Pakistan Trade Perspective

JAN - MAR 2022

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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	CORONA VIRUS DISEASE
DLTL	DRAWBACK OF LOCAL TAXES & LEVIES
EBOPS	EXTENDED BALANCE OF PAYMENT SYSTEM
ECC	ECONOMIC COORDINATION COMMITTEE
EFS	EXPORT FINANCE SCHEME
FASTER	FULLY AUTOMATED SALES TAX E-REFUND
FY	FISCAL YEAR (JULY - JUNE)
GAIN	GLOBAL AGRICULTURAL INFORMATION NETWORK
GDP	GROSS DOMESTIC PRODUCT
G2G	GOVERNMENT-TO-GOVERNMENT
IT	INFORMATION TECHNOLOGY
ITES	IT ENABLED SERVICES
L/C	LETTER OF CREDIT
LNG	LIQUEFIED NATURAL GAS
LPG	LIQUEFIED PETROLEUM GAS
LSM	LARGE-SCALE MANUFACTURING
LSMI	LARGE-SCALE MANUFACTURING INDEX
LTFF	LONG-TERM FINANCING FACILITY
MMBTU	1 MILLION BTU (BRITISH THERMAL UNIT)
MMCFD	MILLION CUBIC FEET PER DAY
OD	OFFICIAL DELEGATION
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
Q2	SECOND QUARTER OF FISCAL YEAR (OCTOBER - DECEMBER)
Q3	THIRD QUARTER OF FISCAL YEAR (JANUARY-MARCH)
QoQ	QUARTER-ON-QUARTER
SBP	STATE BANK OF PAKISTAN
SKD	SEMI KNOCKED DOWN
STPF	STRATEGIC TRADE POLICY FRAMEWORK
TCP	TRADING CORPORATION OF PAKISTAN
TDAP	TRADE DEVELOPMENT AUTHORITY OF PAKISTAN
TERF	TEMPORARY ECONOMIC REFINANCE FACILITY
USDA	US DEPARTMENT OF AGRICULTURE
YoY	YEAR-ON-YEAR

LIST OF TABLES

WORLD ECONOMIC AND TRADE REVIEW[1]

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Global economic prospects have projected the global recovery to strengthen from the second quarter of this year after a short-lived impact of the Omicron variant. Since then, the outlook has deteriorated, largely because of Russia's invasion of Ukraine causing a tragic humanitarian crisis in Eastern Europe and the sanctions aimed at pressuring Russia to end hostilities. This crisis unfolds while the global economy was on a mending path but had not yet fully recovered from the COVID-19 pandemic, with a significant divergence between the economic recoveries of advanced economies and emerging market and developing ones.

In addition to the war, frequent and wider-ranging lockdowns in China including in key manufacturing hubs have also slowed activity there and could cause new bottlenecks in global supply chains. Higher, broader, and more persistent price pressures also led to a tightening of monetary policy in many countries. Overall risks to economic prospects have risen sharply and policy trade-offs have become ever more challenging. Beyond the immediate humanitarian impacts, the war will severely set back the global recovery, slowing growth and increasing inflation even further. It is projected that global growth at 3.6 % in 2022 and 2023—0.8 and 0.2 %age points lower than in the January forecast, respectively.

The downgrade largely reflects the war's direct impacts on Russia and Ukraine and global spillovers. Both Russia and Ukraine are projected to experience large GDP contractions in 2022. The severe collapse in Ukraine is a direct result of the invasion, destruction of infrastructure, and exodus of its people. In Russia, the sharp decline reflects the impact of the sanctions with a severing of trade ties, greatly impaired domestic financial intermediation, and loss of confidence. The economic effects of the war are spreading far and wide like seismic waves that emanate from the epicenter of an earthquake mainly through commodity markets, trade, and financial linkages. Because Russia is a major supplier of oil, gas, and metals, and, together with Ukraine, of wheat and corn, the current and anticipated decline in the supply of these commodities has already driven their prices up sharply. Europe, Caucasus and Central Asia, Middle East and North Africa, and Sub-Saharan Africa are most affected.

The food and fuel price increases will hurt lower-income households globally—including in the Americas and Asia. The series of supply shocks that have struck the global economy over the course of the pandemic, contributing to more shortages beyond the energy and agricultural sectors. Through closely integrated global supply chains, production disruptions in one country can very quickly cascade globally. Firms in Russia and Ukraine supply specialized inputs, and shortfalls in some of those inputs are already having impacts on European car manufacturers. Some countries in Eastern Europe and central Asia have large direct trade and remittance links with Russia. Activity in those economies is expected to suffer. The displacement of more than 4 million Ukrainian people to neighboring countries, especially Poland but also Romania, Moldova, and Hungary, will also add to economic pressures in the region. Even prior to the war, inflation had surged in many economies because of soaring commodity prices and pandemic-induced supply-demand imbalances. Some emerging markets and developed economies' central banks, such as the US Federal Reserve and those in Latin America, had already come under pressure before the war, bringing forward the timing of their monetary policy tightening. War-related supply shortages will greatly amplify those pressures, notably through increases in the price of energy, metals, and food. Although bottlenecks are expected to eventually ease as production elsewhere responds to higher prices and new capacity becomes operational, supply shortages in some sectors are expected to last into 2023. As a result, inflation is now projected to remain elevated for much longer than in our previous forecast, in both advanced and emerging market and developing economies.

Source: https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022

PAKISTAN ECONOMIC OUTLOOK

JAN - MARCH 2022

Although the economic recovery is underway, still, the domestic and international scenario is changing over the course of time. Thus, inflationary and external sector risks are building macroeconomic imbalances.

International commodity prices are expected to rise further. The pass-through of the increase in global commodity prices is somewhat contained due to government measures. Still, it is expected that CPI inflation will increase and remain in double digit 12.5% in April 2022.

The monthly economic indicator remains strong, although some slowdown in growth since Feb 2022 is observed. For the last 2 months, growth in economic activity is fluctuating around 4%. Moreover, economic activities in Pakistan's main trading partners continues to remain slightly above trend, some slowdown has been observed due to geo-political uncertainty and surge in commodity prices. If these tensions continue, Pakistan's growth may be affected as well.

For April 2022, exports of goods and services are expected to continue their upward trend due to the exports-oriented policies. Imports are expected to remain at the level in line with domestic economic activity and international commodity prices. Resultantly, trade deficit is expected to remain around $ 3.0 billion in April. Remittances are expected to remain high as compared to previous months due to the Eid factor. Taking these factors into account, the current account will stay around $ 1.0 billion in April.

During the first nine months of the current fiscal year, FBR exceeded its revenue target by 5.8 percent. Despite massive tax relief on various essential items to the common man, FBR has been able to achieve a sizeable portion of its annual target. Similarly, various policy and operational measures have been initiated to maximize revenue potential through digitization, transparency and taxpayer facilitation. All these efforts have not only ensured the ease of doing business but also translated into healthy and steady revenue growth.

Geo-political tensions and persistent high domestic inflation may impact domestic economic activities. The high inflation accompanying with monetary policy reaction may temporarily reduce growth prospects in the short run. But in the long-run, economic growth and employment are determined by the path of Pakistan's productive capacity. This requires more productive investments from both foreign and domestic sources. The production of all important Kharif crops in Pakistan is encouraging. Cotton production increased 17.7 percent to 8.3 million bales, Rice up by 10.7 percent to 9.3 million tonnes, Sugarcane increased by 9.6 percent to 88.8 million tonnes and Maize increased by 8.6 percent to 9.7 million tonnes. During Jul-Feb FY2022, LSM posted a growth of 7.8 percent as compared to 2.2 percent during the same period last year.

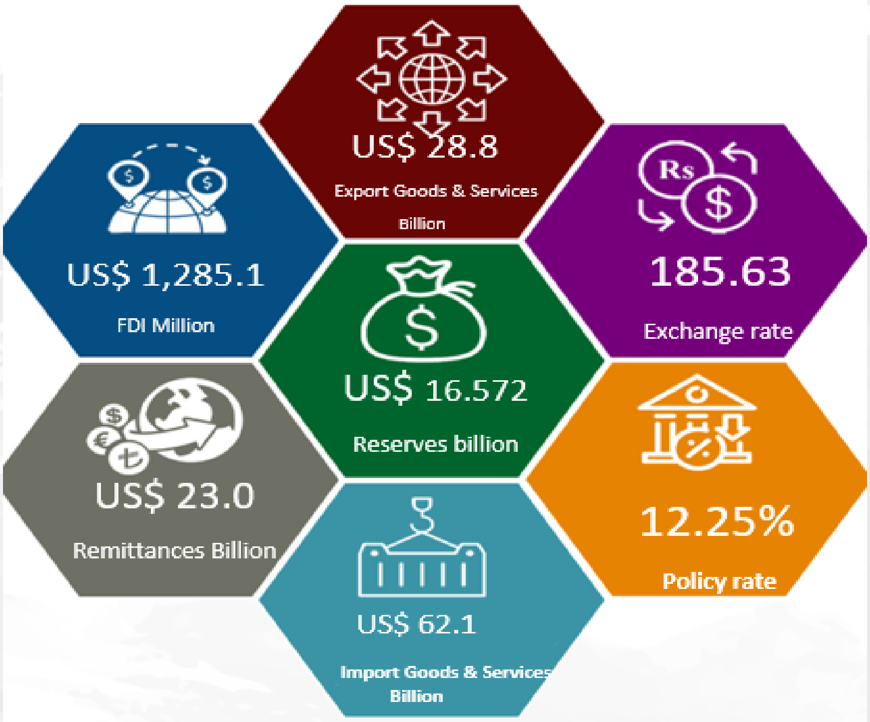
The fiscal deficit in Jul-Mar FY2022 was recorded at 4.0 percent of GDP. The primary balance posted a deficit of Rs 447.2 billion. During FY-2022 money supply (M2) observed growth of 2.7 percent (Rs 665.5 billion) as compared to growth of 6.7 percent (Rs 1,439.5 billion) last year. During Jul-Mar FY2022, the current account deficit is recorded at $ 13.2 billion.[2]

[2] Ministry of Finance

PAKISTAN'S ECONOMIC INDICATORS

Q3: JANUARY - MARCH FY 2021-22

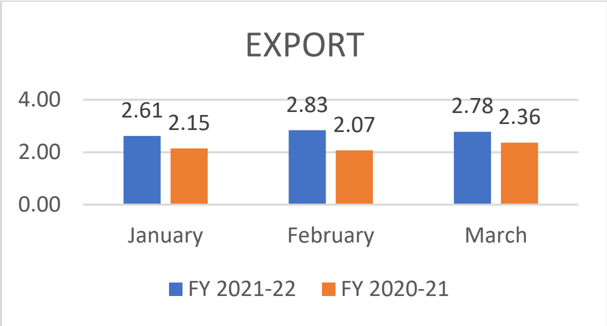
9 MONTHS : JULY - MARCH FY 2021-22

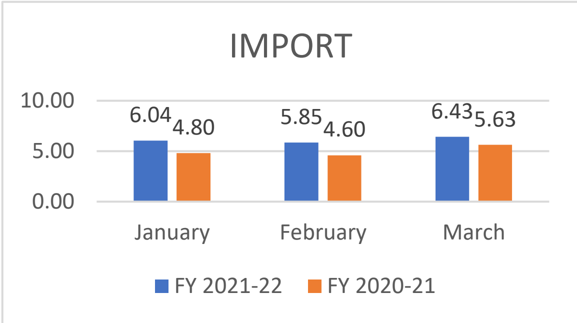


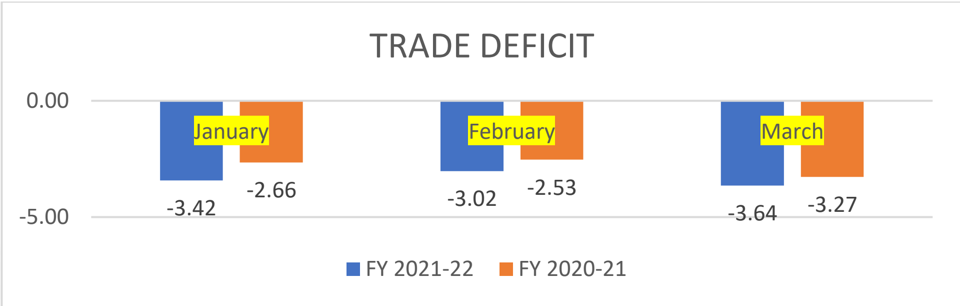
PAKISTAN'S TRADE OUTLOOK

Q3 (JAN – MARCH 2020-21) COMPARISON WITH Q3 JAN-MARCH FY2021-22)

TRADE VALUES IN USD BILLION

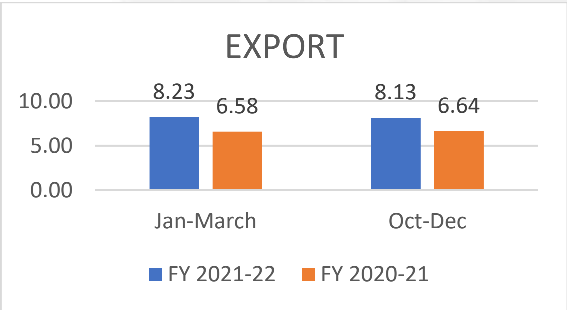


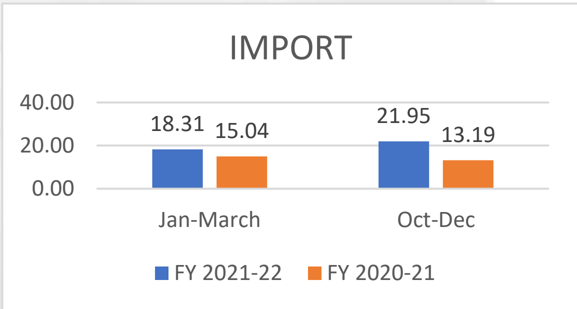


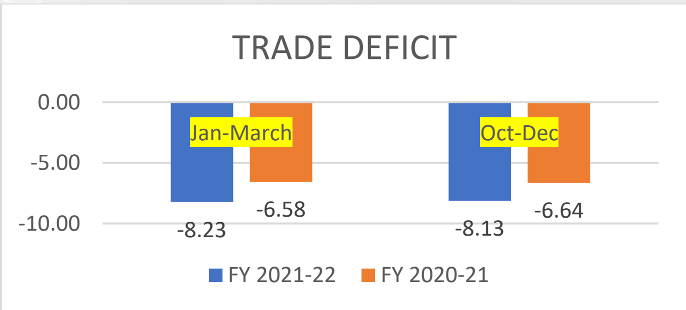


Q3 (JAN-MARCH 2021) COMPARISON WITH Q2 (OCT-DEC FY 2021-22)

TRADE VALUES IN USD BILLION







PAKISTAN'S EXPORT PROFILE (GOODS)

Pakistan's exports have surged by 25% to USD 8.23 billion from USD 6.57 billion in Q3 (Jan-March) FY2021-22 as against the same period of FY2020-21. On a cumulative basis, in the first nine months of FY2020-21, export proceeds have grown by 25% over the same period of last fiscal year (FY 2020-21) and have reached USD 23.3 billion. For the current fiscal year, there is pickup in export revenue in Q3 (FY2021-22) as against Q2 (FY2021-22). The exports to partner countries showing increase and decrease have been detailed as follows:

TOP EXPORT PARTNERS SHOWING INCREASE (Q3: JAN-MARCH FY 2021/22)

Table 1: Top export destinations showing increase (trade values in USD million)

Export Destinations	Jan-March FY21/22	Jan-March FY20/21	% Change
United States	1,715	1,262	36%
United Arab Emirates	805	592	36%
China	758	721	5%
United Kingdom	553	505	10%
Netherlands	452	313	45%
Germany	439	363	21%
Bahrain	416	102	307%
Spain	342	223	53%
Italy	328	214	53%
Afghanistan	303	261	16%

Exports to the United State of America, United Arab Emirates (UAE), China, United Kingdom, Netherlands, and Germany grew by 36%, 36%, 5%, 10%, 45%and 21%, respectively. The main exporting items to these countries are Textile and Clothing and Agro products. All major export destinations have registered significant growth during Q3 FY 2022.

However, an unusual growth has been noticed in Bahrain. Pakistan's top five exports to Bahrain registered an increase of 307% in the third quarter of FY2021-22 as compared to the same period last year. Printed Books, Newspapers, Pictures and other Products of the Printing Industry; Manuscripts, Typescripts and Plans (352%), Plastics and Articles (987%), Paper and Paperboard; Articles of Paper Pulp, Paper of Paperboard (2386%), Articles of Apparel and Clothing Accessories, Knitted or Crocheted (182%), Plastics and Articles (12%) are mainly exported to Bahrain from Pakistan.

TOP EXPORT PARTNERS SHOWING DECREASE (Q3: JAN-MARCH FY 2021/22)

Table 2: Top export destinations showing decrease (trade values in USD million)

Export Destinations	Jan-March FY21/22	Jan-March FY20/21	% Change
Russian Federation	36	67	-46%
Indonesia	35	41	-14%
Kazakhstan	28	30	-7%
Yemen	23	31	-24%
Mozambique	21	33	-37%
Somalia	18	20	-11%
New Zealand	13	15	-13%
Hong Kong	12	18	-34%
Bulgaria	10	11	-11%
Ukraine	10	20	-50%

During the third quarter of FY 2021-22, overall, Pakistan's exports to Russia registered a decline of 46% as compared to the previous year's same quarter. The main reason of this decline is Russia-Ukraine's ongoing War. Pakistan's top five exports showing a decrease to Russia in the third quarter of FY2021-22 included Edible Fruit And Nuts; Peel Of Citrus Fruit Or Melons (-64%), Cotton (-54%), Optical, Photographic, Cinematographic, Measuring, Checking, Precision (-24%), Articles Of Apparel And Clothing Accessories, Knitted Or Crocheted (-26%), And Man-Made Staple Fibers (-48%).

During the third quarter of FY 2021-22, Pakistan's exports to Ukraine registered decline of 50% as compared to the Previous Year's Same Quarter. Pakistan's Top Five Exports Showing a decline to Ukraine included Man-Made Staple Fibers (-46%), Edible Fruit and Nuts; Peel of Citrus Fruit or Melons (-87%), Cereals (-67%), Toys, Games and Sports Requisites; Parts and Accessories (-20%), Cotton (-47%).

SECTOR-WISE EXPORTS PERFORMANCE

During Jan-March, FY2021-22, Textile group has shown remarkable performance and has earned export revenue of USD 4.8 billion, 24% more than that earned in the same period of last fiscal year, followed by Food group (USD 1.4 billion), Other Manufactures group (USD 1.05 billion) and Petroleum and Coal Group (USD 113 million). Main commodities exported during Jan-March, FY2021-22 were Knitwear (USD 1,229 million), Readymade garments (USD 1,032 million), Bed wear (USD 789 million), Rice (USD 727 million), Cotton yarn (USD 298 million), Chemical and Pharma products (USD 415 million), Towels (USD 295 million, Made-up articles (USD 205 million), Other textile material (USD 183 million) and Leather manufactures (USD 144 million)

Table 3: Exports Sectors (Trade values in USD Million)

SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July-March FY21/22	July-March FY20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
TOTAL	8,230	6,577	25%	23,355	18,687	25%	8,230	8,132	1%
TEXTILE GROUP	4,861	3,913	24%	14,243	11,355	25%	4,861	4,960	-2%
FOOD GROUP	1,480	1,301	14%	3,961	3,331	19%	1,480	1,465	1%
OTHER MANUFACTURES GROUP	1,058	872	21%	2,983	2,566	16%	1,058	981	8%
ALL OTHER ITEMS	716	468	53%	1,932	1,318	47%	716	663	8%
PETROLEUM GROUP & COAL	113	23	384%	236	116	103%	113	64	77%

Table 4: Top export commodities showing increase (trade values in USD million)

TOP EXPORT COMMODITIES SHOWING INCREASE (Q3: JAN-MARCH FY 2021/22)

SUB-SECTORS	Jan-March FY'22	Jan-March FY'21	% Change
Knitwear	1,229	931	32%
Readymade Garments	1,032	778	33%
Bed Wear	789	658	20%
Rice	727	597	22%
Cotton Cloth	661	484	36%
Chemicals And Pharm.Products	415	293	42%
Towels	295	246	20%
Madeup Articles(Excl.Towels Bedwear.)	205	186	10%
Other Textile Materials	183	169	8%
Leather Manufactures	144	135	7%

Table 5: Top export commodities showing decrease (trade values in USD million)

TOP EXPORT COMMODITIES SHOWING DECREASE (Q3: JAN-MARCH FY 2021/22)

SUB-SECTORS	Jan-March FY'22	Jan-March FY'21	% Change
Cotton Yarn	298	320	-7%
Fruits	147	156	-5%
Vegetables	115	129	-11%
Surgical Goods & Medical Instruments	102	111	-8%

Pharmaceutical Products	63	68	-9%
Engineering Goods	60	62	-4%
Cement	56	67	-17%
Tents,Canvas & Tarpulin	25	27	-5%
Oil Seeds, Nuts And Kernals	21	40	-47%
Cutlery	20	32	-37%

Cutlery exports have reported a 37% decline due to increased freight cost and lack of value addition. It has also become challenging to meet the international standards to compete in the market. However, Amazon started operations in Pakistan for small manufacturers and it is good opportunity to market Pakistan's cutllery in the international market through E-Commerce platform.

SECTOR-WISE EXPORTS ANALYSES

TEXTILE GROUP

Pakistan is the 8th largest exporter [3]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% of total exports fetched USD4.8 billion from abroad during Q3 of FY 2022. Textile sector of Pakistan has shown remarkable performance during 3rd quarter of FY 2022. The textile group registered an increase of 24% during Q3 (Jan-March) FY 2022 as compared to same period last year.

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

SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – MarchFY21/22	July – March FY20/21	% Change	Jan-March FY21/22	Oct-Dec FY20/21	% Change
TEXTILE GROUP	4861	3913	24%	14243	11355	25%	4861	4,960	-2%
RAW COTTON	5	0	-	7	0.593	1009%	5	2	141%
COTTON YARN	298	320	-7%	908	721	26%	298	322	-7%
COTTON CLOTH	661	484	36%	1795	1419	27%	661	578	14%
COTTON CARDED OR COMBED	0.02	0.06	-67%	2	0.064	2450%	0	0	-
YARN OTHER THAN COTTON YARN	20	10	97%	48	23.56	105%	20	16	24%
KNITWEAR	1229	931	32%	3730	2781	34%	1229	1356	-9%

[3] http://invest.gov.pk › textile

BED WEAR	789	658	20%	2449	2052	19%	789	856	-8%
TOWELS	295	246	20%	820	692	18%	295	283	4%
TENTS,CANVAS & TARPULIN	25	27	-5%	82	89	-8%	25	36	-29%
READYMADE GARMENTS	1032	778	33%	2864	2268	26%	1032	971	6%
ART,SILK & SYNTHETIC TEXTILE	119	102	17%	344	269	28%	119	117	1%
MADEUP ARTICLES(EXCL.TOWELS BEDWEAR.)	205	186	10%	627	566	11%	205	225	-9%
OTHER TEXTILE MATERIALS	183	169	8%	568	473	20%	183	200	-8%

Pakistan's textile sector achieved a record after gaining an edge over South Asian rivals during the pandemic. Textile exports surged a growth of 24% (USD 4.8 billion) in the third quarter of FY2021-22. The textiles industry supplies everything from denim jeans to towels for buyers in the U.S. and Europe. It is one of the country's few economic bright spots. Textiles amount to about 59% of Pakistan's total exports and the nation allowed its factories to open ahead of India and Bangladesh when the pandemic first emerged in 2020, drawing orders from global brands including Target Corp. and Hanes brands Inc. A lot of orders actually were shifted from Bangladesh and India to Pakistan" during the pandemic. An export-driven growth strategy" adopted by the government during the pandemic and achieved export growth.

Exports of all textile products have shown growth in Q3 (Jan-March) except cotton yarn, cotton carded or combed cotton cloth and Tents & Canvas, which have shown decline of 7%, 67% and 5% respectively. Decline was noticed in the export of Raw Cotton during Q3 (Jan-March) FY 2022 and a drastic decline has been registered in the exports of said product. The main reason for short supply of raw cotton is that the cultivation of the product is no longer economically feasible for agriculture sector. Sugar cane and Wheat cultivation are more profitable for farmers as both sectors are availing subsidies for the cultivation.

The textile sector, the country's largest export, sector has been the main beneficiary of many of government subsidy programmes such as subsidised natural gas and electricity. The sector continues to receive share of government export sector subsidies, including subsidised energy, access to cheap credit for working capital and long-term capital expenditure and duty drawback concessions.

The demand for country's exports has seen 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' energy package to help exporters recuperate from the effects of the pandemic. Moreover, Generalized Scheme of Preferences (GSP Plus) facility had been instrumental in substantial growth of Pakistan's exports to the EU.

The government approved the third "Textile and Apparel" policy on 15th February 2022 which preserved existing tax rebates, energy subsidies, and credit programs through 2025, the government retained existing tax provisions and to provide "regionally competitive energy rates" through 2025. Increasing cotton productivity is also a long-standing government priority, and the local textile producer's association persistently advocates for increasing domestic cotton production. Returns in the sector have been good over the past months, many companies have plans to expand, and the export performance over the previous months places the textile sector in a good position entering 2022/23.

As per the report of USDA, overseas demand for Pakistan's valued-added cotton textiles will continue to drive activity in the sector in 2022/23 and beyond. While Pakistan's textile output will face renewed competition in 2022/23, prospects for its products in international markets remain bright.

The exports of Textile sector during July–March 2022 totaled USD 14.2 billion as against USD 11.3 billion during the corresponding period of last year showing an increase of 25%. The data has also shown growth of all value-added textile goods and registered except in Tent and Canvas.

Quarter to quarter comaprasion 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 (-9%), Bedware(-8%), Tent and Canvas(-29%), Textile made ups (-9%) and Cotton Yarn (-7%).

AGRO-FOODS GROUP EXPORTS

The agriculture sector of Pakistan plays a vital role in the country's economy. It contributes 19.2 % to the GDP and provides employment to around 38.5 % of the labour force.[4] It is also a significant source of foreign exchange earnings and provides raw-material to other industries that accelerates economic growth of the country.

The share of Agro Food sector in the exports of Pakistan was 18% in the Q3 (Jan-March) FY 2022. The exports of Agro Food Sector were recorded at USD 1.4 billion and registered an increase of 14% in Q3 Jan-March FY 2022 as against the same period last year. All items of Agro-Food sector have shown significant growth in exports during Q3 FY 2022 except fruit, vegetables and oil seeds, nuts and kernals which declined by 5%, 11% and 47% respectively during the reported period.

Export of Rice, Fish and Fish Preparations, Spices, Meat and Meat Preparations surged by 22%, 1%, 4%, and 1%, respectively. Exporters of Agro Food sector converted challenges of pandemic into opportunities by enhancing exports through adopting realistic strategies.

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

SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – MarchFY21/22	July – March FY20/21	% Change	Jan-March FY21/22	Oct – Dec FY21/22	% Change
FOOD GROUP	1480	1301	14%	3961	3331	19%	1480	1,465	1%
RICE	727	597	22%	1794	1560	15%	727	644	13%
a) BASMATI	192	180	7%	496	408	22%	192	158	22%

[4] https://www.finance.gov.pk/survey/chapters_21/02-Agriculture

b) OTHERS	535	417	28%	1298	1152	13%	535	486	10%
FISH & FISH PREPARATIONS	110	108	1%	310	304	2%	110	145	-24%
FRUITS	147	156	-5%	395	379	4%	147	133	11%
VEGETABLES	115	129	-11%	248	246	1%	115	83	39%
LEGUMINOUS VEGETABLES (PULSES)	0.02	0	-	0.068	0	-	0.02	-	-
TOBACCO	12	5	156%	39	25	59%	12	20	-41%
WHEAT	0	0	-	0	0	-	0	-	-
SPICES	30	29	4%	83	71	18%	30	30	1%
OIL SEEDS, NUTS AND KERNALS	21	40	-47%	177	76	131%	21	111	-81%
SUGAR	0	0	-	0	0	-	0	-	-
MEAT AND MEAT PREPARATIONS	87	86	1%	250	247	1%	87	85	2%
ALL OTHER FOOD ITEMS	231	152	52%	665	424	57%	231	215	7%

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 2022 (July to March) FY 2021, exports of Agro Food sector increased by 19% to USD 3.9 billion as compared to from USD 3.3 billion in the corresponding period last year. Quarter to Quarter comparasion show that the export of Agro Food sector recorded positive growth of 1% during Q3 (Jan-March) as against Q2 (Oct-Dec) FY 2022.

Exports of Rice has shown remarkable performance during Q3 FY 2022. Increase in the export of Rice (1006) has been noticed. 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. Pakistan's main Rice export markets are China, Kenya, United Arab Emirates, Afghanistan, and Saudi Arabia. Pakistan's non-basmati rice is largely exported to African countries, where it faces competition mainly from India in terms of crop availability and pricing. Basmati exports are still hovering a little over 1 MMT, just over 20 % of total. In the past year, continuing devaluation of the Pakistani rupee against dollar has helped Pakistani rice's competitiveness in world markets. Farmers and SMEs in the sector are eligible to receive government supported credit programs. In addition, the State Bank of Pakistan (SBP) provides loans to traders under an Export Financing Scheme (EFS). The only other major government involvement in the rice sector is R&D on rice varieties, extension services, and promoting Pakistan branded basmati in overseas markets. With expectations for a growing exportable surplus, exports in 2022/2023 are projected at 5 MMT. Through the first three months of the 2021/22 local marketing year, the export pace was 13 % above the previous year, and the 2021/22 export forecast has been increased to 4.5 million tons.

Fishery is the third largest trading sector in the world. Despite issues faced by the sector, Pakistan exported worth of USD 110 million of Fish and Fish preparations and registered growth of 1% during Q3 FY 2022. Under the second phase of China-Pakistan Free Trade Agreement, exports of fishery products to China have accelerated. The grading, cleaning and packaging processes were adopted to export fresh shrimps to make its appearance in some Chinese aquatic market. Out of Pakistan's total fishery exports, 60% are destined for China. Fishery is a big and emerging industry in Pakistan. It accounts for less than 1% of GDP but provides vast employment opportunities for the under-developed areas in Pakistan. Moreover, it is a promising means to earn foreign exchange. Since aquatic products enjoy tariff concession under the second phase of China-Pakistan Free Trade Agreement implemented in December 2019, Pakistan's fishery sector witnessed a boom in terms of exports. As per data od PBS, Pakistan's exports of Fish and Fish Preparation rose 2% to USD 310 million in the first nine months of fiscal year 2021-22 but still, more is expected out of these abundant aquatic resources, especially amid the pandemic.

Exports of Fruits reduced by 5% from USD 156 million to USD 147 million and vegetable reduced from USD 129 million to USD 115 million in Q3 FY 2022 . Pakistan's fruit and vegetable payments from importers in Russia and Ukraine got stuck-up after the outbreak of war. The exporters who export Kinnow & Potato to Russia & Ukraine have been severely hit by this conflict. The payments from Russia have been stuck up due to sanctions on Russia and now the exporters are facing liquidity problems. If the war further prolongs, this issue of payment would be further deepened. A Financial Mechanism is needed urgently to resolve this serious issue. Apart from the payment issue, the horticulture exporters claim that the export proceeds is required to be remitted to Pakistan against E-forms within a time frame of 120 days, however under the prevailing war conditions, it is more likely that the exporters are unable to meet this time frame as the E-Forms which are now "overdue" would lead to various other problems.

Export statistics showed zero export of wheat from Pakistan to the world. Pakistan is currently importing wheat from Ukraine, Russia and Germany. The wheat crop has recorded historic high production of 27.3 million tonnes showing an increase of 8.1 % over the 25.2 million tonnes production of last year. During 2020-21, the area under cultivation increased by 4.2 %to 9,178 thousand hectares over last year's sown area of 8,805 thousand hectares. The Minimum Support Price (MSP) for 2020-21 was PKR 1800 per 40 KG. Economic Coordination Committee has decided to import 3MM ton of wheat this year to fill supply demand gap of Pakistan and to keep strategic reserves. Moreover, the government has increased the wheat support price from Rs 1,950 to Rs 2,200 per 40 kg for Rabi 2021-22. During Jul-FebFY2022, the agriculture credit disbursement increased by 3.6% to Rs835.3 billion compared to Rs806.4 billion same period last year.

OTHER MANUFACTURING GROUP EXPORTS

The manufacturing sector promotes domestic production, exports and generates employment, hence stimulates the overall growth of an economy. In Pakistan, manufacturing sector contributes 12.79 % to Gross Domestic Product (GDP) and the sector employs 16.1 % of the country's labor force.

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

SECTORS	Jan-March FY21/22	Jan-March FY21/22	% Change	July – March FY21/22	July – March FY20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
OTHER MANUFACTURES GROUP	1058	872	21%	2983	2566	16%	1058	981	8%
CARPETS, RUGS & MATS	20	19	9%	61	54	12%	20	23	-12%
SPORTS GOODS	96	62	54%	260	192	35%	96	86	12%
a) FOOTBALLS	54	30	80%	133	95	40%	54	42	29%
b) GLOVES	19	15	25%	57	49	16%	19	20	-4%
c) OTHERS	23	17	36%	70	49	44%	23	25	-9%
LEATHER TANNED	58	41	42%	155	113	36%	58	52	12%

LEATHER MANUFACTURES	144	135	7%	464	428	8%	144	165	-13%
a) LEATHER GARMENTS	69	67	4%	237	220	8%	69	87	-20%
b) LEATHER GLOVES	70	65	8%	213	196	9%	70	73	-4%
c) OTHER LEATHER MANUFACTURES	4	3	28%	14	12	13%	4	5	-11%
FOOTWEAR	44	34	29%	117	99	18%	44	34	29%
a) LEATHER FOOTWEAR	33	27	24%	93	82	13%	33	27	24%
b) CANVAS FOOTWEAR	0.51	0	172%	1	0	85%	1	0	-
c) OTHER FOOTWEAR	10	7	41%	23	17	39%	10	7	42%
SURGICAL GOODS & MEDICAL INSTRUMENTS	102	111	-8%	308	324	-5%	102	108	-6%
CUTLERY	20	32	-37%	79	91	-13%	20	31	-35%
ONYX MANUFACTURED	1.3	2.0	-35%	5	4	6%	1.29	1.00	29%
CHEMICALS AND PHARM.PRODUCTS	415	293	42%	1094	844	30%	415	316	31%
a) FERTILIZER MANUFACTURED	0	0	-	0	0	-	0	0	-
b) PLASTIC MATERIALS	117	69	69%	303	233	30%	117	100	17%
c) PHARMACEUTICAL PRODUCTS	63	68	-9%	201	207	-3%	63	64	-2%
d) OTHER CHEMICALS	236	155	52%	590	403	46%	236	152	55%
ENGINEERING GOODS	60	62	-4%	168	164	3%	60	57	5%
a) ELECTRIC FANS	11	9	13%	20.7	21.2	-2%	11	4	166%
b) TRANSPORT EQUIPMENT	3	3	-16%	7	9	-24%	3	2	40%
c) OTHER ELECTRICAL MACHINERY	8	10	-23%	24	33	-27%	8	9	-12%
d) MACHINERY SPECIALIZED FOR	0	0	-	0	0	-	0	0	-
PARTICULAR INDUSTRIES	16	21	-20%	47	48	-2%	16	15	10%
e) AUTO PARTS & ACCESSORIES	7	5	40%	21	14	45%	7	7	5%
f) OTHER MACHINERY	15	13	11%	49	38	27%	15	18	-19%
GEMS	2	2	-27%	6	6	-4%	2	3	-49%
JEWELLARY	5	1	552%	10	7	53%	5	3	70%
FURNITURE	3	2	72%	7	3	112%	3.15	2	57%
MOLASSES	18.42	0.03	68135%	18.44	0.06	28711%	18	0	-
HANDICRAFTS	0	0	-	0	0	-	0	0	-
CEMENT	56	67	-17%	199	210	-5%	56	89	-38%
GUAR AND GUAR PRODUCTS	13	8	64%	33	26	27%	13	11	22%

The export of other manufacturers groups has shown growth of 21% during Q3 Jan-March FY 2022. The manufacturing commodities that contributed to positive trade growth during Q3 of FY 2021-22 include Sports Goods (54%), Leather Tanned (42%), Leather Manufacturers(7%), Footwear (29%), Chemicals And Pharm.Products (42%), Plastic materials(69%), Electric Fans (13%), Jewellery (552%), Furniture (72%), Molasses (68135%) and Guar And Guar Products (64%). The commodities has shown negative growth during reported period were Surgical Goods & Medical Instruments (-8%), Cutlery (-37%), Onyx Manufactured (-35%), Pharmaceutical Products (-9%), Engineering Goods (-4%), Transport Equipment (-16%), Other Electrical Machinery (-23%), Particular Industries (-20%), Gems (-27%), and Cement (-17%) during Q3 (Jan-March) FY 2022.

The exports of pharmaceutical products witnessed a decrease of 9% during Q3 FY 2021 as compared to the exports of the corresponding period of last year. The decline is due to the imposition of taxes and other measures on the sector. Pakistan’s pharmaceutical demanded to withdraw a 17% tax on the import of medicinal raw material. The government imposed the tax in January by introducing a supplementary finance bill, while promising that the amount would be refunded to the industry to prevent an increase in drug prices in the local market. The government also withdrew tax exemptions on numerous items and levied additional taxes of Rs 360 billion to meet some major conditions imposed by the International Monetary Fund for the resumption of a USD 6 billion bailout package. The pharmaceutical industry is among the most regulated sectors in Pakistan. The government is authorized to fix the prices of medicines on the recommendation of a drug regulator. The industry has also been meeting about 80 % of the local demand of lifesaving drugs. It also contributes to the country’s export revenue and provides jobs to about one million people. One main reason for the decline in the export of pharmaceutical products is the current economic crisis in Afghanistan after the regime change.

The exports of sports goods witnessed an increase of 54% during Q3 FY 2022 compared to the exports of the corresponding period of last year. Pakistan has one of the world's largest and most renowned sports goods industries. It exports a significant portion of its sporting goods to some of the world's most recognisable brands, including Nike, Adidas, Puma, Umbro, Lotto, Wilson, Mitre, Micassa, Diadora, and Decathlon. Footballs and gloves account for more than 75% of all exported sports items. Throughout history, Pakistani-made footballs have been utilised in international games. Pakistan's contribution to the major event is the official World Cup match-ball, even though the country is presently serving a FIFA ban for third-party intervention in the Pakistan Football Federation. FIFA just presented the official match ball, named 'Al Rihla.'

The export of other manufacturing sectors has shown signifiucant growth of 21% during July-March FY 2022 compared to the same period last year. The same trends were noticed in the sub-sectors of Sports Goods, the Leather sector overall, and Footwear as reported above during Jan-March 2022. Quarter to Quarter comparison shows that during Q3 (Jan-March) FY2021-22, exports of the manufacturing group registered a growth of 8% from the preceding quarter (Oct-Dec) FY 2021-22. The total exported value of the other manufacturing group was USD 1058 million in Q3 as compared to USD 981 million in Q2 of FY2021-22.

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

PETROLEUM GROUP & COAL EXPORTS

During Q3 (Jan-March) FY 2022, the export petroleum and coal group has shown an increase of 384%, and exported value for the petroleum and coal group stood at USD 113 million as compared to USD 23 million during the same period of last fiscal year. The export Of Petroleum Crude has recorded growth of (278%), and the export of Petroleum Products (Excl Top Naphta) has reported an increase of (1210%), except the export of Petroleum Top Naphta has reported a decline of (-100%) as compared to the same period of last fiscal year. The export of petroleum-related sectors was severely affected by COVID-19. Still, now the world economy is going towards normalization after COVID-19 vaccination, so demand for petroleum products has increased globally as Quarter to Quarter comparison has shown an increase of 77 % to USD 113 million (Q3 FY2021) from USD 64 million (Q2 FY2021).

In the first nine months of the current fiscal year, July-March FY 2022, the export performance of Petroleum and coal products remained low against the performance recorded during July-March FY 2020-21 and registered an increase of 103%. The same increasing trend was recorded compared to the quarter to quarter performance of the sector.

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

SECTORS	Jan-March FY21/22	Jan-March FY20/20	% Change	July – MarchFY21/22	July – March FY20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
PETROLEUM GROUP & COAL	113	23	384%	236	116	103%	113.4	**64**	77%
PETROLEUM CRUDE	72	19	278%	179	63	185%	71.9	54	33%
PETROLEUM PRODUCTS (EXCL TOP NAPHTA)	42	3	1210%	57	21	176%	41.5	10	316%
PETROLEUM TOP NAPHTA	0.00	1.22	-100%	0	33	-100%	0	0	-
SOLID FUELS (COAL)	0.00	0.00	-	0	0.01	-100%	0	0	-

Pakistan Refinery Limited (PRL) has begun relocating its 24,000 metric tonne FO stock to a storage facility it rented in Karachi's Port Qasim area. PRL is the second refinery to store FO near Port Qasim for export purposes after PARCO, which has already stored 58,000 metric tonnes there. Despite months of efforts, Pakistan Refinery Limited (PRL) has decided to begin exporting its massive furnace oil (FO) inventories in the first week of February. The company has been unable to find local clients for its massive furnace oil (FO) stocks.

PARCO exported 50,000 metric tonnes of furnace oil. Faced with a storage crisis caused by low demand, Pak-Arab Refinery Company (PARCO) exported 50,000 tonnes of furnace oil (FO) to Coral Energy, a Dubai-based oil trader. Although refineries attempted to sell their furnace oil supply in the last two months, they could not do so due to low global demand, despite floating low-priced tenders. The furnace oil storage situation has subsided slightly as domestic demand has increased. The current average price of furnace oil at local refineries is Rs95,000 per tonne, while the import parity price (IPP) is Rs107,000 per tonne. The significant disparity between local and import parity pricing had made it impossible for refineries to sell their output.[5]

PAKISTAN'S IMPORT PROFILE (GOODS)

Imports into Pakistan during Jan-March, FY2021-22 amounted to USD 18.31 billion as against USD 15.08 billion as against same period of last FY2020-21 showing an increase of 22% over the last year. Imports during July–March FY 2022 were around USD 58.9 billion as against the USD 39.5 billion during the corresponding period of last year showing an increase of 49%. Imports during the current quarter Jan-March, FY2022 over the preceding quarter October-December FY 2022 also recorded a decrease of 17%. The imports of partner countries showing increase and decrease have been detailed as follows:

TOP IMPORT PARTNERS SHOWING INCREASE (Q3: JAN-MARCH FY2021/22)

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

PARTNER COUNTRIES	Jan– March FY21/22	Jan– March FY20/21	% Change
China	1,580	1,301	21%
United Arab Emirates	599	422	42%
United States	433	280	54%
Indonesia	379	321	18%
Qatar	297	164	80%
Saudi Arabia	270	215	25%
Kuwait	180	123	46%
South Africa	177	104	70%
Japan	157	89	76%
Thailand	153	64	139%

The unusual import growth has been noticed from Qatar, South Africa, Japan and Thailand. The main importing items from Qatar registered growth during reported period were Natural Gas, Plastic, Chemical and Mineral Fuels. The main importing items showing growth from South Africa included Mineral Fuels, Iron and Steel, Oil Seed and Oleaginous fruits. Pakistan imported Vehicles, Manmade staple fibre, plastic and chemicals from Thailand.

TOP IMPORT PARTNERS SHOWING DECREASE (Q3: JAN – MARCH FY2021/22)

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

PARTNER COUNTRIES	Jan– March FY21/22	Jan– March FY20/21	% Change
Germany	70	104	-32%
Brazil	69	76	-10%

[5] https://www.thenews.com.pk

Malaysia	68	76	-10%
Canada	54	56	-4%
Afghanistan	53	54	-2%
Russian Federation	46	85	-45%
Netherlands	29	42	-31%
France	27	68	-60%
India	21	30	-30%

Pakistan registered decline in the Pharmaceutical, chemicals and stones import from Germany.

SECTOR-WISE IMPORTS PERFORMANCE

Of the total USD 18.31 billion imports during Q3 (Jan-March) FY 2022, imports of the Petroleum group ranked the highest with imports worth of USD 4,631 million followed by Agriculture & Chemicals group (USD 3,165 million), Machinery Group (USD 2,769 million), Food group (USD 2,269 million), Metal group (USD 1613 million), Textile group (USD 1,105 million), Transport group (USD 1049 million), and Miscellaneous group (USD 294 million). main importing items of Pakistan during Q3 (Jan-March FY 2022) were petroleum products (USD 2,233 million), petroleum crude (USD 1,277 million), road motor veh (USD 954 million), natural gas, liquified (USD 922 million), other machinery (USD 917 million), palm oil (USD 887 million), plastic material (USD 800 million), iron and steel (USD 648 million), medicinal products (USD 634 million), and CKD/SKD (USD 633 million).

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

SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – March FY21/22	July – March FY'20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
Grand Total	18,314	15,035	22%	58,877	39,489	49%	18,314	21,951	-17%
PETROLEUM GROUP	4,631	2,782	66%	14,813	7,554	96%	4,631	5,589	-17%
MACHINERY GROUP	2,769	2,892	-4%	8,685	7,133	22%	2,769	3,061	-10%
AGRICULTURAL AND OTHER CHEMICALS GROUP	3,165	2,297	38%	11,098	6,342	75%	3,165	4,519	-30%
FOOD GROUP	2,269	2,216	2%	7,068	6,121	15%	2,269	2,435	-7%
METAL GROUP	1,613	1,330	21%	5,012	3,621	38%	1,613	1,858	-13%
TEXTILE GROUP	1,105	1121	-1%	3,500	2,787	25%	1,105	1,207	-8%
TRANSPORT GROUP	1049	877	20%	3,367	2,010	68%	1049	1,218	-14%
MISCELLANEOUS GROUP	294	317	-7%	911	924	-1%	294	325	-9%
ALL OTHERS ITEMS	1,420	1201	18%	4,423	2,998	48	1,420	1,740	-18%

TOP IMPORT COMMODITIES SHOWING INCREASE (Q3: JAN-MARCH FY2021/22)

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

SUB-SECTORS	Jan – March FY21/22	Jan – March FY20/21	% Change
PETROLEUM PRODUCTS	2,233.4	1279.0	75%
PETROLEUM CRUDE	1,277.1	700.4	82%
ROAD MOTOR VEH. (BUILD UNIT,CKD/SKD)	954.8	758.0	26%
NATURAL GAS, LIQUIFIED	922.0	679.4	36%
OTHER MACHINERY	916.7	788.4	16%
PALM OIL	886.7	749.1	18%
PLASTIC MATERIALS	799.5	652.0	23%
IRON AND STEEL	648.0	569.3	14%
MEDICINAL PRODUCTS	634.3	295.8	114%
CKD/SKD	632.5	504.2	25%

Imports of energy, edible oil, Covid-19 vaccines, iron, steel, and its scrap in Q3 FY 2022 have doubled compared to last year, widening the trade deficit massively, These components have not only pushed the country’s total imports to a new high, but also its goods exports-imports gap.

TOP IMPORT COMMODITIES SHOWING DECREASE (Q3: JAN-MARCH FY2021/22)

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

SUB-SECTORS	Jan – March FY20/21	Jan-March FY20/21	% Change
TELE COM	713.2	767.9	-7%
ALL OTHERS FOOD ITEMS	560.1	698.2	-20%
RAW COTTON	384.3	500.0	-23%
POWER GENERATING MACHINERY	245.5	535.4	-54%
SYNTHETIC FIBRE	157.7	158.4	0%
AIRCRAFTS, SHIPS AND BOATS	92.7	116.7	-21%
RUBBER CRUDE INCL. SYNTH/RECLAIMED	58.2	68.4	-15%
MILK,CREAM & MILK FOOD FOR INFANTS	49.7	54.6	-9%

SECTOR-WISE IMPORTS ANALYSES

PETROLEUM GROUP

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

SUB-SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – MarchFY21/22	July – March FY'20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
PETROLEUM GROUP	4,631	2,782	66%	14,813	7,554	96%	4,631	5,589	-17%
PETROLEUM PRODUCTS	2,233	1,279	75%	7,290	3,448	111%	2,233	2,881	-22%
PETROLEUM CRUDE	1277	700	82%	3,688	2,023	82%	1277	1156	10%
NATURAL GAS, LIQUIFIED	922	679	36%	3,321	1,732	92%	922	1374	-33%
PETROLEUM GAS, LIQUIFIED	198	124	60%	514	351	46%	198	178	11%
OTHERS	0.04	0.06	-30%	0.22	0.13	64%	0.04	0.079	-50%

Petroleum sector has significant share in the import bill of Pakistan. The share of the sector in the imports of Pakistan is about 25% during Q3 (Jan-March) FY2021. Petroleum group imports into Pakistan stood at USD 4,631 million during Jan-March FY 2021-22 as against USD 2,782 million during same period over last year showing an increase of 66%. Nine months comparison shows that Pakistan imported Petroleum products worth of USD 14,813 million during July–March, FY2022 as against USD 7,554 million during the corresponding period of last year showing an increase of 96%. Quarterly comparison showed that import payments in Q3 FY2022 has shown decrease of 17% in Jan-March FY2022 as compared to Q2 of October-December FY2022.

The main reason for the massive increase in the imports of this group was the price of crude stayed at over USD110 per barrel compared to around USD 70 per barrel a year ago. The price shot up significantly in the wake of Russia-Ukraine war and reopening of the world from the Covid-19 pandemic. Pakistan saw growth in import of petroleum products despite significant price hike at global markets, as the previous government fixed the products price for four months (up till the end of June 2022) and provided subsidy of Rs 2 billion a day. The government is providing petroleum products with subsidized rates. It, however, has continued to consume heavily the foreign exchange reserves which fell to two-year low at USD10.8 billion in April , 2022 compared to close to USD21 billion some four months ago. The impact of expensive oil imports also stands negative on rupee value against the US dollar.

The import of liquefied natural gas (LNG) increased 10 % in Q3 (Jan-March) FY 2022 as compared to Q2 (OCT-DEC) FY 2022.The sluggish growth in import of gas is seen mainly due to cancellation of a few shipments to Pakistan under the long-term agreement with suppliers. The suppliers cancelled the delivery orders after the gas price shot to skies (at over USD45 per mmbtu) at spot markets compared to significantly low (at around USD15 per mmbtu) under the long-term agreement.

MACHINERY GROUP

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

SUB-SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – MarchFY21/22	July – March FY'20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
MACHINERY GROUP	2,769	2,892	-4%	8,685	7,133	22%	2,769	3,061	-10%
POWER GENERATING MACHINERY	245	535	-54%	1,236	1,356	-9%	245	458	-46%
OFFICE MACHINE INCL.DATA PROC EQUIP;	162	120	34%	461	332	39%	162	159	2%
TEXTILE MACHINERY	187	147	28%	622	378	65%	187	203	-8%
CONSTRUCTION & MINING MACHINERY	43	50	-15%	139	105	32%	43	57	-25%
ELECTRICAL MACHINERY & APPARATUS	473.6	461.6	3%	1515	1102	38%	473.6	567	-16%
TELE COM	713	768	-7%	2,137	1,923	11%	713	785	-9%
A. MOBILE PHONE	506	597	-15%	1,596	1,536	4%	506	596	-15%
B. OTHER APPARATUS	208	171	22%	540	387	39%	208	190	9%
AGRICULTURAL MACHINERY & IMPLEMENTS	29	22	31%	91	66	37%	29	31	-8%
OTHER MACHINERY	917	788	16%	2485	1872	33%	917	801	14%

Import of Machinery Group is vital engine of growth for successful industrial and manufacturing sector development. Over the Q3 (Jan-March) FY 2022, the import performance of Machinery group has registered an decrease of 4% as comapred to same period last year of FY 2021. While nine month comparasion shows that Pakistan imported Machinery worth of USD 8,685 million during July –March, FY 2022 as against USD 7,133 million showing an increase of 22%. Quarterly comparison showed that import payments of Machinery Group in Q3 (Jan-March) of FY 2022 has also shown decrease of 10% as compared to Q2 (October-December) of FY2022.

The import of Machinery Group include Power Generating Machinery, construction & mining machinery, telcom and mobile phone have shown decline of 54%, 15%, 7%, 15% respectively during Q3 FY 2021-22.

Office machine incl.data proc equip sector has shown a significant increase of 34%, Textile Machinery import surged by 32%, agricultural machinery & implements import increased by 31% and import of other machinery grew by 16% in the Q3 FY 2022 as compared to same period last year. Machinery imports are capital goods used for industrial production. Moreover, increase in imports may facilitate the production of other goods.

The main item of Telecom sector is the import of mobile phone. Import of mobile phones recorded inconsistent growth during nine months of FY 2022. The government has withdrawn the import facility of duty-free mobile handset under the baggage rules from abroad, a consistent decrease has been noticed in the import of mobile phones during nine months of FY 2021. Pakistan is the country of millions of people, and they buy mobiles on daily basis. The total import of mobiles decreased during Q3 FY 2021-22. Despite the rise in domestic assembling, our country imported cell phones valued at USD1.59 billion in the first nine months (July to March) of 2021-22 by 4%. Domestic manufacturing plants produced/assembled 1.53 million smartphone devices in January 2022, compared to 0.14 million legally imported in January 2022.

Power generating machinery sector has shown a significant decline of 54%, Office Equipment Machinery import surged by 32%, Textile Machinery import increased by 28% and import of telecom sector decline by 7% in the Q3 FY 2022 as compared to same period last year. Machinery imports are capital goods used for industrial production. Moreover, increase in imports may facilitate the production of other goods.

AGRICULTURE AND CHEMICAL GROUP

Agriculture and Chemical Group has shown significant increase of 38% in the import bill during Q3 FY 2022. Nine-month comparison shows that Pakistan imported Agriculture and Chemical products worth of USD 11,098 million during July-March FY2022 as against USD 6,342 million during the corresponding period of last year - showing a increase of 75%.

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

SUB-SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – March FY21/22	July – March FY'20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
AGRICULTURAL AND OTHER CHEMICALS GROUP	3,165	2,297	38%	11,098	6,342	75%	3,165	**4,519**	-30%
FERTILIZER MANUFACTURED	152	115	33%	675	440	53%	152	267	-43%
INSECTICIDES	50	43	16%	136	130	4%	50	49	1%
PLASTIC MATERIALS	800	652	23%	2325	1771	31%	800	771	4%
MEDICINAL PRODUCTS	634	296	114%	3733	835	347%	634	1,952	-68%
OTHERS	1529	1192	28%	4229	3166	34%	1,529	1,480	3%

All sub sectors of Agriculture and Chemical Group have shown growth and Imports of fertilizer into the country surged by 33 % valuing USD152 million during Q3 of FY 2022 as against the import of USD115 million of the same period in FY 2021. Nine-month comparison shows that import of fertilizer increased by 53% in the first nine month of FY 2022 as compared to FY2021 while other import sectors have shown growth in the agriculture and chemical group.

Pakistan meets around 84 % of its fertilizer requirement through local production while the remaining is met through imports. Domestic production of fertilizers during FY2021 (July-March) increased by 5.9 % over the same period of previous year. Fertilizer plants in Pakistan are operating at their maximum capacity and producing around 600,000 tonnes of urea per month. While, the local production was up to 6.5 million tonnes, and the average annual urea consumption was around 6.1 million tonnes equally divided between rabi and kharif seasons. However, the industry maintains that the shortage of urea in the country during the rabi season was due to a huge price differential between international and local rates which encouraged smuggling to Afghanistan, and possibly further to some other states of Central Asia. Pakistan has planned to import 200,000 tonnes of urea to mitigate the impact of any possible shortage during peak Kharif demand amid the anticipated global supply disruptions due to the Ukraine crisis.

Medicinal products, plastic materials and insecticides have shown increase by 114%, 23% and 16% respectively. Quarter to quarter comparison shows that the import of fertilizer has decreased by 43% in the Q3 FY 2022 as compared to Q2 of FY 2022. The import of medicinal product into the country witnessed an increase of 114%, during Q3 FY2022-2021 as compared to the corresponding period of the last year. Pakistan imported medicinal product worth USD 3733 million during July-March 2022-21 and increased 345% as compared to the same period of the July- December 2021-20. 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 prices and new government regulation. Moreover, Pakistan imposed a 17% sales tax on the import of Active Pharmaceutical Ingredients in January 2022.

FOOD GROUP

Import of Food Group has shown positive growth of 2% in Q3 (Jan-March) of FY2022 as compared to the same period of FY 2021. The main items imported in the Food group were Palm Oil (USD 887 million) wheat (USD 325 million), and Tea with imported value of USD 186 million, Soybean oil (USD 57 million), Spices (USD 53 million), Milk & Cream for infants (USD 50 million) followed by dry fruit (USD21 million), Tea(USD 149 million), Sugar (USD 2 million), and other food items (USD 560 million).

Quarterly comparison showed decrease in the import of Food Group in Q3 of FY 2022 by 7% as compared to second quarter of FY2022. Nine month comparison shows that Pakistan imported food products worth of USD 7068 million during July – March, FY2022 as against USD 6,121 million. Imports in the current quarter have increased by 15% from the import of preceding nine months of FY 2022.

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

SUB-SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – MarchFY21/22	July – March FY'20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
FOOD GROUP	2,269	2,216	2%	7,068	6,121	15%	2,269	**2,435**	-7%
MILK,CREAM & MILK FOOD FOR INFANTS	50	55	-9%	122	146	-17%	50	38	31%
WHEAT UNMILLED	325	322	1%	795	983	-19%	325	371	-12%
DRY FRUITS & NUTS	18	21	-12%	54	70	-23%	18	25	-27%
TEA	186	149	25%	487	435	12%	186	149	25%
SPICES	53	61	-12%	176	158	12%	53	53	0%
SOYABEAN OIL	57	0	474522%	103	48	114%	57	25	128%

PALM OIL	887	749	18%	2,731	1,861	47%	887	953	-7%
SUGAR	2	1	87%	191	127	50%	2	98	-98%
PULSES (LEGUMINOUS VEGETABLES)	132	161	-18%	478	448	7%	132	122	8%
ALL OTHERS FOOD ITEMS	560	698	-20%	1,931	1,844	5%	560	600	-7%

Mainly, wheat, Tea, Soybean oil, Palm Oil and Sugar group have registered an increase in imports. While few items import decrease dry fruit, Spices, Pulses and other food items. Soybean oil have registered a increase of 474522% in imports of Q3 of FY 2022 from the corresponding quarter of FY 2021. However, The import of Soya bean was surged in the current quarter as against last year. Nine months comparison shows that all food items imports increased except Milk & Cream for infants, Wheat and Dry fruits.

Pakistan's growing reliance on palm and soybean oil is not out of sync with global consumption patterns of edible oil and meal, which is also dominated by palm oil and soybean oil in the edible oil category, and soybean in the meal category. At the one end, the demand for edible oil and oilseed products has been rising due to increasing population, growing income levels, and the gradual modernisation of livestock industry, particularly poultry. At the other end, local oilseed production has been unable to keep pace with increasing domestic demand for edible oil and oilseed products (including meals for animal feed), the report added.

Wheat is Pakistan's main staple crop and, therefore, essential for the food security of the country. It accounts for 9.2 % of the value added in agriculture and 1.8 % of the GDP. Self-sufficiency in wheat has been a core objective of every government. 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 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 (Rs. 1950 per 40 Kg) and (Rs 2200 per 40 Kg in FY 2022) 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 21% in Q3 (Jan-March) of FY 2022 as compared to the same period last FY 2021. Imports during the last nine-months from July-March FY 2022 stood at USD 5,012 million for the said group which grew by 38% against the previous year import for July –March FY 2020 (USD 3,621 million). In comparison with the second quarter of FY 2022, the import bill of metal group surged by USD 1,613 million in Q3 of FY 2022.

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

SUB-SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – March FY21/22	July – March FY'20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
METAL GROUP	1,613	1,330	21%	5,012	3,621	38%	1,613	**1,858**	-13%
GOLD	5	2	249%	15	6	160%	5	5.70	-4%
IRON AND STEEL SCRAP	625	470	33%	1,856	1,419	31%	625	731.04	-15%
IRON AND STEEL	648	569	14%	2,187	1,428	53%	648	828.68	-22%
ALUMINIUM WROUGHT & WORKED	75	47	62%	179	121	48%	75	50.71	48%
ALL OTHER METALS & ARTICles	259	243	7%	774	648	20%	259	242.16	7%

Import of Gold during Q3 as compared to Q2 FY2020-22 decreased by 13%. The decline in import of gold has mainly been poised by the consistent increase of gold prices in the international market. All items of metal group showed positive trend during Q3 of FY 2020-22 as against same period of last year. Nine months comparison also showed positive trend. While quarterly comparison showed decrease in the import of metal Group Gold, Iron and steel scrap and aluminum wrought & worked have increased by 4%, 15% and 22% respectively during Q3 of FY 2022-22 as compared to Q2 of FY 2021-22.

TEXTILES GROUP

The textile imports have decreased by 1% during Q3 FY 2022 as compared to same period of FY 2021. Nine-month comparison shows that Pakistan imported textiles worth of USD 3500 million during July-March, FY2022 as against USD 2787 million during the corresponding period of last year showing an increase of 26%. Textile group imports during Jan-March 2022 remained at USD 1,105 million, decrease 8% from the corresponding quarter of October-December FY 2022.

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

SUB-SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – MarchFY21/22	July – March FY'20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
TEXTILE GROUP	1,105	1,121	-1%	3,500	2,787	26%	1,105	**1207**	-8%
RAW COTTON	384	500	-23%	1,205	1,032	17%	384	478	-20%
SYNTHETIC FIBRE	158	158	0%	562	441	28%	158	160	-1%
SYNTHETIC & ARTIFICIAL SILK YARN	223	179	24%	650	500	30%	223	201	11%
WORN CLOTHING	128	84	53%	341	205	66%	128	101	26%
OTHR TEXTILE ITEMS	213	200	6%	740	609	22%	213	266	-20%

In the Q3 of FY 2022, importof raw cotton has decreased by 23% as against same period of FY 2021. Moreover, import of worn clothing increased by 53% whereas synthetic fibre and synthetic show a constant trend. Synthetic & artificial silk yarn, and other textile items had an increase of 24% and 6% 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.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. Cotton import demand continues to be driven by exports of cotton yarn, fabric, and other value-added cotton textile products. As per USFDA, marketing year (August/July) 2022/23 production is forecast to reach 6.22 million bales, a 3.7 % increase over 2021/22. Domestic cotton use continues to be driven by the strong performance of value-added textile exports; however, Pakistan's products are expected to face renewed competition in international markets in 2022/23. The textile industry continues to be Pakistan's most important manufacturing sector, with textile products accounting for 60 % of total exports. Due to logistical problems and erosion of the value of the Pakistan Rupee, the pace of cotton and synthetic fiber imports declined significantly in the first half of 2021/22. Reported shipments are down nearly 20%.

TRANSPORT GROUP

The import of transport group has shown significant increase of 20% in Q3 (Jan-March) of FY 2022 as compared to same period last year. Nine month statistics reveal that around USD 2.367 billion worth of goods under transport group were imported during FY 2022. The quarterly comparison Q3 with Q2 of same FY 2021-22 shows a decrease of 14% during Q3 of FY 2021-22. Both CBU and CKD transport vehicles have increased by 63% and 25% in Q3 of FY 2022 as compared to same quarter of FY2021 respectively. A noticeable increase has been observed on the import of buses by 196%.

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

SUB-SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – MarchFY21/22	July – March FY'20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
TRANSPORT GROUP	1049	877	20%	3,367	2,010	68%	1049	**1218**	-14%
ROAD MOTOR VEH. (BUILD UNIT,CKD/SKD)	955	758	26%	2,826	1,632	73%	955	978	-0.02%
CBU	162	99	63%	471	242	94%	162	154	5%
A.BUSES,TRUCKS & OTH. HEAVY VEHICLES	88	30	196%	223	77	191%	88	76	16%
B.MOTOR CARS	73	69	6%	244	163	50%	73	76	-4%
C.MOTOR CYCLES	1	1	-22%	3	2	42%	1	1	-23%
CKD/SKD	632	504	25%	1,854	1,037	79%	632	628	1%
A.BUSES,TRUCKS & OTH. HEAVY VEHICLES	146	119	22%	521	252	107%	146	205	-29%
B.MOTOR CARS	464	361	28%	1,272	731	74%	464	403	15%
C.MOTOR CYCLES	22	23	-4%	60	54	12%	22	20	12%
PARTS & ACCESSORIES	131	130	1%	416	294	42%	131	166	-21%
OTHERS	30	25	20%	85	58	46%	30	30	-1%

AIRCRAFTS, SHIPS AND BOATS	93	117	-21%	533	373	43%	93	235	-61%
	1	3	-46%	9	5	59%	1	5	-71%

The export of Transport Group registered positive growth of 20% wherein all components have shown positive growth except motor cycles, aircrafts, ships and boats. Pakistan's import bill for completely and semi-knocked down (CKD/SKD) kits for cars imported by local assemblers has crossed two billion dollars in nine months of 2021-22 which is significantly higher than the record high bill of USD1.16 billion for the same period of FY21. The low levels of localisation by Chinese and Korean investors under Auto Policy 2016-2021 for five years as well as in the new models by existing assemblers have played a key role in boosting the import bill. The new entrants have started rolling out vehicles from their assembly lines with a mere five per cent locally made parts which is insufficient to reduce the burden on the foreign exchange. Assemblers are now in top gear as the eight months of FY22 ended with a whooping sales jump of 57.5% in cars to 149,813 units. They are also have huge bookings in hands whose delivery time ranges between three months to 11 months. Jeeps and pickups sales have also surged by 51.5pc in FY22 to 28,437 units. Huge demand for cars has led to a massive jump in CKD/SKD imports to USD1.120 billion in FY21 from USD 478 million in FY20, up by 134pc due to low-interest rates and attractive auto financing by the banks. Moreover, persistent increase in car prices and long delays in delivery appear to have not hurt the buyers' sentiments, while buyers are also satisfied over the rising resale value of the vehicles owing to months' long delivery timings, soaring prices and on-money for vehicles for immediate delivery.

The auto sector in Pakistan is now more than 50 years old but the assemblers have not done localisation due to the discouraging attitudes and lengthy procedures adopted by the assemblers which form a monoply for their foreign principals. They protect their own interests to use their CKD parts and have made localisation very difficult. Under Auto Policy 2016-2021, most of the new entrants have focused on manufacturing SUVs, which too has resulted in the higher value of CKD imports.

Since the new entrants under Auto Policy 2016-21 can avail the concession on import of CKD for five years, localisation of parts in such vehicles, especially of SUVs, is in the catching-up phase. The unprecedented surge in international prices of various resins and metals, rupee devaluation against the dollar and multiple times higher freight charges have further enhanced the landed cost of almost all raw materials.

MISCELLANEOUS GROUP

The miscellaneous group imports in Q3 (Jan-March) of FY2021-22 have seen an overall 7% decrease with all the sectors showing increase in imports except crude rubber, rubber tires and jute. WOOD & CORK, paper & paper board & manuf.thereof and all other items all have increased by 63%, 9%, 18%, respectively. The import trend of the corresponding third and second quarter of FY 2021 indicates a mixed trend. Three sub sectors registered an increase while other three item showing decreasing trend over the preceding quarter of Q2 FY 2022. Nine-month comparison statistics show that the import of miscellaneous group decreased by 1 % during FY 2021 as compared to FY 2021 with the increase in all the sectors except rubber tires & tubes that has registered a negative growth of 33%.

Table 22: Miscellaneous group imports (USD million)

SUB-SECTORS	Jan-March FY21/22	Jan-March FY20/21	% Change	July – March FY 21/22	July – March FY'20/21	% Change	Jan-March FY21/22	Oct-Dec FY21/22	% Change
MISCELLANEOUS GROUP	294	317	-7%	912	924	-1%	294	**325**	-9%
RUBBER CRUDE INCL. SYNTH/RECLAIMED	58	68	-15%	188	182	3%	58	73.1	-20%
RUBBER TYRES & TUBES	45	81	-45%	195	290	-33%	45	75.8	-41%
WOOD & CORK	46	28	63%	105	83	27%	46	30.8	49%
JUTE	14	18	-22%	49	44	11%	14	24	-42%
PAPER & PAPER BOARD & MANUF.THEREOF	131	121	9%	375	325	15%	131	121.1	8%
ALL OTHERS ITEMS	1,420	1201	18%	4,423	2,998	48%	1,420	1,740	-18%

TRADE IN SERVICES

EXPORT PERFORMANCE OF SERVICES

As per the 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 of FY 2021-22 stood around USD 1.7 billion, an increase by 13% from the previous corresponding quarter's exports of USD 1.5 billion in the FY2021.

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

SERVICES	Jan – March FY21/22	Jan-March FY20/21	% Change	July – March FY21/22	July – March FY20/21	% Change
Exports of Services	1,724	1,532	13%	5,156	4,404	17%
1. Manufacturing Services on Physical inputs owned by Others	0	0	-	0	0	-
2. Maintenance and Repair Services n.i.e.	0	3	-100%	3	3	0%
3. Transport	187	147	27%	563	442	27%
4. Travel	137	160	-14%	419	384	9%
5. Construction	9	22	-59%	78	87	-10%
6. Insurance and Pension Services	10	11	-9%	30	34	-12%
7. Financial Services	21	32	-34%	69	114	-39%
8. Charges for the use of Intellectual Property n.i.e.	3	3	0%	10	10	0%
9. Telecommunications, Computer, and Information Services	646	553	17%	1,948	1,507	29%
10. Other Business Services	417	332	26%	1,208	1,049	15%
11. Personal, Cultural, and Recreational Services	3	3	0%	9	8	13%
12. Government Goods and Services n.i.e.	291	266	9%	819	766	7%
of which: Logistic Support	0	0	-	0	0	-

As per the Extended Balance of Payments Services Classification (EBOPS 2010), Trade in Services has been divided into 12 categories. The cumulative imports of Services in the third quarter FY 2021-22 stood around USD 2.7 billion, an increase by 42% from the previous corresponding quarter's exports of USD 1.9 billion in the FY2021.

IMPORT PERFORMANCE OF SERVICES

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

SERVICES	Jan – March FY21/22	Jan-March FY20/21	% Change	July – March FY21/22	July – March FY'20/21	% Change
Imports of Services	2,764	1,950	42%	8,335	6,347	31%
1. Manufacturing Services on Physical inputs owned by Others	0	0	-	0	0	-
2. Maintenance and Repair Services n.i.e.	9	11	-18%	22	34	-35%
3. Transport	1647	767	115%	4,530	2,355	92%
4. Travel	277	214	29%	853	551	55%
5. Construction	4	0	-	39	0	-
6. Insurance and Pension Services	79	65	22%	222	191	16%
7. Financial Services	54	44	23%	147	343	-57%
8. Charges for the use of Intellectual Property n.i.e.	51	81	-37%	177	193	-8%
9. Telecommunications, Computer, and Information Services	146	123	19%	476	381	25%
10. Other Business Services	371	545	-32%	1,514	1,948	-22%
11. Personal, Cultural, and Recreational Services	1	0	-	1	0	-
12. Government Goods and Services n.i.e.	125	100	25%	354	351	1%

SECTORAL ANALYSES OF TRADE IN SERVICES

The most recent statistics show that the services trade registered an increase of 13% in the third quarter (July-March 2122). The statistics show that the services of Telecommunication, Other Business Services and Government Goods and Services are increased. However, the export of Maintenance, Transport, Construction, Insurance, and Financial Services decreased in the third quarter (July-March 2122).

The import of services has recorded an increase of 42% in the third quarter of FY-22 compared to the previous year's same quarter. Overall, all sectors have registered an increase in imports of services except Maintenance, Charges for the use of intellectual property, and Other Business Services in the third quarter (July-March).

The government has set the target of increasing IT exports to $5 billion by 2023, as the country is progressing fast in the fields of information technology (IT), artificial intelligence (AI) and working to provide uninterrupted connectivity through the advanced internet nationwide.

Pakistan Stock Exchange PSX signed a memorandum of understanding (MoU) with the Pakistan Software Export Board (PSEB) to play a pivotal role in ensuring sustainable growth of IT industry in the country.

GOVERNMENT INITIATIVES FOR EXPORT FACILITATION (Q3 JAN-MARCH FY2021-22)

1. Economic Coordination Committee (ECC) of the cabinet approved Rs96 billion in subsidies for exporters, mainly the textile industry, and urea manufacturers
2. The ECC approved duty drawback rates of 3%, 4% and 5% for the development of new sectors. For sector diversification, the DLT rate will be 4% and an additional rate of 2% will be given for market diversification.
3. The ECC approved the proposal of providing indigenous gas to the two SNGPL-based urea plants latest by March 31, 2022, resulting in savings of funds, which were to be utilised on the provision of RLNG to the two plants, and continued operation throughout the year,
4. The Economic Coordination Committee of cabinet has approved revised Drawback of Local Taxes Scheme (DLTS) for the period of five financial years from July 1, 2021to June 30, 2026.The ECC also approved a technical supplementary grant of Rs16 billion for payment of SNGPL dues for the month of February and expected claims for the remaining months of March, April and May during the CFY 2021-22.
5. The ECC approved Rs23.309 million as markup for the period of October 2021 to March 2022.
6. The ECC also approved TSG worth Rs500 million in favor of the Ministry of Federal Education and Professional Training for National Commission for Human Development (NCHD), Rs681.046 million in favor of the Ministry of Housing and Works and Rs116.467 million in favor of Interior Division.
7. To facilitate the therapeutic goods' industry for ease of business and provision of conducive environment for compliance to regulatory requirement, Drug Regulatory Authority of Pakistan (DRAP) has introduced an electronic application management system which will enable applicants and regulators to communicate electronically for management of import and export information of therapeutic goods. Online Import / Export Application System (OIES) is accessible through the official website of DRAP under E-Services. A guidance document on operational features of the online Import / Export Application System is also available to assist applicants for submission of information. This system will also enable applicants to view / maintain all submissions related to import & export to DRAP through an individualized dashboard for each user.

FUTURE TRADE OUTLOOK

Pakistan's economy enjoyed a strong recovery following measures taken by the government to mitigate the adverse socio-economic impacts of the COVID-19 pandemic. Pakistan's GDP growth is projected to grow to 4% in FY2022 as the government applies measures to reduce the current account deficit and raise international reserves. During Q3 Jan-March FY 2021-22, economic indicators have mostly signaled positive economic momentum. On the production side, agricultural output, mainly Wheat, Sugarcane, Rice and Cotton are expected to increase during 2022, reflecting better weather conditions. Similarly, large-scale manufacturing growth rose to 7.8 percent and remittances were USD 7.14 billion during Q3 FY 2022.

With continued improvement in the economy, the country has also shown remarkable export performance with 25% growth in the exports of Goods (USD 8.2 billion) during Q3 Jan-March FY 2021-22 as compared to same period last year. Exports to the United State of America, United Arab Emirates (UAE), China, United Kingdom, Netherlands, and Germany grew by 36%, 36%, 5%, 10%, 45%and 21%, respectively. All major export destinations have registered significant growth during Q3 FY 2022. Exports also benefited from the real effective exchange rate (REER), which measures a currency's value weighted against those of its major trading partners after adjusting for inflation. However, the trade deficit widened to USD 10.1 billion during Q3 FY 2022.

The imports of Pakistan also surged by 22% (USD 18.3 billion) during Q3 2022. A major initiative of the government to encourage raw material imports also pushed up the import bill. Rising global oil prices and its high demand at home also pushed up the bill. A surge was also noted in the import of vehicles, machinery and vaccines. The imports of wheat and sugar and palm oil are costly due to Russia-Ukraine war and Indonesia supply issues for Palm oil. The import bill rose 49% to USD 58.7 billion during July-March FY 20211. The country's trade deficit widened 70% year-on-year to USD 35.4 billion during the nine months through March as imports near USD 60 billion.

The most recent statistics show that the services trade registered an increase of 13% in the third quarter (July-March FY 2021-22). The import of services has also recorded an increase of 42% in the third quarter of FY-22 compared to the previous year's same quarter.

The government has projected the annual export target for commodities at USD 31.2 billion and Services at USD 7.5 billion for FY 2022. In the first nine months, export proceeds stood at USD 23.3 billion, and Services exports reached upto USD 5.15 billion. Accordingly, Pakistan's exports are in line with the targets, and it is expected to achieve yearly targets.

TDAP PERFORMANCE JANUARY-MARCH 2022

Pakistan Engineering & Healthcare Show 2022

Pakistan's first Engineering & Healthcare show organized by Trade Developement Authority of Pakistan during 25-27 February, 2022.The 1st edition of Engineering and Healthcare Show (EHCS) 2022 concluded on 27th of February, 2022 at the Lahore Expo Centre. EHCS is a flagship sector-specific trade event of TDAP. In the 1st edition of EHCS, 325 foreign delegates from 27 countries from Africa and 05 countries from CAR's Region visited the exhibits of 170 exhibitors participating in EHCS to get first-hand experience of the whole range of engineering and healthcare products being offered by Pakistan. Officials of Drug Regularity Authority of Pakistan were present during the show and discussed areas of mutual cooperation with their regulatory counterparts from Senegal, Tajikistan, Sudan, Tanzania, Nigeria & Rwanda. FPCCI (Federation of Pakistan Chambers of Commerce & Industry), LCCI (Lahore Chambers of Commerce & Industry), SCCI (Sialkot Chamber of Commerce & Industry) and GCCI (Gujranwala Chamber of Commerce & Industry) also participated in the event and held extensive negotiations with their counterparts Chambers/Association from Azerbaijan, Egypt, Ethiopia, Guinea, Kenya, Mozambique, Zambia, Tajikistan, Senegal, Mauritius, Nigeria, Togo and Tanzania.

During the exhibition, Mr. Arif Ahmed Khan, Chief Executive TDAP and Mr. Ahsan Ali Mangi, Secretary TDAP held discussions with their counterpart Trade Promotion Organizations from Benin, Kenya, South Africa, Egypt, Mozambique and Senegal. Areas of interest pertaining to improved collaboration and mutual interests were discussed and how this exhibition can provide a platform for mutual benefits. During the event, TDAP organized around 2,100 sectors specific B2B meetings of foreign buyers with local exhibitors in which extensive discussion was held in generating business and future collaboration. These sectors included Pharmaceutical, Surgical, Chemicals, Agricultural Machinery & Implements, Safety Equipment, Construction Material, Home Appliances, Furniture, Cosmetics, Handicrafts, Sports Goods, Cutlery & Cookware, Packaging, Automotive, Electric Machinery, Minerals, Marbles, Mobiles, Musical Instruments. Further to extract maximum benefit from this exhibition, TDAP also arranged industrial visits of the foreign buyers on the third day of the event.

Overall, 9 MOU's were signed in the Pharmaceutical sector. USD 52 Million business deals were finalized during the event and the expected business to be generated is around USD 150 Million. The event opened the doors of immense opportunities for exporters to grow their business in African & Central Asian markets. The event was concluded with a resolve that TDAP would continue to organize the Engineering & Healthcare show annually for the promotion of business for our exporters.

WEXNET

The largest event for women entrepreneurs WEXNET has successfully organized by Trade Development Authority of Pakistan (TDAP). Over 300 plus women entrepreneurs from all over the country participated in the event.

The largest event for women entrepreneur is inaugurated today on 17 March 2022 at Lahore. The Mega event WEXNET organized and opened for the public at Expo center Lahore. The exhibition was inaugurated by Honorable Mrs. Parveen Sarwar , she appreciated the efforts of TDAP to host the single and largest event for women entrepreneurs of the country, she was of the opinion that such events should be organized twice a year. The diplomatic and business community of Lahore also joined the inauguration ceremony. Thousands visit the exhibition on the first day . Friday will be the 2nd and last day of the event . This is the 10th Edition of the exhibition that is arranged by the Trade Development Authority of Pakistan for women entrepreneurs of Pakistan. Over 300 plus women entrepreneurs from across Pakistan are exhibiting their products from all provinces including Gilgit Baltistan and Kashmir. This makes the exhibition unique and promises diversity of the products . The 2 day event aims to bring both businesses and consumers at one prestigious platform to network, promote their products offerings and to avail the opportunity of cultural exchange among different provinces.

Expo Hyderabad 2022'

A two-day exhibition titled 'Expo Hyderabad 2022' showcasing handicrafts and bangles under the auspices of the Trade Development Authority of Pakistan (TDAP) on 6-7th March 2022 at expo center Hyderabad. It was concluded on 7th March 2022 and the certificates of appreciation were distributed among the participants by worthy Additional Commissioner Hyderabad, DIG Hyderabad and Deputy Commissioner Tando Muhammad Khan. 60 stalls of handicrafts, and 3 stalls of glass bangles were inside the expo hall, and there were pavilions of universities and deputy commissioners of the region outside the hall as well. A large number of visitors from different universities, organisations and public visited the exhibition. Visitors showed great interest and appreciation for the exhibition and the work of participants. TDAP has plan to arrange similar events in future to facilitate traders and to support local businessman.

International Exhibitions

S No	Exhibition	Dates	Division	Status
1	INTERSEC MIDDLE EAST EXHIBITION	16 - 18 Jan-22	Textile & Leather	04 companies participated
2	Arab Health, Dubai	24 – 27 Jan-22	Engineering & Minerals	33 companies participated
3	Expo Riva Schuh, Italy (January Edition)	Jan-22	Textile & Leather	03 companies participated
4	LEAP, Saudi Arabia	1 - 3 Feb 2022	Services Division	24 companies participated
5	Fruit Logistica, Germany	4 - 7 April-22	Agro & Food	02 companies participated
6	Sourcing at Magic , USA	13 - 16 Feb-22	Textile & Leather	04 companies participated
7	Gulf Food, Dubai	13 – 17 Feb-22	Agro & Food	45 companies participated
8	Foodex, Saudi Arabia	28 Feb - 3 Mar - 22	Agro & Food	09 companies participated
9	Foodex, Japan	8 – 11 Mar-22	Agro & Food	Participation by Mission
10	Qatar International Agriculture Exhibition	10 - 14 Mar -22	Agro & Food	12 companies participated
11	International Food and Drink Event, UK	21 – 23 Mar-22	Agro & Food	05 companies participated
12	Sial Canada	20 - 22 Apr 2022	Agro & Food	05 companies participated

Webinars

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1	INTERSEC MIDDLE EAST EXHIBITION	16 - 18 Jan-22	Textile & Leather	04 companies participated
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6	Sourcing at Magic , USA	13 - 16 Feb-22	Textile & Leather	04 companies participated
7	Gulf Food, Dubai	13 – 17 Feb-22	Agro & Food	45 companies participated

Trade Delegations

S No	Country	Delegation detail	Dates
1	Kenya	Visit of Kenyan Trade Delegation And Visit of Kenyan Trade Delegation to Sargodha.	4-Jan-2022 January 5, 2022
2	Nigeria	Industrial visit of Nigerian delegation to Sialkot Surgical Instrument companies i.e. Elmed and Rhine in Sialkot.	27- Feb-22
3	Uzbekistan	Visited textile companies like Al Karam, Gul Ahmed, Chen One for the Give-Aways for Uzbek Delegation at Islamabad	March,2022
4	Malaysia	Visit of Malaysian DVS / JAKIM Delegation to Pakistan for inspection / audit of 10 companies (5 Meat and 5 Gelatin) in Karachi and Lahore.	19th – 26th February, 2022
5	China	Efforts for Tech of Berger Paints collaboration with Reputable Chinese Auto OEM Paints Companies.	January 4, 2022

MoUs by TDAP

Title	Agency	Dates/Year
Promotion of I.T. Industry	Pakistan Software Export Board (PSEB)	15-March-2022
Promotion of Tourism Industry	Walled City of Lahore Authority (ECLA)	18-March-2022
Promotion of Engineering products & Services Sector	Engineering Development Board (EDB)	01-04-2022
Promotion of Tourism Industry	Pakistan Tourism Development Corporation (PTDC)	01-04-2022