Readymade garments (US\$ 778 million), Bed wear (US\$658 million), Rice (US\$ 597 million), Cotton yarn (US\$ 320 million), Chemical and Pharma products (US\$ 292 million), Towels (US\$ 246 million, Made-up articles (US\$ 186 million), Other textile material (US\$ 169 million) and Leather manufactures (US\$ 135 million).

SECTORS	Jan-March FY20/21	Jan-March FY19/20	% Change	July- March FY20/21	July- March FY'19/20	% Change	Jan-March FY20/21	Oct-Dec FY20/21	% Change
<b>TOTAL</b>	6,578	5,919	11%	18,688	17,443	7%	6,406	<b>6,638</b>	-4%
TEXTILE GROUP	3,913	3,508	12%	11,355	10,413	9%	3,913	3,973	-2%
FOOD GROUP	1,303	1,195	9%	3,332	3,395	-2%	1,303	1,225	6%
OTHER MANUFACTURES GROUP	872	806	8%	2,566	2,426	6%	872	912	-4%
ALL OTHER ITEMS	467	339	-13%	1,318	971	36%	295	482	-39%
PETROLEUM GROUP & COAL	23	71	-67%	116	239	-51%	23	46	-49%

Table 3: Exports Sectors (Trade values in US\$ Million)

### TOP EXPORT COMMODITIES SHOWING INCREASE (Q3: JAN-MARCH FY 2020/21)

SUB-SECTORS	Jan-March FY'21	Jan-March FY'20	% Change
KNITWEAR	931	713	31%
READYMADE GARMENTS	778	758	3%
BED WEAR	658	564	17%
RICE	597	561	6%
COTTON YARN	320	276	16%
CHEMICALS AND PHARM.PRODUCTS	293	259	13%
TOWELS	246	213	16%
MADEUP ARTICLES(EXCL.TOWELS & BEDWEAR.)	186	170	10%
OTHER TEXTILE MATERIALS	169	146	16%
LEATHER MANUFACTURES	135	126	7%

Table 4: Top export commodities showing increase (trade values in US\$ million)

### TOP EXPORT COMMODITIES SHOWING DECREASE (Q3: JAN-MARCH FY 2020/21)

SUB-SECTORS	Jan-March FY'21	Jan-March FY'20	% Change
COTTON CLOTH	484.2	534.1	-9%
FRUITS	155.7	160.2	-3%
VEGETABLES	129.5	131.8	-2%
SPORTS GOODS	62.4	71.9	-13%
LEATHER TANNED	41.2	46.1	-11%
FOOTWEAR	34.2	36.2	-5%

TENTS,CANVAS & TARPULIN	26.7	32.6	-18%
PETROLEUM CRUDE	19.0	42.3	-55%
GUAR AND GUAR PRODUCTS	8.1	9.9	-18%
TOBACCO	4.6	14.6	-69%

Table 5: Top export commodities showing decrease (trade values in US\$ million)

## SECTOR-WISE EXPORTS ANALYSES

### TEXTILE GROUP

Pakistan is the 8th largest exporter<sup>2</sup> 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 sector accounts for 59 percent of total exports fetched \$3.9 billion from abroad during Q3 of FY 2021. Despite global economic slowdown and waning consumer demand, export of Textile sector has shown remarkable performance during 3<sup>rd</sup> quarter of FY 2021. The textile group registered an increase of 12% during Q3 (Jan-March) FY 2021 as compared to same period last year.

SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – March FY20/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
TEXTILE GROUP	3,913	3,508	12%	11,355	10,413	9%	3,913	3,973	-2%
13.RAW COTTON	-	2	-100%	1	17	-97%	-	0	#DIV/0!
14.COTTON YARN	320	276	16%	721	820	-12%	320	230	39%
15.COTTON CLOTH	484	534	-9%	1,419	1,547	-8%	484	478	1%
16.COTTON CARDED OR COMBED	0.06	0.03	100%	0.065	0.063	3.17	0.06	0	-
17.YARN OTHER THAN COTTON YARN	10	6	57%	24	21	13%	10	8	26%
18.KNITWEAR	931	713	31%	2,781	2,300	21%	931	989	-6%
19.BED WEAR	658	564	17%	2,052	1,762	16%	658	743	-11%
20.TOWELS	246	213	16%	692	592	17%	246	241	2%
21.TENTS,CANVAS & TARPULIN	27	33	-18%	89	72	23%	27	34	-22%
22.READYMADE GARMENTS	778	758	3%	2,269	2,170	5%	778	789	-1%
23.ART,SILK & SYNTHETIC TEXTILE	102	94	8%	269	261	3%	102	92	11%
24.MADEUP ARTICLES(EXCL.TOWELS & BEDWEAR.)	186	170	10%	565	492	15%	186	207	-10%
25.OTHER TEXTILE MATERIALS	169	146	16%	473	357	32%	169	162	5%

Table 6: Textiles group exports (Trade values in US\$ million)

<sup>2</sup> <http://invest.gov.pk › textile>

The textile industry has benefited during Covid-19 as companies in Pakistan are also operating in lockdowns. Resultantly, orders from foreign buyers started flowing in Pakistan. Major textile exporting firms are currently operating at their maximum capacity to complete orders. Moreover, distribution of vaccines in our competing countries like Bangladesh and India have also helped them to start opening their industries and Pakistan will soon again face stiff competition in the global market. The growth in exports is due to the decision of government to keep businesses open that led to benefits of orders diverted from closed economies.

Exports of all textile products have shown growth in Q3 (Jan-March) except raw cotton, cotton cloth and Tents & Canvas have shown decline of 100%, 9% and 18% respectively. Supply of Raw Cotton was noticed during Q3 (Jan-March) FY 2021 and a drastic decline has been registered in the exports of said product. Our Textile industry imports raw cotton for preparing value added products for export purposes. The main reason for short supply of raw cotton is that the cultivation of the product is no longer economically feasible for agriculture sector and exporters are currently importing the product (5201) from the US, Brazil and Afghanistan, which has added around \$500 million to the import bill in Q3 (Jan-March) FY 2021.

The exports of Textile sector during July–March 2021 totaled \$11.3 billion as against \$ 10.4 billion during the corresponding period of last year showing an increase of 9%. The data has also shown growth of all value-added textile goods and registered decline in Raw Cotton, Cotton Yarn and Cotton Cloth by 97%, 12% and 8% respectively. The decline in the exports of raw material and intermediate goods show shifting of export trends from raw material to value added exports which is a positive indicator and it confirms country's preference for exports of value-added textile products .

Quarter to quarter comparison of exports of Textile sector has recorded negative growth of 2% in Q3 (Jan-March) FY 2021 as against Q2 (Oct-Dec) FY 2020-21. The products showing negative growth were knitwear (-6%), Bedware(-11%), Tent and Canvas(-22%), Textile made ups (-10%) and Ready made garments(-1%).

The demand for country's exports had collapsed in months following March due to the Covid-19 pandemic, while there has been a gradual improvement since FY 2021 from international buyers. However, the growth in exports of textile and clothing is the outcome of a series of incentives to support exporters to meet the challenges in the wake of the pandemic and disruption in supplies. Governments' smart lockdown strategy, reopening of industry, as well as energy package to help exporters recuperate from the effects of the pandemic. Moreover, Generalized Scheme of Preferences Plus facility had been instrumental in substantial growth of Pakistan's exports to the EU.

## **AGRO-FOODS GROUP EXPORTS**

The agriculture sector of Pakistan plays a vital role in the country's economy. It contributes 18.9 percent<sup>3</sup> to GDP and provides employment to 42.3 percent labour force of the country. It is also a significant

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<sup>3</sup> <http://www.finance.gov.pk> › survey › 02-Agriculture



source of foreign exchange earnings and provides raw-material to other industries that accelerates economic growth of the country.

The share of Agro Food sector in the exports of Pakistan was 20% in the Q3 (Jan-March) FY 2021. The exports of Agro Food Sector were recorded US\$ 1.3 billion and registered an increase of 9% in Q3 Jan-March FY 2021 as against the same period last year. All items of Agro Food sector have shown significant growth in exports during Q3 FY 2021 except fruit, vegetables and Tobacco which were declined by 3%, 2% and 69% respectively during reported period. Export of Rice, Fish and Fish Preparations, Spices, Oil seeds, Nuts, Meat and Meat Preparations were surged by 6%, 17%, 3%, 1139% and 14% respectively. Exporters of Agro Food sector converted challenges of pandemic into opportunities by enhancing exports by and adopting ed realistic strategies.

SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – MarchFY 20/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
FOOD GROUP	1,303	1,195.0	9%	3,332	3,395	-2%	1,303	1,225	6%
1.RICE	597	561.0	6%	1,560	1,594	-2%	597	603	-1%
a) BASMATI	224	188.8	19%	414	570	-27%	225	142	58%
b) OTHERS	372.4	372.2	0%	1,146	1,024	12%	372	461	-19%
2.FISH & FISH PREPARATIONS	107.8	92.2	17%	304	317	-4%	108	117	-8%
3.FRUILTS	155.7	160.2	-3%	378	379	0%	156	130	20%
4.VEGETABLES	129.5	131.8	-2%	246	258	-5%	129.544	74	75%
5.LEGUMINOUS VEGETABLES (PULSES)	-	-	-	-	-	-	-	-	-
6.TOBACCO	4.6	14.6	-69%	25	29	-14%	4.578	15	-69%
7.WHEAT	-	-	-	-	11	-100%	0	-	-
8.SPICES	28.3	27.6	3%	70	67	5%	28.3	21	35%
9.OIL SEEDS, NUTS AND KERNALS	40.1	3.2	1139%	76	28	173%	40.054	33	21%
10.SUGAR	-	-	-	-	71	-100%	0	-	-
11.MEAT AND MEAT PREPARATIONS	88.0	77.2	14%	248	233	7%	87.981	87	1%
12.ALL OTHER FOOD ITEMS	152.1	127.2	20%	424	408	4%	152.081	145	5%

Table 7: Food group exports (trade values in US\$ million)

Exports of Basmati Rice has shown remarkable performance during Q3 FY 2021. Increase in the export of Rice (1006) has been noticed in China, Belgium, Afghanistan and Yemen. The main reason for increasing exports of Basmati Rice is the decision of long pending issue pertains to GI tag for Pakistani Rice in January 2021. Pakistan has received the Geographical Indicator (GI) tag for its Basmati under Geographical Indications Act 2020, paving the way for creating a local registry for the strain of rice and

making a case in the international market, as the country fights a case in the EU against India's move to get Basmati rice registered as its product.

A GI tag is a sign used on products that have a specific geographical origin and possess origin-based qualities and reputation in the region. Pakistan is fighting a case in the 27-member European Union against India's move to get Basmati rice registered as its product. The Basmati Rice is registered now, and this will provide protection of our products against misuse or imitation & hence will guarantee that their share in the international market is protected.

Pakistan's Rice export share in Saudi Arabia and UAE is approximately one-fifth of total Rice export earnings. The demand of Rice to these countries were mainly of Basmati Rice and very little or no demand for non-Basmati varieties. Export statistics of July-March FY 2021 registered decline of Basmati Rice in Saudi Arabia (20%) and UAE by (64%). But due to geostrategic move between Pakistan and these two countries, the country is facing stiff competition in retaining or increasing the market share.

Fishery is the third largest trading sector in the world, but unfortunately Pakistan's exports in this area are negligible. Despite issues faced by the sector, Pakistan exported worth of US\$ 107.8 million of Fish and Fish preparations and registered growth of 17% during Q3 FY 2021. The growth was recorded in Thailand, China, Vietnam, Malaysia, and Taiwan.

Exports of Fruits are reduced by 3% from US\$ 160.2 million to US\$ 155.7 million and vegetable reduced from US\$ 131.8 million to US\$ 129.5 million in Q3 FY 2021. Despite serious issues of transportation and logistics arising from the pandemic exports of potatoes increased in Afghanistan, Uzbekistan and Russia

Export statistics showed zero export of wheat from Pakistan to world. Pakistan is currently imported wheat from Ukraine, Russia and Germany. The aim of present government is to achieve self-sufficiency in wheat production and released five new wheat varieties: Subhani 2021, MH-2021, Dilkash-2021, Bhakkar-20 and MA-2020. These new seeds could help the country's 8.8 million hectares of wheat-farmed area become more productive, climate-resilient and disease-resistant. The varieties, drawn from germplasm from the International Maize and Wheat Improvement Center (CIMMYT), were developed for different production environments in the Punjab province of Pakistan.

Agro-food exports constituted share of 18% in the total world exports of Pakistan during Q3 July to March FY 2020-21. For the first nine months of the fiscal year 2021 (July to March) FY 2021, exports of Agro Food sector decreased by 2% to US\$ 3.3 billion as compared to from US\$ 3.4 billion in the corresponding period last year.

Quarter to Quarter comparison show that the export of Agro Food sector recorded positive growth of 6% during Q3 (Jan-March) as against Q2 (Oct-Dec) FY 2021. All commodities have shown significant growth except Rice, Fish & Fish Preparations and Tobacco. It is noticeable that exports of fruit and vegetable increased considerably in Q3 FY 2021 as compared to last quarter of FY 2021 while exports of Tobacco decreased drastically during all quarters of FY 2021. The export of Unmanufactured tobacco (2401) was declined in Belgium, Indonesia and UAE.

## OTHER MANUFACTURING GROUP EXPORTS

Manufacturing is the third largest sector of the Pakistani economy, accounting for 13-14 percent of Gross Domestic Product (GDP), and 16.1 percent of total employment. Manufacturing sector is the driver of economic growth due to its forward and backward linkages with other sectors of economy. Engineering and Manufacturing is important sector of economic growth for a country like Pakistan.

SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – MarchFY 20/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
OTHER MANUFACTURES GROUP	871.5	806.4	8%	2,565.9	2,426.2	6%	871.5	912	-4%
30.CARPETS, RUGS & MATS	18.7	13.3	40%	54.3	48.7	12%	18.7	20	-7%
31.SPORTS GOODS	62.4	71.9	-13%	192.3	222.7	-14%	62.4	63	-1%
a) FOOTBALLS	30.2	39.6	-24%	94.7	123.4	-23%	30.2	32	-6%
b) GLOVES	15.4	19.4	-20%	48.8	60.4	-19%	15.4	16	-3%
c) OTHERS	16.8	12.9	31%	48.7	38.9	25%	16.8	15	12%
32.LEATHER TANNED	41.2	46.1	-11%	113.3	151.3	-25%	41.2	41	1%
33.LEATHER MANUFACTURES	135.4	126.4	7%	427.7	401.0	7%	135.4	147	-8%
a) LEATHER GARMENTS	66.7	66.9	0%	219.6	217.5	1%	66.7	75	-11%
b) LEATHER GLOVES	65.2	56.6	15%	195.9	174.9	12%	65.2	66	-1%
c) OTHER LEATHER MANUFACTURES	3.5	2.9	19%	12.3	8.6	43%	3.5	5	-30%
34.FOOTWEAR	34.2	36.2	-5%	99.0	104.4	-5%	34.2	31	10%
a) LEATHER FOOTWEAR	26.3	30.0	-12%	81.7	88.2	-7%	26.3	26	1%
b) CANVAS FOOTWEAR	0.1	0.1	5%	0.4	0.3	4%	0.1	0.12	-3%
c) OTHER FOOTWEAR	7.7	6.0	28%	16.9	15.8	7%	7.7	6	29%
35.SURGICAL GOODS & MEDICAL INSTRUMENTS	110.8	96.3	15%	324.3	303.1	7%	110.8	109	2%
36.CUTLERY	31.9	22.3	43%	91.4	69.8	31%	31.9	31	3%
37.ONYX MANUFACTURED	1.3	1.1	23%	3.8	3.4	9%	1.3	1.45	-8%
38.CHEMICALS AND PHARM.PRODUCTS	292.5	259.4	13%	844.2	734.5	15%	292.5	327	-11%
a) FERTILIZER MANUFACTURED	-	-	-	-	-	-	-	-	-
b) PLASTIC MATERIALS	69.0	67.1	3%	233.5	219.6	6%	69.0	113	-39%
c) PHARMACEUTICAL PRODUCTS	68.1	53.9	26%	207.3	166.2	25%	68.1	70	-3%
d) OTHER CHEMICALS	155.4	138.4	12%	403.4	348.7	16%	155.4	144	8%
39.ENGINEERING GOODS	63.1	54.8	15%	164.0	140.2	17%	63.1	54	17%
a) ELECTRIC FANS	9.4	6.2	52%	21.2	16.7	27%	9.4	4	136%
b) TRANSPORT EQUIPMENT	3.7	2.9	31%	9.1	9.8	-7%	3.7	4	-6%

c) OTHER ELECTRICAL MACHINERY	10.5	8.2	29%	32.8	27.0	22%	10.5	13	-19%
d) MACHINERY SPECIALIZED FOR	-	-	-!	-	-	-	0.0	15	-100%
PARTICULAR INDUSTRIES	20.1	15.2	32%	47.8	36.1	32%	20.1	4.4	357%
e) AUTO PARTS & ACCESSORIES	5.7	3.8	49%	14.6	13.2	10%	5.7	14	-59%
f) OTHER MACHINERY	13.6	18.6	-27%	38.5	37.4	3%	13.6	2	580%
40.GEMS	2.1	0.9	131%	5.9	3.5	67%	2.1	4	-48%
41.JEWELLARY	0.8	0.6	22%	6.5	3.2	103%	0.8	1	-22%
42.FURNITURE	1.8	1.1	72%	3.4	2.9	17%	1.8	0	#DIV/0!
43.MOLASSES	0.0	0.1	-58%	0.1	0.2	-70%	0.0	-	#VALUE!
44.HANDICRAFTS	-	-	-	0.0	-	-	0.0	71	-100%
45.CEMENT	67.1	64.8	4%	210.0	210.1	0%	67.1	9	646%
46.GUAR AND GUAR PRODUCTS	8.1	9.9	-18%	25.8	27.3	-5%	8.1	-	-

Table 8: Other manufacturing group (trade values in US\$ million)

The export of other manufacturers group have shown growth of 8% during Q3 Jan-March FY 2021. The manufacturing commodities that contributed towards positive trade growth during Q3 of FY 2020-21 include Carpet (40%), Leather Manufacturers(7%), Cutlery(43%), Surgicals instruments(15%), Onyx(23%), Chemical(13%), Plastic materials(3%) Pharmaceuticals. (26%), Gems(131%), Jewllery(22%), Furniture(72%) and cement (4%). The commodities has shown negative growth during reported period were Sports Goods(13%), Tanned Leather(-11%), Guar and Guar Products(18%), Mollases (58%) and Footwear(-5%). Export of Engineering registered a growth of 15% during Q3 (Jan-March) FY 2021. Electric Fan, Other machinery, Electric Machinery, Transport equipment and Autoparts have shown positive performance as against same period last year.

The exports of pharmaceutical products witnessed an increase of 12% during Q3 FY 2021 as compared to the exports of corresponding period of last year. Since the pandemic, Pakistan has started manufacturing and exporting Remdesivir injections. Moreover, demand of Pakistani medicines and personal protective equipment has increased across the globe. Exports of Pharma products increased in Afghanistan, Nigeria, France, Philippines, and Sri Lanka during reported period.

The export of other Manufacturing sector has shown significant growth of 6% during July-March FY 2021 as compared to same period last year. The same trends were noticed in the sub sectors of Engineering and manufacturing as reported above during Jan-March 2021. Quarter to Quarter comparison show that during Q3 (Jan-March) FY2020-21, exports of manufacturing group declined by 4% from the preceding quarter (Oct-Dec) FY 2020-21. The total exported value of other manufacturing group was US\$ 871 million in Q3 as compared to US\$ 912.2 million in Q2 of FY2020-21.

The State Bank of Pakistan (SBP) to facilitate startups and export. Moreover, Pakistan will upgrade machinery and equipment to ensure better competitiveness of domestic producers. The rising trend in the Temporary Economic Refinance Facility (TERF), which is aimed at promoting investments, balancing,

modernization, and replacement (BMR) will be useful step to encourage exports of other manufacturing sectors.

## PETROLEUM GROUP & COAL EXPORTS

During Q3 (Jan-March) FY 2021 exported value for petroleum and coal group stood at US\$ 23 million as compared to same period of last fiscal year. The export of petroleum related sectors were severely affected by COVID-19 as export has waned by 67 % to US\$ 23 million (Q3 FY2021) from US\$ 70.9 million (Q2 FY2021).

In first nine months of the current fiscal year July-March FY 2021, export performance of Petroleum and coal products remained dismal against the performance exhibited during July-March FY 2019-20 and registered a decline of 51%. The same trend was recorded in comparison of quarter to quarter performance of the sector.

SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – March FY 20/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
PETROLEUM GROUP & COAL	23.4	70.9	-67%	116.1	238.9	-51%	23.4	46	-49%
26.PETROLEUM CRUDE	19.0	42.3	-55%	62.7	152.7	-59%	19.0	29	-34%
27.PETROLEUM PRODUCTS (EXCL TOP NAPHTA)	3.2	15.9	-80%	20.8	39.7	-48%	3.2	10	-68%
28.PETROLEUM TOP NAPHTA	1.2	12.6	-90%	32.5	46.5	-30%	1.2	8	-85%
29.SOLID FUELS (COAL)	-	0.0	-100%	0.0	0.1	-89%	0.0	0	-

Table 9: Petroleum group exports (trade values in US\$ million)

The decline in exports of petroleum products from Pakistan is mainly due to the restrictive global operations, decline international demand and price which resultantly decline the export of the sector in Q3 (Jan-March 2021).



## PAKISTAN'S IMPORT PROFILE (GOODS)

Imports into Pakistan during Jan-March, FY2020-21 amounted to US\$ 15.08 billion as against US\$ 13.18 billion as against same period of last FY2019-20 showing an increase of 30% over the last year. Imports during July-March 2021 totaled around US\$ 39.5 billion as against the US\$ 34.79 billion during the corresponding period of last year showing an increase of 14%. Imports during the current quarter Jan-March, FY2021 over the preceding quarter October-December FY 2021 also recorded an increase of 14%. The imports of partner countries showing increase and decrease have been detailed as follows:

### TOP IMPORT PARTNERS SHOWING INCREASE (Q3: JAN-MARCH FY2020/21)

PARTNER COUNTRIES	Jan- March FY20/21	Jan- March FY19/20	% Change
China	3,679	2,855	29%
United States	921	788	17%
Saudi Arabia	668	508	31%
Qatar	538	405	33%
Kuwait	436	286	52%
South Africa	351	277	27%
Japan	308	208	48%
Germany	258	196	32%
Brazil	225	184	22%
Korea (south)	212	173	23%

Table 10: Top import destinations showing increase (trade values in US\$ million)

### TOP IMPORT PARTNERS SHOWING DECREASE (Q3: JAN – MARCH FY2020/21)

PARTNER COUNTRIES	Jan- March FY20/21	Jan- March FY19/20	% Change
United Arab Emirates	1,321	1,372	-4%
Indonesia	214	603	-65%
Malaysia	156	271	-43%
Netherlands	125	165	-24%
Taiwan, province of China	116	176	-34%
Singapore	110	231	-52%
Afghanistan	91	103	-12%
Oman	75	203	-63%
Vietnam	70	106	-34%
Switzerland	64	75	-15%

Table 11: Top import destinations showing decrease (trade values in US\$ million)

## SECTOR-WISE IMPORTS PERFORMANCE

Of the total US\$ 15.08 billion imports during Q3 (Jan-March) FY 2021, imports of the Machinery Group ranked the highest with imports worth of US\$ 2,919 million followed by petroleum group (US\$ 2,782 million), agriculture & chemicals group (US\$ 2,297 million), food group (US\$ 2,216 million), metal group (US\$ 1,330 million), textile group (US\$ 1,121 million), transport group (US\$ 885 million), and miscellaneous group (US\$ 317 million). Main importing items of Pakistan during Q3 (Jan-March FY 2021) were Petroleum products (US\$ 1,279 million), Wheat un-milled (US\$ 322 million), Petroleum crude (US\$ 700 million), Palm Oil (US\$ 749 million), Plastic Material (US\$ 652 million), Mobile phone (US\$ 597 million), Natural gas, liquefied (US\$ 679 million), Iron and Steel (US\$ 569 million), Raw cotton (US\$ 500 million) and Power generating machinery (US\$ 561 million).

SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – March FY20/21	July – March FY 19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
<b>Grand Total</b>	15,081	11,596	30%	39,519	34,791	14%	15,081	13,186	14%
PETROLEUM GROUP	2,782	2,758	1%	7,554	8,901	-15.13	2,782	2,443	14%
MACHINERY GROUP	2,919	2,201	33%	7,160	6,634	7.92	2,919	2,135	37%
AGRICULTURAL AND OTHER CHEMICALS GROUP	2,297	1,755	31%	6,342	5,577	13.71	2,297	2,126	8%
FOOD GROUP	2,216	1,397	59%	6,121	3,963	54.45	2,216	1,712	29%
METAL GROUP	1,330	1,002	33%	3,621	3,075	17.78	1,330	1,084	23%
TEXTILE GROUP	1,121	936	20%	2,787	1,916	45.46	1,121	988	14%
TRANSPORT GROUP	885	360	146%	2,018	1,197	68.67	885	719	23%
MISCELLANEOUS GROUP	317	215	47%	924	636	45.34	317	270	17%
ALL OTHERS ITEMS	1,213	972	25%	2,992	2,893	3.42	1,213	1,709	-29%

Table 12: Imports Sectors (trade values in US\$ million)

## TOP IMPORT COMMODITIES SHOWING INCREASE (Q3: JAN-MARCH FY2020/21)

SUB-SECTORS	Jan – March FY20/21	Jan – March FY19/20	% Change
OTHER MACHINERY	780.8	561.6	39%
TELE COM	767.9	493.2	56%
ROAD MOTOR VEH. (BUILD UNIT,CKD/SKD)	759.1	327.9	132%
PALM OIL	749.1	537.8	39%
PETROLEUM CRUDE	700.4	681.3	3%
10. ALL OTHERS FOOD ITEMS	698.2	429.6	63%
NATURAL GAS, LIQUIFIED	679.4	610.4	11%
PLASTIC MATERIALS	652.0	542.5	20%
IRON AND STEEL	569.3	396.0	44%
POWER GENERATING MACHINERY	560.9	270.7	107%

Table 13: Top import commodities showing increase (trade values in US\$ million)

## TOP IMPORT COMMODITIES SHOWING DECREASE (Q3: JAN-MARCH FY202/21)

SUB-SECTORS	Jan – March FY20/21	Jan-March FY20/21	% Change
PETROLEUM PRODUCTS	1,279.0	1,373.6	-7%
ELECTRICAL MACHINERY & APPARATUS	472.0	556.5	-15%
PULSES (LEGUMINOUS VEGETABLES)	160.8	183.1	-12%
CONSTRUCTION & MINING MACHINERY	50.3	88.0	-43%
WOOD & CORK	28.2	35.7	-21%
GOLD	1.6	2.3	-32%
OTHERS	0.1	0.1	-57%
SOYABEAN OIL	0.0	4.5	-100%

Table 14: Top import commodities showing decrease (trade values in US\$ million)

## SECTOR-WISE IMPORTS ANALYSES

### PETROLEUM GROUP

SUB-SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – MarchFY 20/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
PETROLEUM GROUP	2,782	2,758	1%	7,554	8,901	(15.1)	2,782	2,443	14%
22. PETROLEUM PRODUCTS	1,279	1,374	-7%	3,448	3,965	(13.0)	1,279	1,043	23%
23. PETROLEUM CRUDE	700	681	3%	2,023	2,453	(17.5)	700	630	11%
24.NATURAL GAS, LIQUIFIED	679	610	11%	1,732	2,237	(22.6)	679	632	7%
25. PETROLEUM GAS, LIQUIFIED	124	93	33%	351	246	42.8	124	138	-10%
26. OTHERS	0	0	-57%	0	0	(34.3)	0	0.043	35%

Table 15: Petroleum group imports (trade values in US\$ million)

Petroleum sector has significant share in the import bill of Pakistan. The share of the sector in the imports of Pakistan is about 18% during Q3 (Jan-March) FY2021. Petroleum group imports into Pakistan stood at US\$ 2,782 million during Jan-March FY 2020-21 as against US\$ 2,758 million during same period over last year showing an increase of 1%. Nine months comparison shows that Pakistan imported Petroleum products worth of US\$ 7,554 million during July–March, FY2021 as against US\$ 8,901 million during the corresponding period of last year showing a decrease of 15%. Quarterly comparison showed that import payments in Q3 FY2021 has shown growth of 14% in Jan-March FY2021 as compared to Q2 of October-December FY2021.

The import growth of petroleum and its products were mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges.

It is pertinent to mention that Asia Pacific was the largest region in the global oil downstream products market, accounting for 30% <sup>4</sup>of the market in 2020. North America was the second largest region accounting for 18% of the global oil downstream products market. South America was the smallest region in the global oil downstream products market.

## MACHINERY GROUP

SUB-SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – March FY 20/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
MACHINERY GROUP	2,919	2,201	33%	7,160	6,634	7.9	2,919	<b>2,135</b>	37%
11. POWER GENERATING MACHINERY	561	271	107%	1,382	921	50.0	561	397	41%
12. OFFICE MACHINE INCL.DATA PROC EQUIP;	120	91	32%	332	287	15.4	120	116	4%
13. TEXTILE MACHINERY	145	118	22%	378	350	7.7	145	137	6%
14. CONSTRUCTION & MINING MACHINERY	50	88	-43%	105	169	(38.1)	50	23	119%
15. ELECTRICAL MACHINERY & APPARATUS	472	557	-15%	1,113	1,749	(36.4)	472	317	49%
16. TELE COM	768	493	56%	1,923	1,338	43.8	768	565	36%
A. MOBILE PHONE	597	364	64%	1,536	980	56.7	597	446	34%
B. OTHER APPARATUS	171	129	32%	387	358	8.2	171	119	43%
17. AGRICULTURAL MACHINERY & IMPLEMENTS	22	22	1%	66	73	(9.9)	22	23	-5%
18. OTHER MACHINERY	781	562	39%	1,863	1,746	6.7	781	557	40%

Table 16: Machinery group imports (trade values in US\$ million)

Import of Machinery Group is vital engine of growth for successful industrial and manufacturing sector development. Over the Q3 (Jan-March) FY 2021, the import performance of Machinery group has registered an increase of 33% as compared to same period last year of FY 2020. Nine month comparison shows that Pakistan imported Machinery worth of US\$ 7,160 million during July –March, FY2021 as against US\$ 6,634 million showing an increase of 8%. Quarterly comparison showed that import payments of Machinery Group in Q3 (Jan-March) of FY 2021 has also shown positive growth of 37% as compared to Q2 (October-December) of FY2021.

The import of Machinery Group include Power Generating Machinery, Office Equipment Machinery, Textile Machinery, Construction Machinery, Electrical Machinery, Telecom, Agriculture Machinery and other Machinery. Construction and electrical have shown decline of 43%, 15% respectively during reported period.

Power generating machinery sector has shown a significant increase of 107%, Office Equipment Machinery import surged by 32%, Textile Machinery import increased by 22% and import of telecom sector grew by 56% in the Q3 FY 2021 as compared to same period last year. Machinery imports are

<sup>4</sup> ["Oil Downstream Products Global Market Report 2021: COVID-19 Impact and Recovery to 2030"](#)

capital goods used for industrial production. Moreover, increase in imports may facilitate the production of other goods.

Import of mobile phones recorded consistent growth during nine months of FY 2021. Even though the government has withdrawn the facility of duty-free mobile handset under the baggage rules from abroad, a consistent increase has been noticed in the import of mobile phones during nine months of FY 2021. One of the main reasons of import surge of mobile phones is because now any non-duty paid/smuggled phone cannot be used in Pakistan without payment of due taxes and registration with the Pakistan Telecommunication Authority (PTA).

## AGRICULTURE AND CHEMICAL GROUP

Agriculture and Chemical Group has shown significant increase of 31% in the import bill during Q3 FY 2021. Nine-month comparison shows that Pakistan imported Agriculture and Chemical products worth of US\$ 6,342 million during July-March FY2021 as against US\$ 5,577 million during the corresponding period of last year - showing a decrease of 13.7%.

SUB-SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – March FY 20/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
AGRICULTURAL AND OTHER CHEMICALS GROUP	2,297	1,755	31%	6,342	5,577	13.7	2,297	<b>2,126</b>	8%
32. FERTILIZER MANUFACTURED	115	49	133%	440	482	(8.7)	115	176	-35%
33. INSECTICIDES	43	32	36%	130	109	19.7	43	41	4%
34. PLASTIC MATERIALS	652	542	20%	1,771	1,490	18.8	652	600	9%
35. MEDICINAL PRODUCTS	296	241	23%	835	757	10.3	296	260	14%
36. OTHERS	1,192	891	34%	3,166	2,739	15.6	1,192	1,049	14%

Table 17: Agriculture & other chemicals imports (trade values in US\$ million)

All sub sector of Agriculture and Chemical Group have shown growth and import of fertilizer manufactured showed considerable increase in imports. Imports of fertilizer manufactured into the country surged by 133 percent valuing US\$ 115 million during Q3 of FY 2021 as against the import of \$49 million of the same period in FY 2020. Nine-month comparison shows that import of fertilizer manufacturers reduced by 8.7% in the first nine month of FY 2021 as compared to FY2020 while other import sectors have shown growth in the agriculture and chemical group.

Medicinal products, insecticides and plastic materials have shown increase by 23%, 36% and 20% respectively. Quarter to quarter comparison shows that the import of insecticides has decreased by 35% in the Q3 FY 2021 as compared to Q2 of FY 2021.

## FOOD GROUP

Import of Food Group has shown positive growth of 59% in q3 (Jan-March) of FY2021 as compared to the same period of FY 2020. The main items imported in the Food group were Palm Oil (US\$ 749 million



)wheat (US\$ 322 million) and Milk & Cream for infants with imported value of US\$ 55 million followed by dry fruit (US\$21 million), Tea(US\$ 149 million), Spices (US\$ 61 million), and pulses (US\$ 161million).

Quarterly comparison showed increase in the import of Food Group in Q3 of FY 2021 by 54% as compared to second quarter of FY2020. Nine month comparison shows that Pakistan imported food products worth of US\$ 6,121 million during July – March, FY2021 as against US\$ 3,963 million. Imports in the current quarter have increased by 1% from the import of preceding quarter of FY 2021

SUB-SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – MarchF Y20/21	July – March FY'19/2 0	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
FOOD GROUP	2,216	1,397	59%	6,121	3,963	54.5	2,216	<b>2,193</b>	1%
1. MILK, CREAM & MILK FOOD FOR INFANTS	55	49	12%	146	125	16.8	55	50	9%
2. WHEAT UNMILLED	322	0	-	983	0	100.0	322	559	-42%
3. DRY FRUITS & NUTS	21	5	342%	70	24	189.6	21	34	-39%
4. TEA	149	147	1%	435	376	15.6	149	144	4%
5. SPICES	61	40	51%	158	119	32.0	61	47	29%
6. SOYABEAN OIL	0	4	-100%	48	45	6.7	0	1	-99%
7. PALM OIL	749	538	39%	1,861	1,380	34.8	749	533	41%
8. SUGAR	1	1	6%	127	2	5,335.6	1	113	-99%
9. PULSES (LEGUMINOUS VEGETABLES)	161	183	-12%	448	429	4.6	161	152	6%
10. ALL OTHERS FOOD ITEMS	698	430	63%	1,844	1,462	26.2	698	558	25%

Table 18: Food group imports (trade values in US\$)

Mainly, all sub-sectors of food group have registered an increase in imports except soyabean and Pulses. Soya beans have registered a decline of 100% in imports of Q3 of FY 2021 from the corresponding quarter of FY 2020. However, The import of Soya bean was not surged in the current quarter as against prediction in the previous report. Infant Milk, Dry fruits, Tea, Spices, and Palm Oil show growth of 12%, 342%, 1%, 23%, 51% and 39% respectively.

Over the past few years, Pakistan's wheat production has not increased at a rate to suffice local demand shifting the country from a wheat exporter to a wheat importer. The change is due to climate change, lack of high-yielding research and minimal increase in support prices as mentioned in the report of USDA. Pakistan has regularly imported wheat and sugar from global market from last few months in moves to improve local supplies. In attempt to circumvent the issue, the Pakistani government announced policy initiatives in October 2020 to support the increased production of wheat. One includes raising the minimum support price for the 2021 wheat crop by 23%. Resultantly, wheat import has shown decline in quarterly comparison of FY 2021.

## METAL GROUP

The metal group imports have shown an overall increase of 33% in Q3 (Jan-March) of FY 2021 as compared to the same period last FY 2020. Imports during the last nine-months from July-March FY 2021 stood at US\$ 3,621 million for the said group which grew by 17.8% against the previous year import for July –March FY 2020 (US\$ 3,075 million). In comparison with the second quarter of FY 2021, the import bill of metal group surged by US\$ 1330 million in Q3 of FY 2021.

SUB-SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – MarchFY 20/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
METAL GROUP	1,330	1,002	33%	3,621	3,075	17.8	1,330	<b>1,207</b>	10%
37. GOLD	2	2	-32%	6	11	(48.1)	2	3	-48%
38. IRON AND STEEL SCRAP	470	382	23%	1,419	1,188	19.4	470	464	1%
39. IRON AND STEEL	569	396	44%	1,428	1,159	23.2	569	483	18%
40. ALUMINIUM WROUGHT & WORKED	47	34	38%	121	105	15.0	47	41	14%
41. ALL OTHER METALS & ARTICALS	243	188	29%	648	611	6.1	243	215	13%

Table 19: Metal group imports (trade values in US\$ million)

Import of Gold during October – December FY2020-21 decreased by 32% The decline in import of gold has mainly been poised by the consistent increase of gold prices in the international market. Iron and steel scrap and aluminum wrought & worked have increased by 23% and 38% respectively during Q3 of FY 2020-21 as against same period of last year.

Government announced a special incentive package for the construction sector by the prime minister on April 3, 2020 and Promoted construction as an industry. The incentive package is further for another year, along with an amnesty for another three months. The amnesty scheme was introduced for the construction sector and people could invest in the real-estate sector without disclosing the source of income. The amnesty scheme for the construction industry was the outcome of the adverse impact of the coronavirus outbreak at the start of this year and Pakistan benefitted from the concessions given by the IMF. It attracted a good number of builders and contractors, who started investing in this sector, and generated healthy competitive economic activity. Iron and steel are raw materials used in the construction industry. The surge in imports shows higher local demand of the products that will be used in the local construction industry.

## TEXTILES GROUP

The textile imports have increased by 20% during Q3 FY 20221 as compared to same period of FY 2020. Quarterly comparison shows 20% surge in the import bill during Jan-December 2021 as compared to the same period FY 2020. Nine-month comparison shows that Pakistan imported textiles worth of US\$ 1,121 million during July-March, FY2021 as against US\$ 936 million during the corresponding period of

last year showing an increase of 45%. Textile group imports during Jan-March 2021 remained at US\$ 1,121 million, grew 14% from the corresponding quarter of October-December FY 2021.

SUB-SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – March FY2 0/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
TEXTILE GROUP	1,121	936	20%	2,787	1,916	45.5	1,121	988	14%
27. RAW COTTON	500	469	7%	1,032	556	85.6	500	324	54%
28. SYNTHETIC FIBRE	158	114	39%	441	339	30.0	158	140	13%
29. SYNTHETIC & ARTIFICIAL SILK YARN	179	157	14%	500	430	16.3	179	180	0%
30. WORN CLOTHING	84	53	59%	205	137	49.6	84	85	-2%
31. OTHR TEXTILE ITEMS	200	143	40%	609	454	34.2	200	259	-23%

Table 20: Textiles group imports (trade values in US\$ million)

In the Q3 of FY 2021, raw cotton has increased by 7% as against same period of FY 2020. Cotton production in the country witnessed an alarming decline. Moreover, import of worn clothing increased by 59% whereas synthetic fibre and synthetic & artificial silk yarn had an increase of 39% and 14% respectively. The growing import of textile group are a matter of concern for our domestic textile industry as over-reliance on import of raw cotton and fibres can be damaging for the sustainability of local textile industry.

It is pertinent to mention that the area under Cotton has witnessed a spectacular decline in the past decade it averaged 2.7m hectares during FY12 to FY21, compared to nearly 3m hectares between FY92 to FY11. The cotton crop has lost its competitiveness relative to other major crops, in particular sugarcane. The pricing dynamics have tended to give sugarcane an edge over cotton, which has manifested in the switching of area away from the cotton in favor of sugarcane. In the second half of 2020, heavy rains badly damaged cotton crop. Cotton production fell for the third consecutive year as area under production declined while yields failed to reach targeted levels. Resultantly, Pakistan imported raw cotton for producing value added products.

## TRANSPORT GROUP

The import of transport group has shown significant increase of 146% in Q3 (Jan-March) of FY 2021 as compared to same period last year. Nine month statistics reveal that around US\$ 2.018 billion worth of goods under transport group were imported during FY 2021. Quarterly comparison shows a growth of 23% during Q3 of FY 2020-21.

Both CBU and CKD transport vehicles have increased by 42% and 177% in Q3 of FY 2021 as compared to same quarter of FY2020. Government has announced new import policy wherein terms for the import of cars has been revised which contributed greatly to the increase in imports.

SUB-SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – MarchFY 20/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
<b>TRANSPORT GROUP</b>	885	360	146%	2,018	1,197	68.7	885	719	23%
19. ROAD MOTOR VEH. (BUILD UNIT,CKD/SKD)	759	328	132%	1,633	943	73.1	759	-	-
19.1 CBU	95	68	40%	240	131	82.5	95	72	32%
A.BUSES,TRUCKS & OTH. HEAVY VEHICLES	28	35	-19%	76	66	15.7	28	16	75%
B.MOTOR CARS	66	33	99%	161	65	148.8	66	55	20%
C.MOTOR CYCLES	1	0	328%	2	1	210.6	1	1	-1%
19.2 CKD/SKD	511	185	177%	1,042	545	91.2	511	361	42%
A.BUSES,TRUCKS & OTH. HEAVY VEHICLES	125	53	134%	255	151	69.2	125	93	34%
B.MOTOR CARS	363	114	217%	733	343	113.5	363	248	46%
C.MOTOR CYCLES	23	17	38%	54	51	6.0	23	20	17%
19.3 PARTS & ACCESSORIES	128	55	131%	292	207	41.4	128	99	29%
19.4 OTHERS	25	20	26%	59	60	(2.7)	25	16	59%
20.AIRCRAFTS, SHIPS AND BOATS	124	29	327%	380	240	58.6	124	170	-27%

Table 21: Transport group imports (trade values in US\$ million)

The export of Transport Group registered positive growth of 146% wherein all components have shown positive growth except buses and trucks. The government had granted functioning licenses to six new entrants in order to create competition in the automobile sector under the Automotive Development Policy (ADP 2016-21). M/s Kia Lucky Motors Pvt Ltd, M/s United Motors (Pvt) Ltd, M/s Regal Automobile Industries Ltd, M/s Foton JW Auto Park (PVT) Ltd, M/s Master Motors Ltd and M/s Hyundai Nishat Motor (Pvt) Ltd were the new entrants under the Auto Policy. Due to ADP 2016-21, production as well as sale of the cars is showing increase from last several months. Auto industry is now recovery phase.

The government had recently announced new Electric Vehicle (EV) Policy, which would create competition among auto sector players besides pollution-free environment. The Policy envisaged targeting a robust electric vehicle market having a 30 percent and 90 percent share in passenger vehicles and heavy duty trucks by 2030 and 2040.

## MISCELLANEOUS GROUP

The miscellaneous group imports in Q3 (Jan-March) of FY2020-21 have seen an overall 47% increase with all the sectors showing increase in imports except wood and cork. Crude rubber, rubber tires, jute and paper & paper board all have increased by 56%, 354%, 28%, 17% respectively. The import trend of the corresponding third and second quarter of FY 2021 indicates a growing trajectory over the preceding quarter of Q2 FY 2020). Nine-month comparison statistics show that the import of

miscellaneous group surged by 45 percent during FY 2021 as compared to FY 2020 with the increase in all the sectors except wood & cork that has registered a negative growth of 21%.

SUB-SECTORS	Jan- March FY20/21	Jan- March FY19/20	% Change	July – March FY 20/21	July – March FY'19/20	% Change	Jan- March FY20/21	Oct-Dec FY20/21	% Change
MISCELLANEOUS GROUP	317	215	47%	924	636	45.3	317	<b>337</b>	-6%
42. RUBBER CRUDE INCL. SYNTH/RECLAIMED	68	44	56%	182	133	36.7	68	59	16%
43. RUBBER TYRES & TUBES	81	18	354%	290	80	264.5	81	112	-27%
44. WOOD & CORK	28	36	-21%	83	93	(10.9)	28	32	-12%
45. JUTE	18	14	28%	44	24	84.9	18	19	-5%
46. PAPER & PAPER BOARD & MANUF.THEREOF	121	103	17%	325	306	6.1	121	115	5%
ALL OTHERS ITEMS	1,213	972	25%	2,992	2,893	3.4	1,213	1,039	17%

Table 22: Miscellaneous group imports (US\$ million)

## TRADE IN SERVICES

### EXPORT PERFORMANCE OF SERVICES

Exports and imports of Trade in Services during Jan-March FY2021 indicate ongoing effect of the COVID-19 pandemic and the continued economic recovery from the sudden declines in the same period of FY2020. It is recorded that trade in services remains below pre-pandemic levels. The complete impact of the pandemic may not be calculated through provisional statistics. The real impact will be quantified in coming months. Trade statistics of Services are based on a balance of payments recorded by State Bank of Pakistan

As per Extended Balance of Payments Services Classification (EBOPS 2010), Trade in Services has been divided into 12 categories. The cumulative exports of Services in the third quarter FY 2020-21 stood around US\$ 1.5 billion increased by 8% from the previous corresponding quarter exports of US\$ 1.4 billion in the FY2020.

SERVICES	Jan – March FY20/21	Jan-March FY19/20	% Change	July – March FY20/21	July – March FY'19/20	% Change
2. Exports of Services	1,532	1,421	8%	4,372	4,345	1%
1. Manufacturing Services on Physical inputs owned by Others	0	0	0	0	0	0
2. Maintenance and Repair Services n.i.e.	3	1	200%	3	6	-50%
3. Transport	147	201	-27%	456	646	-29%
4. Travel	160	151	6%	384	426	-10%
5. Construction	22	34	-35%	87	134	-35%
6. Insurance and Pension Services	11	13	-15%	34	32	6%



7. Financial Services	32	34	-6%	76	122	-38%
8. Charges for the use of Intellectual Property n.i.e.	3	3	0%	10	3	233%
9. Telecommunications, Computer, and Information Services	553	369	50%	1,512	1,053	44%
10. Other Business Services	332	351	-5%	1,025	1,041	-2%
11. Personal, Cultural, and Recreational Services	3	1	200%	8	7	14%
12. Government Goods and Services n.i.e.	266	263	1%	777	875	-11%
of which: Logistic Support	0	0	0	0	0	0

Table 23: Services exports (trade values in US\$ million)

## IMPORT PERFORMANCE OF SERVICES

SERVICES	Jan – March FY20/21	Jan-March FY19/20	% Change	July – March FY20/21	July – March FY'19/20	% Change
2. Imports of Services	1,950	2,212	-12%	5,734	7,206	-20%
1. Manufacturing Services on Physical inputs owned by Others	0	0	0	0	0	0
2. Maintenance and Repair Services n.i.e.	11	15	-27%	36	60	-40%
3. Transport	767	782	-2%	2,031	2,540	-20%
4. Travel	214	353	-39%	605	1,125	-46%
5. Construction	0	51	-100%	0	71	-100%
6. Insurance and Pension Services	65	66	-2%	182	224	-19%
7. Financial Services	44	114	-61%	129	324	-60%
8. Charges for the use of Intellectual Property n.i.e.	81	29	179%	193	139	39%
9. Telecommunications, Computer, and Information Services	123	94	31%	401	291	38%
10. Other Business Services	545	645	-16%	1,934	2,007	-4%
11. Personal, Cultural, and Recreational Services	0	0	0	0	0	0
12. Government Goods and Services n.i.e.	100	63	59%	223	424	-47%

Table 24: Services imports (trade values in US\$ million)

## SECTORAL ANALYSES OF TRADE IN SERVICES

The most recent statistics shows that services trade registered an increase of 8% in the third quarter (July-March 2021). The statistics shows that the services of Travel, telecommunication and maintenance are increased. However, due to covid19 most of the service sectors are influenced by the revenue losses from cancelled flights, holidays abroad, closure of restaurant, and Personal, Cultural, and Recreational Services activities. Travel remains the most affected service sector globally however, in Pakistan the most effected sectors were construction, insurance and transport services during covid as compared with the same period of last year. It is pertinent to mention that global construction exports were down 16% year-on-year, as several Asian exporters saw sharp drops. However, trade in computer services registered a notable exception. Computer services remained the most dynamic sector in the third quarter, up 50% due to increasing global demand for cloud computing, platforms and virtual workplaces

## GOVERNMENT INITIATIVES FOR EXPORT FACILITATION

1. Pakistan Custom established Pakistan Single Window (PSW) to reduce cost of business, clearance time and integrate 75 regulatory department.
2. SBP has removed the condition of 100% cash margin on imports for Lyophilizes (Freeze Dryers, HS 8419.3900). This will contribute favorably to our vaccination drive as Lyophilizes are used for stabilization of vaccines.
3. SBP has introduced special schemes under its refinance window to ensure adequate supply of financing to the value-added industries at competitive rates for enhancing their production capacity and meeting working capital requirements. These schemes mainly include Export Finance Scheme (EFS) to ensure short term credit availability for exporters and Long-Term Financing Facility (LTFF) for encouraging export led growth on the long-term basis. SBP released Rs. 110.4 million under LTFF and Rs. 68.7 million under EFS during Jan-March FY 2021
4. To facilitate exporters, government of Pakistan disbursed Rs. 1,837.59 million under its DLT scheme for Non-Textile sector during July-March FY2021
5. Government of Pakistan in similar fashion supported exporters of textile sector by disbursing Rs. 5,264 billion Duty Drawback of Taxes Order 2017-18 and 2018-21 (DLT scheme) during July-March FY2021
6. The Finance Committee of Export Development Fund (FC-EDF) approved Rs. 950M for upgradation of Physical Testing equipment at PTTF Faisalabad. It also approved Rs. 8.9 billion for various schemes for export enhancement under export Development Fund (EDF) for Financial year 2021-22.
7. Government of Pakistan registered Basmati Rice as Geographical Indication (GI) under Geographical Indications Act 2020. Under this Act, a GI registry has been formed which will register GIs and maintain the basic record of proprietors & authorized users of GI. This will provide protection of our products against misuse or imitation & hence will guarantee that their share in int'l market is protected.
8. The Temporary Economic Refinance Facility (TERF) was introduced to ensure liquidity for export sector during the pandemic providing for concessionary refinance at 5% for manufacturers & exporters mainly for staff salaries. This scheme was completed on 31st March 2021. This scheme has brought substantial investment into Pakistan through the purchase of imported and locally manufactured plants & machinery for setting up new projects.
9. In order to provide cheaper imported raw materials for exports, government decided to remove Additional Customs Duty on 152 tariff lines mainly the Chemical Sector .This will make chemical industry more competitive for both local market as well as exports.

## FUTURE TRADE OUTLOOK

Pakistan has played its part in the global trade recovery as total exports have been increased by 11% during Jan-March FY2021 with the corresponding period in FY2020. Amongst all the exports, textile group registered remarkable increase by 12% in value during in Jan-March FY 2021 when compared with the same period in the previous year. The remarkable performance of Textile sector is the support and facilitation provided by the government in previous quarters to enhance exports from Pakistan during pandemic. To further facilitate the textile sector, the Pakistani economy is looking to withdraw customs duty on import of Cotton Yarn which will cut down costs for textile exporters and boost production. Apart from the textile sector both food sector (9%) and other manufacture sector (8%) saw an increase in value which is encouraging for future export prospects. The growth of exports is due to the promising policies from the government. It is expected that this increase can be sustained for the final quarter of FY221.

On the import front, Pakistani recorded an increase in value of imports by 30% in which transport group saw the highest increase of 146% followed by food group with 59% growth, which can be attributed to the food shortage that Pakistan must face. Some notable other sectors which registered an increase include machinery group (33%), Agricultural & Chemical group (31%), Metal group (33%), textile group (20%) and miscellaneous group (47%). The surge in imports were recorded in Power generating machinery, telecom, mobile phones, LNG, fertilizers, medicinal products, wheat, Palm oil, iron and steel, Raw cotton, vehicles, motor cars and motorcycles during Q3 (Jan-March FY 2021)

The balance of trade deficit of Pakistan has shown significant increase during nine months of FY 2021. Trade deficit for July-March 2021 came in at \$ 20.8 billion, which was 20% more than the \$17.3 billion reported for July-March 2020.

For the fourth quarter of FY21, economic and trade prospects seem favorable as Pakistani economy looks to be on the road to recovery. However, the recent rise in COVID cases, Pakistan has been showing signs of a fragile recovery. The economy needs to be wary of the new waves of the pandemic which can hamper growth and needs to focus on mass vaccination to create a healthy economic environment. With the recent appreciation of the Pakistani rupee coupled with favorable economic policies, outlook for the Pakistani economy looks promising.

