PAKISTAN
TRADE PERSPECTIVE

OCTOBER-DECEMBER FY 2021

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ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

B/L	BILL OF LADING
CAGR	COMPOUND ANNUAL GROWTH RATE
CBU	COMPLETE BUILD-UP
CKD	COMPLETELY KNOCKED DOWN
COVID	CORONAVIRUS 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
USD A	US DEPARTMENT OF AGRICULTURE
YoY	YEAR-ON-YEAR

LIST OF TABLES

WORLD ECONOMIC AND TRADE REVIEW[1]

OCTOBER - DECEMBER FY 2021-22

After rebounding to an estimated 5.5 percent in 2021, global growth is expected to decelerate markedly to 4.1 percent in 2022, reflecting continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks. According to the World Bank's Global Economic Prospects report, the global economy will recover from the pandemic in 2021 with the strongest post-recession expansion in 80 years. However, gains are expected to slow this year as a result of virus variants and rapidly rising prices for items such as food and energy. Inflation is at its highest level since 2008.

Due to the pandemic comeback (the Omicron and Delta Covid variants), higher food and energy cost, and more serious supply disruptions, the near-term outlook for global growth is considerably weaker, and for global inflation is somewhat higher, than previously anticipated. Global GDP is expected to slow further to 3.2 percent in 2023. Despite the fact that output and investment in the advanced economies are expected to recover. Next year's pre-pandemic trends in emerging countries EMDEs.[2] Particularly in small states and fragile and conflict-afflicted countries—they will remain markedly below, owing to lower vaccination rates, tighter fiscal and monetary policies, and more persistent scarring from the pandemic.

Various downside risks, such as simultaneous Omicron-driven economic disruptions, more supply bottlenecks, a de-anchoring of inflation expectations, financial stress, climate-related disasters, and a weakening of long-term growth drivers, all put a damper over the forecast. Because EMDEs have limited policy space to provide additional assistance if necessary, these downside risks increase the chances of a hard landing. This highlights the importance of strengthening global cooperation to promote rapid and equitable vaccine distribution, calibrate health and economic policies, improve debt sustainability in the poorest countries, and address the rising cost of climate change.

EMDE policymakers also face the challenges of heightened inflationary pressures, spillovers from potential advanced-economy monetary tightening, and limited fiscal space. Despite budgetary consolidation, debt levels in many EMDEs, which are already at record highs, are likely to rise further due to continued revenue weakness. Longer-term, EMDEs will need to support growth by pursuing decisive policy actions, such as reforms that reduce vulnerability to commodity shocks, reduce income and gender inequality, and improve preparedness for health and climate-related crises.

Growth in most EMDE regions in 2022-23 is projected to revert to the average rates during the decade before the pandemic, except in East Asia and the Pacific. This pace of growth will not be enough to recoup output setbacks during the pandemic, however. By 2023, annual output is expected to remain below the pre-pandemic trend in all EMDE regions, in contrast to advanced economies, where the gap is projected to close.

The rate of recovery will be uneven across and within regions, with significant downside risks. On a per-capita basis, the recovery may lag behind those in economies that experienced the most severe contractions in 2020, such as tourism-dependent island economies. Half or more of the economies in East Asia and the Pacific, Latin America and the Caribbean, the Middle East and North Africa, and Sub-Saharan Africa will still be underperforming in terms of per capita GDP by 2023. China, where growth is expected to slow to 5.1 percent from 8 percent last year, and the United States, where growth is expected to slow to 3.7 percent this year from 5.6 percent in 2021, are driving the global slowdown. The Eurozone's expansion will slow to 4.2 percent this year, down from 5.2 percent last year, according to the bank. India is a bright spot, with growth expected to increase from 8.3 percent to 8.7 percent this year. However, many emerging markets continue to face additional challenges, such as low vaccination rates. Growth in Latin America and the Caribbean, for example, is expected to slow to 2.6 percent in 2022, down from 6.7 percent last year.

[1] International Trade Statistics released on 18 December 2021 by WTO

[2] (Economies of Markets and Developing Economies).

PAKISTAN ECONOMIC OUTLOOK

OCTOBER - DECEMBER FY 2021-22

The World Bank has maintained Pakistan's economic growth forecast for the current fiscal year at 3.4 percent, which is lower than the official target and the second slowest in South Asia, despite rapid inflationary pressures. The 3.4 percent growth rate was the second-lowest in the South Asian region, and it was only slightly higher than the 2.1 percent growth rate projected for Sri Lanka, which was also dealing with external sector issues. The Maldives' economy is expected to grow at the fastest rate of 11%, followed by India at 8.7 percent, Bangladesh at 6.4 percent, Bhutan at 5.4 percent, and Nepal at 3.9 percent.

The federal government has set a 4.8 percent GDP growth target for the current fiscal year, though the finance ministry projected that growth will remain above 5 percent in its monthly publication. According to the Pakistan Institute of Development Economics (PIDE), the country must grow at a rate of 7 percent to 9 percent per year for several decades to absorb the youth bulge. The Pakistan Bureau of Statistics (PBS) reported 12.3 percent inflation in December, with the rate expected to rise to 13 percent in January.

With the pandemic, the government has prioritized managing the repeated COVID-19 infection waves, implementing a mass vaccination campaign, expanding its cash transfer program, and providing accommodative monetary conditions to support economic growth. Dealing with the fourth COVID-19 wave, the government implemented micro-lockdowns that successfully limited infection spread while allowing economic activity to continue and thus mitigating economic fallout. Although they are increasing, vaccination rates remain low. By the end of September 2021, only about 12% of the total population had been fully vaccinated.

The 39-month IMF-Extended Fund Facility (IMF-EFF) is expected to restart in FY22, with the 6th Review mission scheduled for October 2021. Domestic revenue mobilization, reduction of power sector arrears, electricity subsidy reform, and increased central bank operational autonomy are all key reforms supported by the EFF and are expected to strengthen long-term growth.

Real GDP growth (at factor cost) is expected to have rebounded to 3.5 percent in FY21 from 0.5 percent in FY20 due to low-base effects and recovering domestic demand. Private consumption and investment are expected to have increased during the fiscal year, aided by record-high official remittance inflows received through formal banking channels and an accommodative monetary policy.

Government consumption is expected to have increased as well, but at a slower rate than in FY20, when the COVID-19 fiscal stimulus package was implemented. In contrast, net exports are expected to fall in FY21 as imports nearly doubled that of exports due to strong domestic demand. On the production side, industrial activity is expected to have rebounded after contracting for two consecutive years, due to strong large-scale manufacturing.

Similarly, the services sector, which accounts for 60% of GDP, is expected to have grown as generalized lockdown measures were gradually lifted. In contrast, agriculture sector growth is expected to have slowed, owing in part to a near 30% drop in cotton production due to adverse weather conditions.

Despite slowing to 8.9 percent in FY21 from 10.7 percent in FY20, headline consumer price inflation remained high, owing primarily to high food inflation, which is likely to disproportionately affect poorer households, which spend a larger share of their income on food items than non-food items. Real interest rates were negative throughout FY21 due to the policy rate remaining at 7.0 percent.

The current account deficit narrowed from 1.7 percent of GDP in FY20 to 0.6 percent in FY21 as robust remittance inflows offset a wider trade deficit. Foreign direct investment decreased, while portfolio inflows increased with the issuance of USD 2.5 billion Eurobonds. Overall, the balance of payments surplus was 1.9 percent of GDP in FY21, and the official foreign exchange reserves rose to USD 18.7 billion at end-FY21, the highest since January 2017 and equivalent to 3.4 months of total imports. Accordingly, the Rupee appreciated by 5.8 percent against the U.S. dollar over the FY, while the real effective exchange rate rose by 10.4 percent.

The budget deficit shrank to 7.2 percent of GDP in FY21, down from 8.0 percent in FY20, as revenue growth exceeded greater expenditures, due to stronger domestic activity. Public debt, including guaranteed debt, ticked down to 90.7 percent of GDP at end-June FY21 from 92.7 percent of GDP at end-June FY20. Boosted by the recovery in the industry and services sectors and resultant off-farm employment opportunities, poverty incidence, measured at the international poverty line of USD 1.90 PPP 2011 per day, is expected to have declined to 4.8 percent in FY21 from 5.3 percent in FY20.

In line with the 25-basis point policy rate hike in September 2021, fiscal and monetary tightening are expected to resume in FY22, as the Government refocuses on mitigating emerging external pressures and managing long-standing fiscal challenges. With the execution of major structural reforms, such as those targeted at sustaining macroeconomic stability, increasing competitiveness, and improving the energy sector's financial viability, output growth is expected to moderate to 3.4 percent in FY22 before strengthening to 4.0 percent in FY23.

Inflation is projected to edge up in FY22 with expected domestic energy tariff hikes and higher oil and commodity prices before moderating in FY23. Poverty is expected to continue declining, reaching 4.0 percent by FY23.The current account deficit is projected to widen to 2.5 percent of GDP in FY23 as imports expand with higher economic growth and oil prices. Exports are also expected to grow strongly after initially tapering in FY22, as tariff reform measures gain traction supporting export competitiveness. In addition, the growth of official remittance inflows is expected to moderate after benefiting from a COVID-19 induced transition to formal channels in FY21.

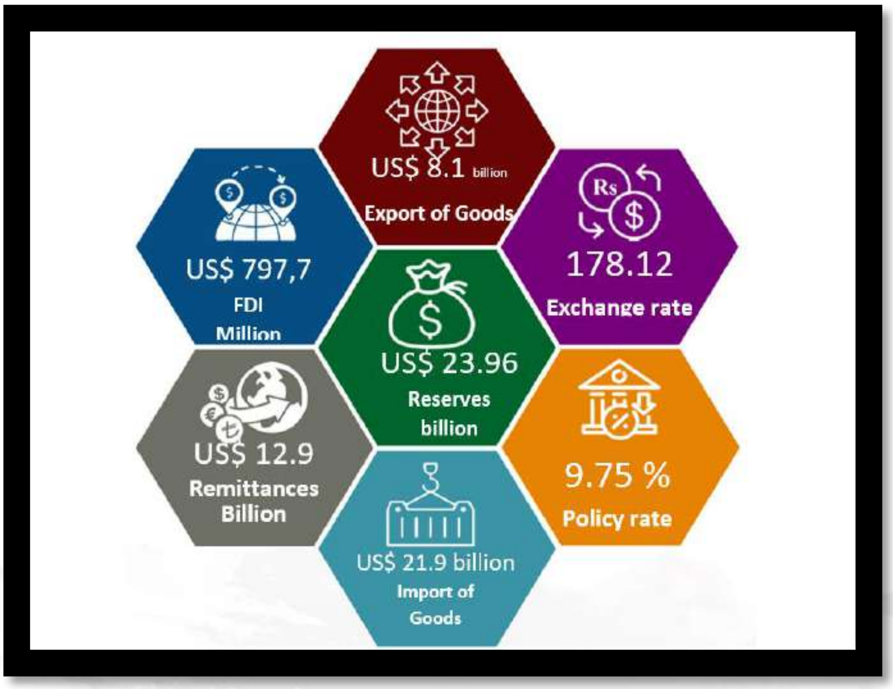
Despite fiscal consolidation efforts, the deficit is projected to remain high at 7.0 percent of GDP in FY22 and widen to 7.1 percent in FY23 due to pre-election spending. Implementation of critical revenue-enhancing reforms, particularly the General Sales Tax harmonization, will support a narrowing of the fiscal deficit over time. Public debt will remain elevated in the medium-term, as well Pakistan's exposure to debt-related shocks. This outlook assumes that the IMF-EFF program will remain on track.

Major risks include delays and stalling of the IMF-EFF program and the consequent external financing difficulties, exceedingly high domestic demand leading to unsustainable external pressures, more contagious COVID-19 strains requiring widespread lockdowns, and a worsening of regional and domestic security conditions, including those stemming from the Afghanistan situation. All these could delay critical structural reforms.[3]

[3] https://www.worldbank.org/en/country/pakistan/overview#1

PAKISTAN'S ECONOMIC INDICATORS

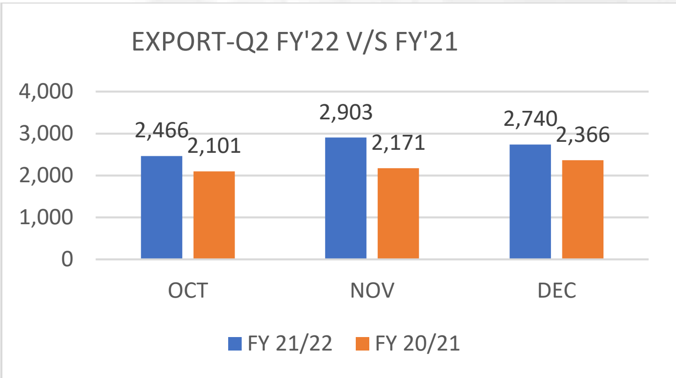
Q2: OCT-DECEMBER FY 2021-22

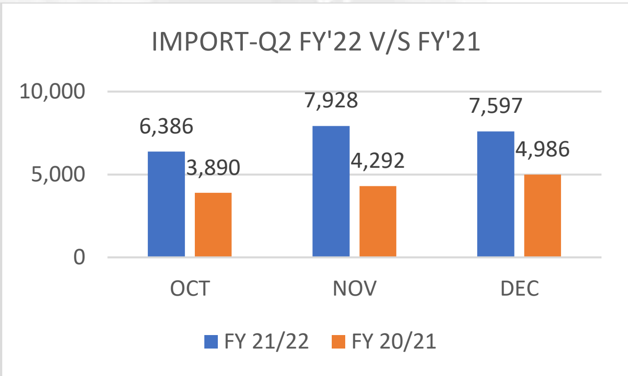


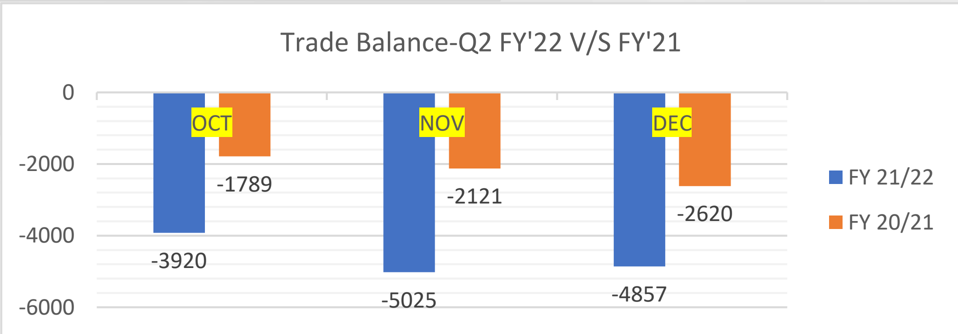
PAKISTAN'S TRADE OUTLOOK

QUARTERLY COMPARISON OF FY2022 WITH FY2021

TRADE VALUES IN USD MILLION







PAKISTAN'S EXPORT PROFILE (GOODS)

Pakistan's exports during October-December of FY2021-22 have escalated by 23% to USD 8.13 billion from USD 6.64 billion in October-December of FY2020-21. On a cumulative basis, in the first six months of FY2021-22, export has grown by 25% over the same period of last fiscal year (FY 2020-21) and have reached USD 15.13 billion. For the current fiscal year, there is a notable pickup in export revenue in Q2 (FY2021-22) as against Q1 (FY2021-22). Export proceeds have surged by 16% from USD 6.9 billion in Q1 FY2021-22 to USD 8.1 billion in Q2 FY2021-22. 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 2021-22)

COUNTRIES	OCT-DEC FY'22	OCT-DEC FY'21	% Change
UNITED STATES	1,845	1,275	45%
CHINA	960	703	37%
GERMANY	430	416	3%
NETHERLANDS	393	334	18%
UNITED ARAB EMIRATES	336	256	31%
SPAIN	311	247	26%
BANGLADESH	245	171	44%
ITALY	228	184	24%
BELGIUM	200	157	27%

SOURCE: PRAL

Pakistan's top export destinations include the USA, China, the UK, and Germany. Men's or boys' suits and ensembles, bedlinen, Jerseys, pullovers, T-shirts, pantyhose other made-ups, articles of apparel, mattress and cotton yarn exports have shown an increase in the USA market. exports of woven fabric, women and girls clothing, curtains, rice, and surgical instruments decreased in the USA market during July-December 2021-22. The commodities registered increase in the Chinese market include Refined copper and copper alloys, other oilseeds, cotton yarn, dried fruits, unwrought aluminum, chromium ores flours, molluscs, crustaceans, and copper waste. The commodities recorded a decline in the Chinese market include Rice, Copper bars, woven fabric, surgical instruments, jersey and pullovers, bed linen portland cement and marble.

Table 2: Top export destinations showing decrease - trade values in USD million **(Q2: OCT-DEC FY 2021-22)**

SUB-SECTORS	OCT-DEC FY'22	OCT-DEC FY'21	% Change
AFGHANISTAN	181	262	-31%
SAUDI ARABIA	99	100	-1%
KENYA	63	69	-8%
RUSSIAN FEDERATION	50	52	-4%
VIET NAM	43	59	-28%
INDONESIA	42	58	-27%
KUWAIT	31	32	-4%
HONG KONG, CHINA	16	40	-61%

NORWAY	15	15	-2%
TAIWAN/SEP CUSTOMS TERRITORY	15	18	-16%

SOURCE: PRAL

Pakistan's export to Afghanistan have declined around 31 percent during Q2 FY 2021-22. Commercial activities between the two countries were lying suspended as the border authorities stopped the clearance of goods-laden trucks in the wake of a notification issued by the State Bank of Pakistan (SBP). SBP, in its earlier notification, allowed exports to Afghanistan after obtaining payment from Afghan traders in dollars. However, the central bank issued another notification wherein the last date was changed from December 31 to December 13, causing a halt in the clearance of goods-laden trucks at the Torkhem border. Pakistan's exports had shown a drastic decline from Afghanistan during the last six months of 2021 as Afghanistan has faced with severe economic crisis and banks due to low reserve of dollars.

SECTOR-WISE EXPORTS PERFORMANCE

During October-December, FY2021-22, Textile group has shown remarkable performance and has earned export revenue of USD 4.96 billion, 25% more than as compared to same period of last fiscal year, followed by Food group (USD 1.46 billion), Other Manufactures group (USD 981 million), Petroleum and Coal Group (USD 64 million). Main commodities exported during October-December, FY2021-22 were Knitwear (USD 1,356 million), Readymade garments (USD 971 million), Bed wear (USD 856 million), Cotton cloth (USD 578 million), Cotton Yarn (USD 322 million), Towels (USD 283 million), Made-up articles (USD 225 million), Other textile material (USD 200 million) and Leather manufactures (USD 165 million).

Table3: Exports Sectors (Trade values in USD Million)

SECTORS	Oct-Dec FY21/22	Oct-Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct-Dec FY21/22	July – Sep FY21/22	% Change
TOTAL	**8,132**	**6,638**	**23%**	**15,127**	**12,110**	**25%**	**8,132**	**6,997**	**16%**
FOOD GROUP	1,465	1,225	20%	2,483	2,030	22%	1,465	1,020	44%
TEXTILE GROUP	4,960	3,973	25%	9,381	7,442	26%	4,960	4,421	12%
PETROLEUM GROUP & COAL	64	46	39%	122.5	92.6	32%	64	58	11%
OTHER MANUFACTURES GROUP	981	912	8%	1,925	1,694	14%	981	945	4%
ALL OTHER ITEMS	663	482	37%	1215	850	43%	663	552	20%

SOURCE: PBS

Half-yearly comparison of FY 2021-22 has shown growth of 25% as compared to the same period of last year. Food group was surged by 22%, Textile group increased by 26%, Petroleum and Coal group increased by 32%, and other Manufacturing Group soared by 14%.

Table 4: Top export commodities showing increase -trade values in USD million
(Q2: OCT - DEC FY 2021-22)

SUB-SECTORS	Oct-Dec FY'22	Oct-Dec FY'21	% Change
KNITWEAR	1,356	989	37%
READYMADE GARMENTS	971	789	23%
BED WEAR	856	743	15%
COTTON CLOTH	578	478	21%
COTTON YARN	322	230	40%
TOWELS	283	241	17%
MADEUP ARTICLES (EXCL.TOWELS & BEDWEAR	225	207	9%
OTHER TEXTILE MATERIALS	200	162	24%
LEATHER MANUFACTURES	165	147	12%

SOURCE: PBS

Table5: Top export destinations showing decrease -trade values in USD million
(Q2: OCT - DEC FY 2021-22)

SUB-SECTORS	Oct – Dec FY'22	Oct – Dec FY'21	% Change
MEAT and MEAT PREPARATION	85	86	-1.4%
CHEMICALS AND PHARM.PRODUCTS	316	327	-3%
SURGICAL GOODS and MEDICAL INSTRUMENTS	107.4	108.8	-1%
PLASTIC MATERIALS	100	113	-12%
CUTLURY	31.4	31.2	-0.8%
PHARMACEUTICAL PRODUCTS	64	71	-9%
TRANSPORT EQUIPMENT	2.1	3.6	-43%
JEWELLARY	3	4	-23%

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.

Table 6: Textiles group exports (Trade values in USD million)

SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21/22	% Change
TEXTILE GROUP	**4,960**	**3,973**	**25%**	**9,381**	**7,442**	**26%**	**4,960**	**4,421**	**12%**
RAW COTTON	1.76	0.32	447%	1.76	0.59	197%	2	-	-
COTTON YARN	322	230	40%	610	401	52%	322	289	11%
COTTON CLOTH	578	478	21%	1,135	935	21%	578	557	4%
COTTON CARDED OR COMBED	0.137	-	100%	1.611	0	100%	0	1,473	-100%
YARN OTHER THAN COTTON YARN	16	8	100%	28	13	110%	16	12	28%
KNITWEAR	1,356	989	37%	2,501	1,850	35%	1,356	1,145	18%
BED WEAR	856	743	15%	1,660	1,394	19%	856	803	7%
TOWELS	283	241	17%	524	446	18%	283	241	17%
TENTS, CANVAS & TARPULIN	36	34	5%	57	62	-9%	36	21	68%

READYMADE GARMENTS	971	789	23%	1,832	1,490	23%	971	861	13%
ART, SILK & SYNTHETIC TEXTILE	117	92	27%	225	168	34%	117	108	8%
MADEUP ARTICLES (EXCL.TOWELS & BEDWEAR)	225	207	9%	422	379	11%	225	197	14%
OTHER TEXTILE MATERIALS	200	162	24%	385	304	27%	200	185	9%

SOURCE: PBS

The Textile Group contributed over one-half of the overall export receipt during second quarter of FY2021-22. Textile group exports stood at USD 4,960 million during Oct- December FY 2021-22 as against USD 3,973 million during same period over last year showing an increase of 25%. Half yearly comparison shows that Pakistan exported Textile products soared 26% as compared to the same period over last year. The growth was prominent in the top growing commodities during Q2 FY 2021-22 over Q2 FY2020-21. Growth recorded in Yarn, Cotton yarn (40%), Knitwear (37%), Art, Silk & Synthetic Textile (27%), Other Textile Materials (24%), Readymade garments (23%), Cotton cloth (21%), Towels (17%), Bed wear (15%), Made-up Articles (9%), and Tents & Canvas (5%). The growth in overall exports credits the country's Textile sector for the increase in exports. Increase in exports is due to the setting up of several new Textile industrial plants in Pakistan.

The production of Textile-related goods increased which in turn led to an increase in exports. As per APTMA, 40 spinning mills of 32,000 spindles capacity, total 1.25 million spindles, 6000 Airjet looms in 40 weaving mills of 150 looms capacity, 40 processing plants of 3 million square meter capacity are in process of being set up in Pakistan which will further enhance Textile Export capacity by USD 6 million next year.

Bi-annual comparison of Textile sector has shown 26% increase with amount of USD 9.38 billion for the period of July-December FY2021-22 with previous year July-December FY2020-21, all textile products have reported positive growth during half year period from July-December FY2021-22 as compared to previous half year period of FY2020-21. Commodities that contributed in trade growth included cotton yarn, the exports of which increased by 52 percent to USD 610 million during the half, from USD 400 million last year. Yarn (other than cotton yarn) increased 110 percent to USD 28.279 million from USD 13.462 million, whereas exports of knitwear increased by 35 percent to USD 2.5 billion from USD 1.849 billion last year.

In addition, half-year exports of bed wear increased 19 percent to USD 1.659 billion from USD 1.394 billion, towels climbed up 17 percent to USD 523.686 million from USD 445.697 million, readymade garments went up 22 percent to USD 1.831 billion from USD 1.490 billion; art, silk and synthetic textile increased 34 percent to USD 224.847 million from USD 167.500 million, made up articles (excluding bed wear and towels) grew 11 percent to USD 422.254 million from 379.187 million, whereas the exports of all other textile materials increased by 26 percent to USD 384.601 million from USD 303.822 million. The textile commodities that witnessed negative decline in trade were tents, canvas, and tarpaulin, the exports of which decreased by 9 percent, from USD 62.477 million to USD 56.742 million.

If we compare the second quarter of FY2021-22 with first quarter of FY2021-22 overall Textile sector has registered 12% growth, it is noted that all textile products have recoded positive growth, except 100% negative growth of Cotton

Carded or Combed during period of second quarter of FY2021-22 as compared to first quarter of FY2021-22. The reason of decline in the exports of Cotton Carded and Combs was the import of raw cotton during reported period. As all textile sectors have shown positive growth the industry imported textile machinery in the bulk.

The import of Textile Machinery also surged by 48% during Q2 FY 2021-22. It shows that the production capacities are increased by the firms to complete export orders. Pakistan's raw cotton imports are also increased by 48% during reported period.

Another reason of increase in exports of Textile group is an increase in global prices and currency devaluation. Current conditions for Pakistan's Textile industry are very encouraging. The Government is also in process of finalization of Textile and Apparel Policy 2020-25, laden with cash subsidies and lower rates on utilities worth Rs. 960 billion to boost production and exports of value-added textile products. The said policy will estimate three scenarios that lift the Textile and Clothing exports to a minimum of USD 15.7 billion and a maximum of USD 20.8 billion by end of the year 2025.

The country's largest export, has been the main beneficiary of many government programs which include USD 481million in subsidized natural gas and electricity. The government approved an extension for energy subsidies for the short-term under which it increased the rate of subsidized gas to export-oriented sectors by 38 percent, but kept the price of the subsidized electricity unchanged. In the budget, the government had booked Rs 26 billion gas subsidy, which is now estimated to increase to Rs.62 billion annually. Power subsidy costs another Rs 20 billion per annum.[4]

The government had proposed to revise the existing gas tariff of USD 6.5 per mmbtu (Metric Million British Thermal Unit) for the captive power plants of export sectors to USD 9 per mmbtu from November 15, 2021 to March 31, 2022. However, a member of the APTMA took a stay order form the court against the decision. As per association, the members are utilizing expensive imported gas at cheaper rates and using 80% of it to generate their own electricity through captive power plants. Industrial units in Pakistan are allowed to install their captive power plants to produce electricity for their own use. And if they have surplus, they can supply it to the national grid for residential or commercial consumers.

FOOD GROUP

The Agro Food Sector of Pakistan contributed 18% to the national export in the Q2 F2021-22. The current structure of Agro-based exports mainly consists of Rice, Meat, Fruits and Vegetables, Fish, Tobacco, Spices, Oil Seeds and Nuts, Horticulture and Livestock and inconsistent exports of Sugar and Wheat. All Agro product exports are increased during Q2 FY 2021-22 except Meat and Meat Preparations.

[4] (https://www.thenews.com.pk/print/920396-govt-aptma-agree-to-restore-textile-sector-s-gas-supply)

Table 7: Food group exports (trade values in USD million)

SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21/22	% Change
FOOD GROUP	**1,465**	**1,225**	20%	**2,483**	**2,030**	22%	**1,465**	**1,019**	44%
RICE	644	603	7%	1,067	963	11%	644	423	52%
a) BASMATI	150	108	40%	304	228	33%	158	153	3%
b) OTHERS	493	495	-0.4%	763	735	4%	486	270	80%
FISH & FISH PREPARATIONS	145	117	24%	202	195	3%	145	57	154%
FRUITS	133	130	2%	247	223	11%	133	114	16%
VEGETABLES	83	74	13%	133	117	14%	83	50	67%
LEGUMINOUS VEGETABLES (PULSES)	-	-	-	-	-	-	-	0	-
TOBACCO	20	15	33%	28	20	37%	20	8	151%
WHEAT	-	-	-	-	-	-	-	0	-
SPICES	30	21	41%	53	41	27%	30	23	27%
OIL SEEDS, NUTS AND KERNALS	111	33	236%	156	37	325%	111	45	148%
SUGAR	-	-	-	-	-	-	-	0	-
MEAT AND MEAT PREPARATIONS	85	87	-2%	163	161	1%	85	78	8%
ALL OTHER FOOD ITEMS	215	145	48%	435	273	59%	215	221	-3%

SOURCE: PBS

The country exported Food commodities worth USD 2,483 million during July-December (2021-22) as compared to the exports of US USD 2,030 million during July-December (2020-21) showing growth of 22%. China, Kenya, UAE, Afghanistan and Saudi Arabia were key exports destinations of Pakistani Rice over the last five years.

Rice is the major contributor in Agro Food Sector with the amount of USD 644 million. Pakistan harvested a record Rice crop of 8.9 million tonnes in the 2021-22 marketing year, up from 8.4 million tonnes the prior year, according to a Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USD A) - New higher-yielding hybrid rice varieties, improved agronomic practices and increased planting area, as farmers shift out of Cotton, are factors driving the increased production. The Rice exports increased by 52% in quarter-to-quarter comparison of FY 2021-22.

Of the total exportable surplus, approximately 30 percent is Basmati (2.41 million tons). Currently, the average export price of Basmati and Coarse rice are USD 870/ton and USD 490/ton respectively. At these prices, Pakistan earned USD 304 million and USD 763 million (total USD 1,067 million) during last six month July-December 2021-22 from the export of Basmati and Coarse rice, respectively.

Food Group has recorded a positive growth of 22% with the amount of USD 2.48 billion during July-December FY2021-22 as compared to previous year July-December FY2020-21. All products of Food sector have shown positive growth except no growth in Wheat, Sugar, and Leguminous Vegetables (Pulses) during July-December FY2021-22 as compared to July-December of FY2020-21.

If we analyze the second quarter of FY2021-22 with first quarter of FY2020-21, the Food Group has reported a positive growth of 44% with the amount of USD 1.4 billion during the reported period. All products of the respective sector are showing positive growth except All Other Food Items with negative 3% growth.

The exports of Agro sector performed well during July-December FY2022. The agriculture credit disbursement recorded an increase of 3.9 percent and reached Rs 640.8 billion (Rs 616.9 billion same period last year). The farm tractors sales increased by 21.2 percent to 26,479 and its production increased by 15.2 percent to 26,945 compared to corresponding period last year. The urea off-take during Rabi 2021-22 (Oct-Dec), was 1,687 thousand tonnes which decreased by 7.7 percent, while DAP offtake was 679 thousand tonnes which decreased by 14.3 percent over the same period of last season.

For Rabi season 2021-22, wheat crop has been sown on an area of 22.8 million acres (97.7 percent of target area of 23.3 million acres). The input situation is expected to remain smooth to achieve wheat production target of 28.9 million tonnes. The better input situation is expected to increase crops production in Rabi season 2021-22.

OTHER MANUFACTURING GROUP

The export of other Manufacturing sector has shown positive growth of 8% during Q2 (October-December) FY 2021-22 as compared to the same period last year. For the economic growth, the manufacturing sector plays crucial role in the economy of Pakistan as well. It is known as the third largest sector in Pakistan after the agriculture and service sector and share of these sectors is 14% to 16 % per annum of overall GDP in the country. [5]

Table 8: Other manufacturing group (trade values in USD million)

SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21/22	% Change
OTHER MANUFACTURES GROUP	**981**	**912**	**8%**	**1,925**	**1,694**	**14%**	**981**	**945**	**4%**
CARPETS, RUGS & MATS	23	20	14%	41	36	14%	23	18	27%
SPORTS GOODS	86	63	37%	164	130	26%	86	78	10%
a) FOOTBALLS	42	32	30%	79	65	22%	42	37	12%
b) GLOVES	20	16	22%	38	33	12%	20	18	8%
c) OTHERS	25	15	65%	48	32	49%	25	23	9%
LEATHER TANNED	52	41	26%	96	72	33%	52	44	16%
LEATHER MANUFACTURES	165	147	12%	320	292	9%	165	155	7%
a) LEATHER GARMENTS	87	75	16%	168	153	10%	87	81	8%
b) LEATHER GLOVES	73	66	11%	143	131	9%	73	69	6%
c) OTHER LEATHER MANUFACTURES	4.8	4.7	2%	9	9	7%	5	5	5%
FOOTWEAR	34	31	10%	73	65	12%	34	39	-11%
a) LEATHER FOOTWEAR	27	26	3%	59	55	7%	27	32	-17%
b) CANVAS FOOTWEAR	0	0	-	0.28	0.21	36%	0	0	0
c) OTHER FOOTWEAR	7	6	17%	14	10	41%	7	6	16%
SURGICAL GOODS & MEDICAL INSTRUMENTS	108	109	-1%	206	213	-3%	108	98	10%
CUTLERY	31.18	31.42	-1%	59	59	-1%	31	28	12%
ONYX MANUFACTURED	1.47	1.45	1.5%	3	2	41%	1	2	-23%
CHEMICALS AND PHARM.PRODUCTS	316	327	-3%	678	551	23%	316	363	-13%
a) FERTILIZER MANUFACTURED	0	-	-	-	-	-	0	0	-
b) PLASTIC MATERIALS	100	113	-12%	187	164	13%	100	87	15%
c) PHARMACEUTICAL PRODUCTS	64	70	-8%	138	139	-1%	64	73	-12%
d) OTHER CHEMICALS	152	144	5%	354	248	43%	152	202	-25%
ENGINEERING GOODS	57	54	5%	109	102	7%	57	53	7%
a) ELECTRIC FANS	4.4	4.3	1%	10	12	-14%	4	6	-23%

[5] (https://www.finance.gov.pk/survey/chapters_21/03-Manufacturing.pdf)

b) TRANSPORT EQUIPMENT	2	4	-48%	4	6	-28%	2	2	-10%
c) OTHER ELECTRICAL MACHINERY	9	13	-28%	16	23	-28%	9	7	36%
d) MACHINERY SPECIALIZED FOR	0	0	-	-	-	-	0	-	-
PARTICULAR INDUSTRIES	15.3	14.6	5%	31	27	14%	15	16	-2%
e) AUTO PARTS & ACCESSORIES	7	4	75%	13	9	47%	7	6	20%
f) OTHER MACHINERY	18	14	31%	34	25	36%	18	16	12%
GEMS	3	2	40%	4	4	9%	3	1	116%
JEWELLARY	3	4	-23%	5	6	-15%	3	2	72%
FURNITURE	2	1	93%	4	2	159%	2	2	-8%
MOLASSES	0.003	0.01	-70%	0.015	0.042	-64%	0	0	-
HANDICRAFTS	0	-	-	0	0	-	0	0	-
CEMENT	89	71	25%	144	143	1%	89	55	60%
GUAR AND GUAR PRODUCTS	11	9	24%	19	18	9%	11	8	38%
ALL OTHER ITEMS	663	482	37%	1,215	850	43%	663	552	20%

SOURCE: PBS

The exports of overall Chemicals and Pharmaceutical sector has witnessed a decrease of 3% during Q2 FY2021-22 as compared to the exports of corresponding period of last year, especially Plastic Materials has reported -12% and Pharmaceutical Products -8% growth as compared to previous FY21. Pharmaceutical exports are declined due to post COVID supply chain issues and competition in international. The major export destinations of Pharma products have reported negative growth during Q2 FY2021-22 are Afghanistan (-53%), Kazakhstan (-17%), Myanmar/Burma (-15%), Nigeria (-22%), Somalia (-18%), South Africa (-62%), and Vietnam (-75%). Pakistan's exports had recorded a severe drop from Afghanistan during the last six months of 2021 as Afghanistan has faced with severe economic crisis and banks due to low reserve of dollars.

Pakistan exported Engineering goods worth of USD 57 million and registered positive growth of 5%. All commodities have shown positive growth except Other Leather Manufactures, Surgical Goods & Medical Instruments, Chemicals and Pharm. Products, Transport Equipment, Other Electrical Machinery, Machinery Specialized for Particular Industries, Jewellary during Q2 FY'22.

Since July 2021, the cyclical dynamics of Pakistan's main export markets, measured by the (Composite Leading Indicators) CLI, showing somewhat decreasing trend as economic expansion is still confronted with supply chain related bottlenecks. Additionally, new variant of COVID-19 (Omicron) also led to panic in many economies which forced countries to revise travel policies and even to revert to partial lockdowns of their economies. Furthermore, high international commodity prices have strongly accelerated inflation in many countries, curbing consumers' purchasing power.

Pakistan is focusing on encouraging export-oriented sectors, particularly to new markets in Africa and Central Asia, in products that are not "traditional" Pakistani exports, including pharmaceuticals, engineering products, and chemicals. These non-traditional markets, the main ones at this moment are Africa and the Central Asia.

To encourage that, the government is currently offering a financial incentive as a percentage of invoice values for firms to export to such markets. The government has especially focus to increase Pharma 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 Pharma 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 positive growth of 37% in Q2 FY2021-22. 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.

The exporters of Tanned Leathers registered growth of 26%, leather gloves 11% and leather garments 16% during Q2 FY2021-22 as compared to last 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 10% with 3% growth of leather footwear and 21% increase in other footwear. It is pertinent to mention that all of the subgroups included in Engineering sector have shown positive growth except Transport Equipment(-48%) and Machinery Specialized for Particular Industries (100%) in Q2 FY2021-22 as compared to same period last year.

Moreover, the exports of cutlery have increased by 1%. Surgical instrument exports have shown decline of 1% 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.

Half yearly comparison of Other Manufacturing Group has stated 14% growth with the amount of USD 1.92 billion during July-December of FY2021-22 as compared to July-December of FY2020-21. Overall all products have reported positive growth except Surgical Goods -3%, Cutlery -1%, Pharmaceutical -1%, Electric Fans -14%, Transport Equipment -28%, Other Electrical Machinery -28%, and Jewellary -15%.

Quartet to quarter comparison of Other Manufacturing Group has recorded 4% growth with the amount of USD 981 million during second quarter of FY2021-22 as compared to first quarter of FY2021-22. All products have shown positive growth except Footwear -11%, Leather Footwear -17%, Onyx Manufactured -23%, Chemicals and Pharma Products -13%, Pharmaceutical Products -12%, Other Chemicals -25%, Electric Fans -23%, Transport Equipment -10%, Machinery Specialized for Industry -2%, and Furniture -8%.

PETROLEUM GROUP & COAL GROUP

Pakistan exported worth of USD 64 million during Q2 (October-December) FY2021-22 showing an increase of 32% as compared to same period last year. The positive growth of 10% has been noticed in overall Petroleum Group & Coals during Q2 FY2021-22 as compare to Q1 of same financial year.

Petroleum Top Naphtha was registered decline during reported period. Export of same product declined in the market of Netherlands by 21%. Petroleum products obtained from bituminous recorded declined by 88% in Saudi Arabia, 98% Belgium, and 42% USA. Petroleum Crude has shown an increase of 32% during last six months. The major export destinations include Saudi Arabia registered an increase of 174%, UAE by 46% and Kuwait by 80% during reported period. Bi annual comparison showed a positive growth of 32% during July- December FY 2021-22 as compared to same period last year.

Table 9: Petroleum group exports (trade values in USD million)

SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21//22	% Change
PETROLEUM GROUP & COAL	**64.1**	**48.6**	**32%**	**122.5**	**92.6**	**32%**	**64**	**58**	**10%**
.PETROLEUM CRUDE	54.4	28.6	90%	107	44	144%	54	52	4%
.PETROLEUM PRODUCTS(EXCL TOP NAPHTA)	10	10	1.4%	16	18	-11%	10	6	58%
.PETROLEUM TOP NAPHTA	0	8	-100%	0	31	-100%	0	0	-
.SOLID FUELS (COAL)	0	0	-	0	0.012	-100%	0	0	-

SOURCE: PBS

PAKISTAN'S IMPORT PROFILE (GOODS)

Imports into Pakistan during October-December, FY2021-22 was recorded to USD 21.9 billion as against USD 13.2 billion in October-December FY2020-21 showing an increase of 66% over the last year. Imports during July – December, 2021 totaled around USD 40.65 billion as against the USD 24.45 billion during the corresponding period of last year showing an increase of 66%. Quarter to quarter comparison shows that imports during FY2021-22 recorded an increase of 117%. The imports of partner countries showing increase and decrease have been detailed as follows:

TOP IMPORT PARTNERS SHOWING INCREASE (Q2: OCT – DEC FY2021-22)

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

PARTNER COUNTRIES	OCT-DEC FY 2021-22	OCT-DEC FY 2021-22	% Change

China	5,113	2,884	77%
United States	1,146	654	75%
Saudi Arabia	1,087	609	78%
Indonesia	874	495	77%
Qatar	797	410	95%
Kuwait	773	360	115%
Japan	575	268	115%
South Africa	509	288	77%
Thailand	449	154	191%
Ukraine	432	206	110%

SOURCE: PRAL

TOP IMPORT PARTNERS SHOWING DECREASE (Q2: OCT – DEC FY2021/22)

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

PARTNER COUNTRIES	OCT-DEC FY 2021-22	OCT-DEC FY 2021-22	% Change
Germany	225	257	-12%
Korea (South)	222	237	-6%
Russian Federation	94	353	-73%
Oman	91	104	-13%
Canada	61	87	-30%
Switzerland	46	68	-32%
Austria	28	33	-15%
Sri Lanka	17	31	-46%
Mexico	12	22	-45%
Hong Kong	11	32	-64%

SOURCE: PRAL

SECTOR-WISE IMPORTS PERFORMANCE

Imports from Pakistan to the world was USD 21.9 billion during Q2 FY 2021-22. Of the total USD 21.95 billion, imports of the petroleum group ranked the highest with imports worth of USD 5,589 million followed by machinery group (USD 3,061 million), agriculture & Chemicals group (USD 4,519 million), Food group (USD 2,435 million), Metal group (USD 1,858 million), Textile group (USD 1,207 million), Transport group (USD 1,218 million), and Miscellaneous group (USD 325 million). Main commodities of imports during October-December, FY 2021-22 were Petroleum products (USD 2,881 million), Medicinal Products (USD 1,952 million), Petroleum crude (USD 1,156 million), Natural Gas, Liquefied (USD 1,374 million), Road Motor Vehicle (USD 978 million), Palm Oil (USD 953 million), Iron and Steel (USD 839 million), Plastic Materials (USD 771 million), Iron and Steel Scrap (USD 731 million) and Electrical Machinery & Apparatus (USD 567 million).

Table 12: Imports Sectors (trade values in USD million)

SECTORS	OCT-DEC FY2021-22	OCT-DEC FY2021-22	% Change	JULY - DEC FY2021-22	JULY-DEC FY 2021-22	% Change	OCT-DEC FY 2021-22	July – Sep FY21/22	% Change
GRAND TOTAL	**21,951**	**13,186**	**66%**	**40,649**	**24,454**	**66%**	**40,649**	**18,747**	**117%**
PETROLEUM GROUP	5,589	2,443	129%	10,182	4,771	113%	10,182	4,593	122%
MACHINERY GROUP	3,061	2,135	43%	5,917	4,240	40%	5,917	2,846	108%
AGRICULTURAL AND OTHER CHEMICALS GROUP	4,519	2,126	113%	7,934	4,045	96%	7,934	3,416	132%
FOOD GROUP	2,435	2,193	11%	4,798	3,905	23%	4,798	2,364	103%
METAL GROUP	1,858	1,207	54%	3,400	2,291	48%	3,400	1,542	120%
TEXTILE GROUP	1,207	988	22%	2,395	1,665	44%	2,395	1,188	102%
TRANSPORT GROUP	1,218	719	69%	2,322	1,133	105%	2,322	1,118	108%
MISCELLANEOUS GROUP	325	337	-4%	614	607	1%	614	289	112%
ALL OTHERS ITEMS	1,740	1,024	70%	3,087	1,796	72%	3,087	1,392	122%

SOURCE: PBS

Pakistan's imports were doubled and reached up to USD 40.6 billion during the first half of the current fiscal year 2021-22. In December, the imports stood at USD 6.9 billion, rising by 38% compared to the same month a year ago.

TOP IMPORT COMMODITIES SHOWING INCREASE (Q2: OCT – DEC FY2021-22)

Table 13: Top import commodities showing increase (trade values in USD million)

SUB-SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change
PETROLEUM PRODUCTS	2881	1043	176%
MEDICINAL PRODUCTS	1952	260	651%
PETROLEUM CRUDE	1156	630	83%
NATURAL GAS, LIQUIFIED	1374	632	117%
ROAD MOTOR VEH. (BUILD UNIT, CKD/SKD)	978	548	78%
PALM OIL	953	533	79%
IRON AND STEEL	829	483	72%
PLASTIC MATERIALS	771	600	28%
IRON AND STEEL SCRAP	731	464	58%
ELECTRICAL MACHINERY & APPARATUS	567	317	79%

SOURCE: PBS

TOP IMPORT COMMODITIES SHOWING DECREASE (Q2: OCT – DEC FY2021-22)

Table 14: Top import commodities showing decrease (trade values in USD million)

SUB-SECTORS	Oct – Dec FY20/21	Oct – Dec FY20/21	% Change
WHEAT UNMILLED	371	559	-34%
SUGAR	97.743	113	-14%

PULSES (LEGUMINOUS VEGETABLES)	122.369	152	-19%
RUBBER TYRES & TUBES	75.792	112	-32%
WOOD & CORK	30.762	32	-4%
DRY FRUITS & NUTS	24.842	34	-27%

SOURCE: PBS

SECTOR-WISE IMPORTS ANALYSES

Table 15: Petroleum group imports (trade values in USD million)

PETROLEUM GROUP

SUB-SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21/22	% Change
PETROLEUM GROUP	5589	2,443	129%	**10,182**	**4,771**	**113%**	5589	4,593	22%
22. PETROLEUM PRODUCTS	2881	1,043	176%	5,057	2,169	133%	2881	2,176	32%
23. PETROLEUM CRUDE	1156	630	83%	2,411	1,323	82%	1156	1,255	-8%
24.NATURAL GAS, LIQUIFIED	1374	632	117%	2,399	1,052	128%	1374	1,025	34%
25. PETROLEUM GAS, LIQUIFIED	178	138	29%	316	228	39%	178	138	29%
26. OTHERS	0.079	0.04	98%	0.179	0.074	142%	0.079	0.032	147%

SOURCE: PBS

The petroleum group contributed over one-fourth of the overall import bill during second quarter of FY2021-22. Petroleum group imports into Pakistan stood at USD 5,589 million during Oct- December FY 2021-22 as against USD 2,443 million during same period over last year showing an increase of 129%. Half yearly comparison shows that Pakistan imported Petroleum products soared 113% as compared to the same period over last year.

All import item in the Petroleum Group increased including Petroleum Products (USD 2,881 Million), Petroleum Crude (USD 1,156 Million), Natural Gas Liquefied (USD 1,374 Million), Petroleum Gas Liquefied (USD 178 Million) and Others Item (USD 0.079 Million) during Q2 of FY21/22.

As Pakistan is a developing country and heavily dependent on imported fuel (Oil and LNG) because oil is used as a basic raw material of industrial units and manufacturing industries. The oil import bill, in the Q2 FY21/22 causing unrest among the government's ranks, as money and share markets fell with the start of this month. One of the main reason of the increase in the Petroleum group imports is that local refineries operated at low capacity and refined products were being imported. The local refineries had been facing operational challenges because of lower furnace oil off-take by power producers despite their extremely low storages than contractually required and large import quantities of both petrol and diesel by oil marketing (OMCs).

Furthermore, LNG import was surged by 117% in the Q2 FY21-22 as compared to the same period of previous year. Natural gas contributes 38 percent of the country's total primary energy supply mix. One of the main reason of high import is high prices in the international market.

MACHINERY GROUP

Machinery Group is the vital engine of growth for successful industrial and manufacturing sector development of Pakistan. It is known phenomena that enhancing imports of machinery item have the potential to bring about fundamental changes in the organizations and distribution of manufacturing activities, reducing resource intensity and generating increasing returns to scale for investment and production. Thus, increased domestic revenue and investments. Pakistan's local machinery manufacturing sector is relatively small in size and a majority of the demand for machinery emanating from large industries such as Construction, Textile, and Energy are met through imports. Imports of machinery have grown consistently in recent years and stood at USD 3,061 million in Q2 of FY 2022. Demand for locally produced machinery is low as imported machinery due to advanced technology and quality.

The rapid increase in machinery imports are the facilitation schemes provided by the government. As a result, substantially subsidized long-term finance for new investments and the replacement of outdated technology created demand of imports.

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

SUB-SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21/22	% Change
MACHINERY GROUP	**3,061**	**2,135**	**43%**	**5,917**	**4,240**	**40%**	**3,061**	**2,845**	**8%**
POWER GENERATING MACHINERY	458	397	15%	990	821	21%	458	530	-14%
OFFICE MACHINE INCL.DATA PROC EQUIP	159	116	37%	299	211	42%	159	141	13%
TEXTILE MACHINERY	203	137	48%	435	231	88%	203	231	-12%
CONSTRUCTION & MINING MACHINERY	57	23	147%	95	54	75%	57	39	45%
ELECTRICAL MACHINERY & APPARATUS	567	317	79%	1,054	640	65%	567	492	15%
TELECOM	785	565	39%	1,423	1,155	23%	785	638	23%
A. MOBILE PHONE	596	446	34%	1,091	939	16%	596	495	20%
B. OTHER APPARATUS	190	119	59%	333	217	54%	190	143	33%
AGRICULTURAL MACHINERY & IMPLEMENTS	31	23	36%	62	44	41%	31	31	1%
OTHER MACHINERY	801	557	44%	1,558	1,083	44%	801	746	7%

SOURCE: PBS

The import performance of Machinery group has registered a increase of 43% during FY 2021-22 as comapred to the same period last year of FY 2020-21. Half-yearly comparison showed that Pakistan imported Machinery Group worth of USD 5,971 million during July – December, FY2021-22 as against USD 4,240 million showing an increase of 40% during the corresponding period of last year. Quarterly comparison showed that import payments of Machinery Group in second quarter of FY 2022-22 has shown positive growth of 8% as compared to first quarter of FY2021-22.

All imported items of Machinery Group registered significant increase including Power Generating Machinery (USD 458 million), Office Machine Incl. Data Processing Equipment (USD 159 million), Textile Machinery (USD 203 million), Construction & Mining Machinery (USD 57 million), Electrical Machinery & Apparatus (USD 567 million), Telecom (USD 785 million), Agricultural Machinery & Implements (USD 31 million), and others machinery item (USD 801 million). Pakistan has limited capacity of producing Machinery related items and imported most of the items from developed countries.

Power generating machinery sector has shown a significant increase of 15%, Office Equipment Machinery surged by 37%, Textile Machinery import increased by 48% and import of Electrical machinery & apparatus telecom sector grew by 79% in the second quarter of FY 2021-22 as compared to same period of FY 2020-21. Machinery imports are capital goods used for industrial production. Moreover, increase in imports may facilitate the production of other goods. The biggest contributor to the import bill of Machinery Group, in terms of value, remained the mobile phones, imports of which increased 28% to USD 446 million during first six month of FY 2020-21. Enanched imports of capital equipment including machinery upgrading and adaptation of new production techniques leads to increase in industrial production.

The telecom industry consists of digital infrastructure (such as fiber, telecommunications towers, active networks, and data centers), operators (mobile and fixed broadband, data centers, and cloud computing), and applications (broadband connections, telephony, video, e-commerce, and others). In Pakistan, during pandemic period people increased online business activities and online classes of students. As a result, demand of imports of communication devices are increased during reported period.

AGRICULTURE AND CHEMICAL GROUP

Table 17: Agriculture & other chemicals imports (trade values in USD million)

SUB-SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21/22	% Change
AGRICULTURAL AND OTHER CHEMICALS GROUP	**4,519**	**2,126**	**113%**	**7,934**	**4,045**	**96%**	**4,519**	**3,416**	**32%**
FERTILIZER MANUFACTURED	267	176	52%	523.1	325.5	61%	267.2	256	4%
INSECTICIDES	49	41	20%	86.2	87.2	-1%	49.01	37	32%
PLASTIC MATERIALS	771	600	28%	1,525	1119	36%	770.63	755	2%
MEDICINAL PRODUCTS	1,952	260	651%	3,099	538.1	475%	1,952	1,124	74%
OTHERS	1,480	1,049	41%	2,700	1,974	37%	1,480	1,220	21%

SOURCE: PBS

Agriculture sector is a vital component of Pakistan's economy as it provides the raw materials to industries and contributed 19% to the total GDP of Pakistan. The agriculture sector growth is contingent on favorable weather conditions. Pakistan is mainly the exporter of agriculture products however Pakistan imported fertilizer, pesticide plastic products, and medicinal products. The upsurge observed in the imports of all agriculture products, the total imports of agriculture and chemical groups items during Q2 FY 2022 worth of USD 4,519 million which is almost 113 % higher as compared to Q2 FY 2021.

Half yearly comparison shows that Pakistan imported Agriculture and Chemical products worth of USD 7,934 million during July –December FY2021-22 as against USD 3,905 million during the corresponding period of last year - showing an increase of 96%. All sub sector of Agriculture and Chemical Group have shown positive growth during current financial year FY21/22. Fertilizer manufactured stood at USD 276 million during Oct- December FY 2021-22 as against USD 176 million during same period over last year showing an increase of 52%. The increase in the import bill of Fertilizer manufactured because government has provided subsidies on the import of fertilizers. Half yearly comparison shows that import of insecticides reduced by 1% in the first six month of FY 2021-22 as compared to FY2020-21 while other import sectors have shown positive growth in the agriculture and chemical group.

The import of medicinal product into the country witnessed an increase of 651% during Q2 FY2021-2020 as compared to the corresponding period of the last year. Pakistan imported medicinal product worth USD 3099 million during July- December 2021-20 and increased 475% as compared to the same period of the July- December 2020-21. The import surge in medicinal products is due to import of vaccine from China, Russia and other countries. The soaring trend in the medicinal product is due to the on-going pandemic situation. The country, which launched its COVID-19 vaccination campaign, administered over one million doses of vaccine in a day.

FOOD GROUP

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

SUB-SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21/22	% Change
FOOD GROUP	**2,435**	**2,193**	**11%**	**4,798**	**3,905**	**23%**	**2,435**	**2,364**	**3%**
MILK, CREAM & MILK FOOD FOR INFANTS	38	50	-23%	72	92	-21%	38	34	13%
WHEAT UNMILLED	371	559	-0.33	470	661	-29%	371	99	275%
DRY FRUITS & NUTS	25	34	-27%	36	49	-27%	25	11	126%
TEA	149	144	4%	301	286	5%	149	151	-1%
SPICES	53	47	13%	123	97	27%	53	70	-24%
SOYABEAN OIL	25	1	240%	46	48	-4%	25	21	19%
PALM OIL	953	533	79%	1,844	1,112	66%	953	891	7%
SUGAR	98	113	-14%	189	127	49%	98	91	7%
PULSES (LEGUMINOUS VEGETABLES)	122	152	-19%	346	288	20%	122	224	-45%
ALL OTHERS FOOD ITEMS	600	558	7%	1,371	1,146	20%	600	772	-22%

SOURCE: PBS

Import of Food Group has shown positive growth of 11% in the second quarter of FY2021-22 as comapred to the same period of FY 2020-21. Half yearly comparison shows that Pakistan imported Food group products worth of

USD 4,798 million during July –December FY2021-22 as against USD 3,905 million during the corresponding period of last year - showing an increase of 23%. Imports in the current quarter have increased by USD 2435 million from the import of preceding quarter of FY 2021-22 – an overall increase of 3% has been witnessed.

Imports of Food Group have been increased and showing mix trend including positive and negative trends during Q2 FY22 as compared to the Q2 FY21. The positive trends items of Food Group including Tea (USD 149 million), Spices (USD 53 million), Soybean Oil (USD 25 million), Palm Oil (USD 953 million) and All other items (USD 600 million). The negative trends items of Food Group including Milk, Cream & Milk Food for Infants (USD 38 million), Wheat Un-milled (USD 371 million), Dry Fruits & nuts (USD 25 million) and pulses (USD 122 million).
Pakistan is the fourth largest importer of palm-oil globally. Pakistan spent over USD 8bn on the import of edible items in the last fiscal year. During the second quarter of fiscal year FY2021-2022, the import bill of palm oil increased 79%. Increase in palm oil import prices has added to Pakistan's trade deficit woes as it tries to cope with an increase in inflation and its dependence on external loans is increasing. Edible oil is an essential food item in Pakistan and 80-90 per cent of its total demand is met by imported palm oil from Indonesia and Malaysia. During the second quarter of fiscal year FY2021-2022.

Import of tea and spices grew by 4% and 13% in the Q2 FY 22 as compared to the same period of previous year. The growth is mainly due to transit trade and appropriate border management. Pakistan imports Tea primarily from Kenya, Vietnam, Rwanda, Tanzania, and Burundi.

METAL GROUP

The Metal Group imports have shown positive growth of 54% with the worth of USD 1,858 million in the second quarter of FY2021-22 as comapred to the same period of FY 2020-21. Half yearly comparison shows that Pakistan imported Metal group products worth of USD 3,400 million during July –December FY2021-22 as against USD 2,291 million during the corresponding period of last year - showing an increase of 48%. In comparison with the first quarter of FY 2021-22, the import bill of metal group surged by 21% million during the second quarter of FY 2021-22.

Table 19: Metal group imports (trade values in USD million)

SUB-SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21/22	% Change
METAL GROUP	**1,858**	**1,207**	**54%**	**3,400**	**2,291**	**48%**	**1,858**	**1,542**	**21%**
GOLD	5.697	3	90%	10	4	128%	6	3	90%
IRON AND STEEL SCRAP	731.04	464	58%	1,232	949	30%	731	439	67%
IRON AND STEEL	828.68	483	72%	1,539	859	79%	829	532	56%
ALUMINIUM WROUGHT & WORKED	50.71	41	24%	104	74	40%	51	54	-6%
ALL OTHER METALS & ARTICALS	242.16	215	13%	516	405	27%	242	247	-2%

SOURCE: PBS

All imported items of metal Group registered significant increase including Gold (USD 6 million), Iron and steel scrap (USD 731 million), Iron and steel (USD 829 million), Aluminum Wrought & Worked (USD 51 million), and All Other Metals & Articles Items (USD 242 million). Import of Gold, Iron and steel scrap during October – December FY2021-22 increased by 90% and 58%, respectively as compared to the same period of FY 2020-2021. Aluminum, copper, iron ore and other metal prices are either at or have recently touched 10-year high levels. Pakistan is the world's fourth-largest steel scrap importer, according to figures from the Bureau of International Recycling (BIR). Pakistan imports steel related products from Turkey, India and South Korea etc. Iron and steel, its scrap, aluminum wrought & worked have increased by 72%, 24% and 13% respectively during second quarter of FY 2021-22 as against same period of last year. Steel is a key input material used by many industries including construction, electronic appliances and spare parts, auto and parts, and other industries specialized in building machinery of various kinds. So by increasing the import of steel related production means to increase the activities in the respective industries.

TEXTILES GROUP

The import of textiles group has shown significant increase of 22% in the second quarter of FY 2021-22 as compared to same period last year. Half yearly comparison shows that Pakistan imported textiles group products worth of USD 2.39 billion during July –December FY2021-22 as against USD 1.67 billion during the corresponding period of last year - showing an increase of 44%. Quarterly comparison shows 2% surge in the import bill during October-December 2021-22 as compared to the same period FY 2020-10.

Table 20: Textiles group imports (trade values in USD million)

SUB-SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21/22	% Change

TEXTILES GROUP	**1207**	**988**	**22%**	**2,395**	**1,665**	**44%**	**1207**	**1,188**	**2%**
RAW COTTON	478	324	48%	821	532	54%	478	343	**39%**
SYNTHETIC FIBRE	160	140	14%	405	283	43%	160	244	**-34%**
SYNTHETIC & ARTIFICIAL SILK YARN	201	180	12%	428	320	33%	201	226	**-11%**
WORN CLOTHING	101	85	19%	214	121	76%	101	113	**-11%**
OTHR TEXTILE ITEMS	266	259	3%	528	409	29%	266	262	**2%**

SOURCE: PBS

All imported items of textiles Group registered significant increase including Raw Cotton (USD 478 million), Synthetic Fiber (USD 160 million), Synthetic & Artificial Silk Yarn (USD 201 million), Worn Clothing (USD 101 million), and Other Textile Items (USD 266 million). Raw Cotton sector has shown a significant increase of 54%, Synthetic Fiber import surged by 43%, Synthetic & Artificial Silk Yarn import increased by 33% , Worn Clothing import increased by 76%, and import of Other Textile Items grew by 29% during July –December FY2021-22 as compared to the same period of FY 2020-21. The biggest contributor to the import bill of textiles Group, in terms of value, remained the Raw Cotton, imports of which increased 48% to USD 478 million during first quarter of FY 2021-22 as compared to the same quarter of the previous year.

TRANSPORT GROUP

The imports of Transport Group have increased by 69% during second quarter of FY 2021-22 as compared to same period of FY 2020-21. Half-yearly statistics reveal that around USD 2.32 billion worth of goods under transport group were imported during FY 2021-22. The imports under transport group posted an increase of 105% over half-yearly imports of FY 2021-22. The quarterly comparison shows a growth of 9% in the second quarter of FY 2021-22. Import of transport group created a huge burden on Pakistan’s import bill and increased current account deficit.

Both CBU and buses, trucks, and other heavy vehicles imports have surged by 113% and 375% during the reported period. Import of cars, Buses and other vehicles have recorded growth due to the negligible local manufacturing. The new SUVs being launched in Pakistan are adding bills to imports. Approximately 10-15 percent of an average car’s value (before government taxes) is imported in the form of CKD kits or raw material/ components for parts manufacturing.

Due to alarmingly high imports of transport group, government has abandoned the proposal to ban the import of CBU (complete built-up unit) vehicles. The regulatory duty up by 50 percent on the imports of Electric Vehicles, Hybrid Vehicles and normal gasoline Vehicles with a view to containing and slicing down the increasing import bill.

Table 21: Transport group imports (trade values in USD million)

SUB-SECTORS	**Oct – Dec FY21/22**	**Oct – Dec FY20/21**	**% Change**	**July – Dec FY21/22**	**July – Dec FY’20/21**	**% Change**	**Oct – Dec FY21/22**	**July – Sep FY21/22**	**% Change**
TRANSPORT GROUP	**1218**	**719**	**69%**	**2,322**	**1,133**	**105%**	**1218**	**1118**	**9%**

ROAD MOTOR VEH. (BUILD UNIT, CKD/SKD)	978	548	78%	1,875	874	115%	978	897	9%
CBU	154	72	113%	309	143	116%	154	153	1%
A. BUSES, TRUCKS & OTH. HEAVY VEHICLES	76	16	375%	135	47	188%	76	56	36%
B. MOTOR CARS	76	55	39%	172	95	82%	76	96	-21%
C.MOTOR CYCLES	1	1	26%	3	1	87%	1	1	0%
CKD/SKD	628	361	74%	1,225	533	130%	628	600	5%
A. BUSES, TRUCKS & OTH. HEAVY VEHICLES	205	93	121%	376	132	184%	205	174	18%
B. MOTOR CARS	403	248	63%	811	370	119%	403	408	-1%
C.MOTOR CYCLES	20	20	-2%	38	30	25%	20	18	11%
PARTS & ACCESSORIES	166	99	67%	285	164	73%	166	119	39%
OTHERS	30	16	89%	56	33	67%	30	25	20%
AIRCRAFTS, SHIPS AND BOATS	235	170	38%	440	257	72%	235	218	8%
OTHERS TRANSPORT EQUIPMENTS	5	1	373%	7	3	166%	5	2	150%

SOURCE: PBS

MISCELLANEOUS GROUP

The Miscellaneous Group imports in Q2 (October-December) of FY2021-22 have recorded 4% decline as compared to the same period of FY2020-21. Imports of Miscellaneous Group has shown mix trends including positive and negative trends during reported period. The positive trends items of Miscellaneous Group include Crude rubber (USD 73 million), Jute (USD 24 million), Paper & Paper Board & Manuf. (USD 121 million), and all other items (USD 1,740 million). The negative trends items of Miscellaneous Group include rubber tyres & tubes (USD 76 million). The import trend of the corresponding first and the second quarter of FY 2021-22 showed an increase of 17%. Half-yearly statistics show that the import of miscellaneous group surged by 1 percent during FY 2021-22 as compared to FY 2020-21.

Table 22: Miscellaneous group imports (USD million)

SUB-SECTORS	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change	Oct – Dec FY21/22	July – Sep FY21/22	% Change
MISCELLANEOUS GROUP	**324.7**	**337**	**-4%**	**614**	**607**	**1%**	**337**	**289**	**17%**
RUBBER CRUDE INCL. SYNTH/RECLAIMED	73.1	59	24%	129	113	14%	59	56	5%
RUBBER TYRES & TUBES	75.8	112	-32%	146	209	-30%	112	70	60%
WOOD & CORK	30.8	32	-4%	59	55	8%	32	28	14%
JUTE	24.0	19	26%	35	26	33%	19	11	73%
PAPER & PAPER BOARD & MANUF.THEREOF	121.1	115	5%	244	204	20%	115	123	-7%
ALL OTHERS ITEMS	1,739.7	1,039	67%	3087	1796	72%	1,039	1392	-25%

SOURCE: PBS

TRADE IN SERVICES

EXPORT PERFORMANCE OF SERVICES

As per Extended Balance of Payments Services Classification, Trade in Services has been divided into 12 categories. The cumulative exports of Services in the second quarter FY 2021-22 reported around USD 1.79 billion, up 14% from the previous corresponding quarter exports of USD 1.56 billion in the FY2021.

Table 23: Services exports (trade values in USD million)

SERVICES	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change
Exports	**1,795**	**1,568**	**14%**	**3,415**	**2,840**	**20%**
1. Manufacturing Services on Physical inputs owned by Others	0	0	-	0	0	-
2. Maintenance and Repair Services	2	0	-	3	0	-
3. Transport	216	133	62%	366	309	18%
4. Travel	141	142	-1%	282	224	26%
5. Construction	24	36	-33%	60	65	-8%
6. Insurance and Pension Services	10	15	-33%	20	23	-13%
7. Financial Services	29	30	-3%	48	44	9%
8. Charges for the use of Intellectual Property	3	4	-25%	7	7	0%
9. Telecommunications, Computer, and Information Services	667	513	30%	1,302	959	36%
10. Other Business Services	390	390	0%	793	693	14%
11. Personal, Cultural, and Recreational Services	3	3	0%	6	5	20%
12. Government Goods and Services	310	302	3%	528	511	3%

Table 24: Services imports (trade values in USD million)

IMPORT PERFORMANCE OF SERVICES

SERVICES	Oct – Dec FY21/22	Oct – Dec FY20/21	% Change	July – Dec FY21/22	July – Dec FY'20/21	% Change
Imports	**2,755**	**2,012**	**37%**	**5,252**	**3,784**	**39%**
1. Manufacturing Services on Physical inputs owned by Others	0	0	-	0	0	-
2. Maintenance and Repair Services	13	12	8%	16	25	-36%
3. Transport	1416	714	98%	2544	1264	101%
4. Travel	339	211	61%	593	391	52%
5. Construction	6	0	-	35	0	-
6. Insurance and Pension Services	70	72	-3%	143	117	22%
7. Financial Services	53	55	-4%	93	85	9%
8. Charges for the use of Intellectual Property	55	75	-27%	126	112	13%
9. Telecommunications, Computer, and Information Services	193	171	13%	330	278	19%
10. Other Business Services	487	632	-23%	1144	1389	-18%
11. Personal, Cultural, and Recreational Services	0	0	-	0	0	-
12. Government Goods and Services	123	70	76%	228	123	85%

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 on-going travel restrictions and precautions floated by COVID-19 measures, trade in services through all modes of services delivery except cross-border supply have taken a toll. The worst effect have been the services provided via Cross Border Consumption.

Services exports such as transport (USD 216 million), IT & IT-enabled services (USD 667 million), and other business services (USD 390 million) have registered a positive growth of 62% and 30% respectively in the second quarter of FY2022. In this regard, the work from home phenomenon has been the key driving factor in export growth. Insurance services, financial services, charges for use of intellectual property services have suffered badly due to the Covid crisis.

The IT & ITeS have effectively jumped the overall downtrend of exports in services as USD 667 million (36% bi-annual growth) have been remitted to Pakistan in the second quarter of FY 2022 in lieu of IT services exports.

Personal, cultural, and recreational services is another arena where exports remain stagnant from USD 3 billion in Q2 FY 2021 to USD 3 billion in FY 2022. The emergence of entertainment industry in Pakistan and thereon collaborations with foreign counterparts especially with China under BRI's socio-cultural vision' have boosted gains for the personal, cultural, and recreational services.

The cumulative imports of Services in the second quarter FY 2021-22 reported around USD 2.75 billion, up 37% from the previous corresponding quarter exports of USD 2.01 billion in the FY2021.

The import of charges for the use of intellectual property services is showing negative growth of (-27%) during this quarter. This shows the impact of the Government initiative ‘Make in Pakistan’, Intellectual Property Protection awareness campaigns, and thereon enforcement of IP right in the country. The initiatives such as ‘Make in Pakistan’, along with an active drive for Trade Mark registration of sports equipment & other export products, and copyrights protection of Pakistani software has helped the Intellectual Property yields grow exponentially.

The transport sector has reported the highest import of USD 1.41 billion during the second quarter of FY 2022, it indicates a growth of (98%) as compared to the second quarter of last FY 2021 due to infrastructural development under CPEC.

Government initiatives/Facilitation (October – December FY 2021)

- The Economic Coordination Committee (ECC) of the cabinet has approved Textile and Apparel Policy, 2020-25, and Auto Industry Development and Export Policy, 2021-26, with incentives to promote exports from the country.
- FBR has introduced a new automated process in the Customs WeBOC system for scanning of containerized import consignments of industrial raw materials for their speedy clearance at ports.

- Removal of the requirement for I-form, e-form and other documents implemented since 31st December 2021
- To facilitate taxpayers and ensure ease of doing business through automation, digitization, and minimization of human interaction with taxpayers, FBR has launched Single Sales Tax Portal. Effective from the filing of the sales tax return of December 2021 (to be filed in January 2022), taxpayers will be able to file a single monthly sales tax return instead of multiple returns on different portals; thereby, significantly reducing the time and cost of compliance.
- Ministry of commerce has released Rs4 billion under the duty drawback on local taxes and levies (DLTL) scheme. Platform to integrate 74 departments on one platform and eliminate the need for documents verification from different platforms.
- 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.
- 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.

FUTURE OUTLOOK

With the pandemic, the Government has been focused on managing the repeated COVID-19 infection waves, implementing a mass vaccination campaign, expanding its cash transfer program, and providing accommodative monetary conditions to sustain economic growth. Grappling with the fifth COVID-19 wave, the Government, implemented micro-lockdowns that successfully limited the infection spread, while permitting economic activity to continue and thereby mitigating the economic fallout. Output growth is projected to ease to 3.4 percent in FY22 but strengthens thereafter to 4.0 percent in FY23 with the implementation of key structural reforms, the current account deficit is projected to widen to 2.5 percent of GDP in FY23 as imports expand with higher economic growth and oil prices. Despite fiscal consolidation efforts, the deficit is projected to remain high at 7.0 percent of GDP in FY22 and widen to 7.1 percent in FY23 due to pre-election spending. Implementation of critical revenue-enhancing reforms, particularly the General Sales Tax harmonization, will support a narrowing of the fiscal deficit over time. Public debt will remain elevated in the medium-term, as will Pakistan's exposure to debt-related shocks (World Bank, 2021).

On the export front, Textile group has shown remarkable performance and has earned export revenue of USD 4.96 billion, 23% more than in the same period of last fiscal year, followed by Food group (USD 1.46 billion), Other Manufactures group (USD 981 million) and Petroleum and Coal Group (USD 64 million). Main commodities exported during October-December, FY2021-22 were Knitwear (USD 1,356 million), Readymade garments (USD

971 million), Bed wear (USD 856 million), Cotton cloth (USD 578 million), Cotton Yarn (USD 372 million), Towels (USD 283 million), Made-up articles (USD 225 million), Other textile material (USD 200 million) and Leather manufactures (USD 165 million).

On the import front, Pakistani recorded an increase in value of imports by 66% in which Petroleum group saw the highest increase of 129% followed by Agricultural & Chemical group (113%), Transport group (69%), Metal group (54%), machinery group (43%), Textiles Group (22%), Food Group (11%), and Miscellaneous group (-4%).One of the major initiatives of the government to encourage imports of raw materials also pushed up the import bill. Oil prices have also increased substantially, which pushed up the import bill because of the high demand for energy in the domestic market. The surge in imports were noted in imports of vehicles, Palm Oil, iron and steel, Plastic Materials, machinery as well as vaccines, pushing the import bill.

Though economic recovery is underway, the economy is also confronting new COVID-19 wave, inflation and external sector pressures. The acceleration of worldwide inflation, as well as a significant increase in freight, charges making international trade more costly.

TDAP PERFORMANCE JULY-DECEMBER 2021

INTERNATIONAL EXHIBITIONS:

- Beauty World Dubai, UAE from October 5th-7th, 2021
- Automechanika Istanbul, 18-21 November, 2021
- Inchem Tokyo, Japan, 17- 19 November, 2021
- Textile & Leather Division, TDAP managed allocated participation Expo Riva Schuh, Garda, Italy (July 2021 edition).
- Textile & Leather Division, TDAP organized participation in Sourcing @ Magic, Las Vegas, USA to be held from 8th to 11th August 2021. Pakistan Pavilion comprised of 5 stalls in the sourcing section of the event.
- Textile & Leather Division, TDAP managed allocated participation in Lineapelle Fair Sept 2021 edition. Textile & Leather Division, TDAP organized participation in A+A Dusseldorf, Germany, 26-29 Oct. 2021. Pakistan Pavilion is comprised of 13 stalls.
- Organizing participation in INTERSEC FAIR, scheduled to be held from 16-18 January, 2022 Dubai-UAE. Pakistan Pavilion is comprised of 04 stalls.
- Intertextile Shanghai (Spring Edition) – April, 2022, an advertisement published in leading national daily newspapers and duly circulated to trade bodies of the region. Initially/originally the event was scheduled on 09 – 11 March 2022 but due to the omicron variant of COVID-19, the organizers have rescheduled the event in April 2022.

LIST OF INCOMING DELEGATIONS:

- Tanzania Horticulture Association visit to Pakistan 9-14 November 2021
- Tamaznia Medical Store Department delegation visit to Pakistan 14-21 December 2021
- Correspondence regarding Delegation of Pakistan sports goods manufacturers and exporters association to USA, Canada and Ukraine

Outgoing Delegations:

E&M Division, TDAP coordinated for Trade Delegation of 21 businessmen from Pharmaceutical, Chemicals, Electrical Appliances, Construction etc to Uzbekistan, led by Advisor on commerce, for Silk Route Connect 'July 2021 at Tashkent.

E&M Division, TDAP coordinated for Trade Delegation of businessmen from engineering sector to 4th Meeting of the Pakistan-Tajikistan Joint Business Council held on the sidelines of SCO Summit on 16th September 2021.

Subsidized Textile trade delegation of SCCI to Turkey, November 2021.

Pakistan Uzbekistan Trade and Investment Forum (July 2021)

Ministry of Commerce and Trade Development Authority of Pakistan organized Pak-Uzbek Business Forum on 15th July, 2021 at Hyatt Regency, Tashkent.

The event can be divided into three main components:

A. **Pakistan-Uzbekistan Business Forum-Conference** (15th July, 2021)

B. **B2B Meetings** - interactions of Pakistani delegates with Uzbek buyers through dedicated collaborative endeavors (15th & 16th July, 2021)

C. **Exclusive interaction of Prime Minister of Pakistan with Pakistan's Business Delegation and Uzbek Businessmen** (15th July, 2021)

Pakistan Tajikistan Trade Conference (September 2021)

Ministry of Commerce and Trade Development Authority of Pakistan organized Pakistan- Tajikistan Trade Conference. The Prime Minister of the Islamic Republic of Pakistan H.E. Imran Khan visited to the Republic of Tajikistan on 16-17 September 2021 on the invitation of the President of the Republic of Tajikistan H.E. Emomali Rahmon. Both leaders agreed to celebrate the 30th anniversary of the establishment of diplomatic relations between Pakistan and Tajikistan in 2022 in a befitting manner. The two sides signed MoUs/Agreement in multiple fields, which will provide a favorable legal framework for the promotion of multifaceted cooperation between the two friendly countries. Business forum is organized by TDAP and fruitful B2B meetings were conducted.

Pakistan Nigeria Trade Conference (November 2021)

Trade Development Authority of Pakistan and Ministry of Commerce organized 2nd Pakistan Africa Trade Development Conference and Single Country Exhibition at Lagos Nigeria from 23-25 November 2021 under the Look Africa Policy Initiative of Government of Pakistan. This event is being organized as a follow up of the first Pakistan Africa Trade Development Conference held in Nairobi Kenya in 2020 as well as to get a foothold in the African markets. Buyers and government officials from more than 15 countries of the Economic Community of West African States (ECOWAS) shall also be invited to attend the 2nd Pakistan Africa Trade Development Conference and Single Country Exhibition for business interaction and linkages with Pakistani exporters and government officials.

Webinars

Heads	Numbers
Total	**184**
Number of Webinar	127
Number of online B2Bs	57
Agro & Food Div	46
Engineering Div	74
IMDD	21

DATES SECTOR ACTIVITIES

- To get the maximum benefit of the Dates Promotion Campaign, TDAP organized 11 virtual B2B / Interactive sessions with leading Dates importers of 1) South Africa 2) Korea 3) Japan 4) Indonesia 5) Poland 6) Sweden 7) Thailand 8) Hong Kong 9) Afghanistan 10) Netherlands 11) Italy
- Dispatch of Dates Samples to Mexico Mission under Dates Promotion Campaign by TDAP, wherein the samples were distributed among leading Importers, Dates Processing Companies and Restaurants in Mexico along with the Pakistan Dates Brochure.
- TDAP organized Pakistan Dates Show in Sao Paulo, Brazil in July 2021 under Dates Promotion Campaign by TDAP
- Dispatch of Organic Aseel Dates Samples to Sao Paulo Mission, as demanded by progressive Dates buyer in Brazil
- TDAP organized participation of top Dates exporter in Anuga Food Fair, Germany, 4-6 October, 2021

Agro and Food Division activities

During the current calendar year, Agro and Food Division has performed following important tasks for the promotion of exports of Agro and Food Products to the world.

- · **New market access for Meat Exports to Egypt**

- Agro and Food Division in collaboration with TIA, Cairo, Egypt organized the visit of the Egyptian Veterinary Delegation that inspected 10 Slaughterhouses in Pakistan from 14th October 2021 – 22nd October 2021. The Agro and Food Officers provided facilitation to the delegates and arranged their meetings with the Ministry of Commerce, MNFSR (livestock Wing), Animal Quarantine Department, and concerned stakeholders. Egypt imports 1.68 billion worth of meat from the world. The Ministry of Agriculture and Land Reclamation, Egypt has approved 8 out of 10 abattoirs to export from Pakistan.
- **Anuga Trade Fair, October 2021**
- · TDAP organized Participation of 22 companies in Anuga Trade Fair held from 9-13th October 2021 at Cologne, Germany. Out of the 22 companies, 7 companies informed that they booked order worth US$ 2.14 million at the spot, while 12 companies are expecting orders worth US$11.65 million. They further informed that valuable contacts could be established during the fair which will hopefully materialize into business at a later date
- **New market access for Meat Exports to Jordan.**
- Agro Food Division in collaboration with TIA-Amman, Jordan organized a visit of Jordanian Veterinary Inspectors to Pakistan and arranged an inspection of three Meat establishments in Pakistan from 25th September 2021 - 2nd October 2021. The Agro and Food Officers provided facilitation to the delegates and arranged their meetings with the Ministry of Commerce, MNFSR (livestock Wing) , Animal Quarantine Department, and concerned stakeholders. As a result of this visit, The Jordanian Veterinary Department, Ministry of Agriculture Jordan has approved all the 3 Slaughterhouses visited in Pakistan. Jordan imports 339 Million of meat from the world. This approval will open new avenue for Pakistani meat exporters.
- **Dates Promotion Campaign 2021**
- In order to explore new and potential markets for Pakistani Dates, TDAP launched the Dates Promotion Campaign in 2021, wherein the samples of different varieties of Pakistani Dates along with the e-marketing brochures and standard artwork of dates standees/leaflets have been sent to 31 Diplomatic and Commercial missions abroad. The Dates Testing events/ shows were also held in many countries. Similarly, different missions have established links between the importers and exporters of dates and the business negotiations are underway. Most importantly, some of the Date exporters have received orders from the importers of Sri Lanka, Kazakhstan, Vietnam and Japan. Export orders from other countries are anticipated soon.
- Moreover in 2021-22, to get the maximum benefits of the Dates Promotion Campaign, TDAP is planning to arrange B2B / interactive sessions with Dates buyers of focused countries through the TIO's posted in different commercials missions. Wherein, 11 virtual B2B / interactive sessions have been accomplished.

TEXTILE SECTOR ACTIVITIES

- **Arranged online B2B Meeting of Pakistani Company with a Nigerian Buyer of Pharmaceuticals in connection with the settlement of trade dispute:**

- Above referred virtual meeting was arranged on 14.12.2021 and in was agreed that the Pakistani exporter will ship the contractual goods by 15.01.2022

- **Facilitated/hosted the Field visit of the young trainee officers from PITAD**

- 10 members delegation from PITAD visited Faisalabad from 7 to 10 December 2022 in connection with their study tour which was hosted/facilitated