Pakistan Trade Perspective

APRIL-JUNE 2022

TRADE DEVELOPMENT AUTHORITY OF PAKISTAN

MINISTRY OF COMMERCE

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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
Q3	THIRD QUARTER OF FISCAL YEAR (JAN - MARCH)
Q4	FOURTH QUARTER OF FISCAL YEAR (APRIL - JUNE)
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

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WORLD ECONOMIC AND TRADE REVIEW

APRIL-JUNE 2022

Following more than two years of pandemic, spillovers from the Russian Federation's invasion of Ukraine are set to sharply hasten the deceleration of global economic activity, which is now expected to slow to 2.9 percent in 2022. The war in Ukraine is leading to high commodity prices, adding to supply disruptions, increasing food insecurity and poverty, exacerbating inflation, contributing to tighter financial conditions, magnifying financial vulnerability, and heightening policy uncertainty. Growth in emerging market and developing economies (EMDEs) this year has been downgraded to 3.4 percent, as negative spillovers from the invasion of Ukraine more than offset any near-term boost to some commodity exporters from higher energy prices. Despite the negative shock to global activity in 2022, there is essentially no rebound projected next year: global growth is forecast to edge up only slightly to a still-subdued 3 percent in 2023, as many headwinds in particular, high commodity prices and continued monetary tightening are expected to persist. Moreover, the outlook is subject to various downside risks, including intensifying geopolitical tensions, growing stagflationary headwinds, rising financial instability, continuing supply strains, and worsening food insecurity.

These risks underscore the importance of a forceful policy response. The global community needs to ramp up efforts to mitigate humanitarian crises caused by the war in Ukraine and conflict elsewhere and alleviate food insecurity, as well as expand vaccine access to ensure a durable end of the pandemic. Meanwhile, EMDE policy makers need to refrain from implementing export restrictions or price controls, which could end up magnifying the increase in commodity prices. With rising inflation, tightening financial conditions, and elevated debt levels sharply limiting policy space, spending can be reprioritized toward targeted relief for vulnerable households. Over the long run, policies will be required to reverse the damage inflicted by the dual shocks of the pandemic and the war on growth prospects, including preventing fragmentation in trade networks, improving education, and raising labor force participation.

Regional prospects: Russia's invasion of Ukraine is affecting EMDE regions to different degrees via impacts on global trade and output, commodity prices, inflation, and interest rates. The adverse spillovers from the war will be most severe for Europe and Central Asia, where output is forecast to sharply contract this year. Output growth is projected to slow this year in all other regions except the Middle East and North Africa, where the benefits of higher energy prices for energy exporters are expected to outweigh those prices' negative impacts for other economies in the region. Risks for all EMDE regions are tilted to the downside and include intensifying geo-political tensions, rising inflation and food shortages, financial stress and rising borrowing costs, renewed outbreaks of COVID-19, and disruptions from disasters.

Global stagflation. Global inflation has risen sharply from its lows in mid-2020, on rebounding global demand, supply bottlenecks, and soaring food and energy prices, especially since Russia's invasion of Ukraine. Markets expect inflation to peak in mid-2022 and then decline, but to remain elevated even after these shocks subside and monetary policies are tightened further. Global growth has been moving in the opposite direction: it has declined sharply since the beginning of the year and, for the remainder of this decade, is expected to remain below the average of the 2010s. In light of these developments, the risk of stagflation a combination of high inflation and sluggish growth has risen. The recovery from the stagflation of the 1970s required steep increases in interest rates by major advanced economy central banks to quell inflation, which triggered a global recession and a string of financial crises in EMDEs. If current stagflationary pressures intensify, EMDEs would likely face severe challenges again because of their less well-anchored inflation expectations, elevated financial vulnerabilities, and weakening growth fundamentals. This makes it urgent for EMDEs to shore up their fiscal and external buffers, strengthen their monetary policy frameworks, and implement reforms to reinvigorate growth.

Russia's invasion of Ukraine: Implications for energy markets and activity. Russia's invasion of Ukraine has disrupted global energy markets and damaged the global economy. Compared with what took place in the 1970s, the shock has led to a surge in prices across a broader set of energy related commodities. In energy importing economies, higher prices will reduce real disposable incomes, raise production costs, tighten financial conditions, and constrain policy space. Some energy exporters may benefit from improved terms of trade and higher commodities production. However, on net, model based estimates suggest that the war driven surge in energy prices could reduce global output by 0.8 percent after two years. The experience of previous oil price shocks has shown that these shocks can provide an important catalyst for policies to encourage demand reduction, substitution to other fuels, and development of new sources of energy supply.[1]

Source:

"World Bank. 2022. Global Economic Prospects, June 2022. Global Economic Prospects"

PAKISTAN ECONOMIC OUTLOOK APRIL-JUNE 2022

Though economy recovered from the pandemic (a 0.94 percent drop in FY2020) and maintained V-Shaped recovery by posting real GDP growth of 5.97 percent in the fiscal year 2022. This high growth, however, is unsustainable and has resulted in financial and macroeconomic imbalances.

Though economy recovered from the pandemic (a 0.94 percent drop in FY2020) and maintained V-Shaped recovery by posting real GDP growth of 5.97 percent in the fiscal year 2022. This high growth, however, is unsustainable and has resulted in financial and macroeconomic imbalances.

Historically, Pakistan's economy had shown periodic 'boom-bust' growth cycles. The reasons for such volatile growth cycles include the wide-ranging economic challenges like shrinking fiscal space, exchange rate pressure, mounting current account deficit, inflation, energy sector bottlenecks, and the absence of a supportive environment for the private sector.

Political instability in the country also led to a huge increase in economic uncertainty. Uncertainty at individual, firm, and government levels is negatively affecting the economy. Political stability can reduce uncertainty by making clear policy statements to build the trust of domestic as well as foreign investors and the business community.

The coordinated monetary-fiscal policy approach after the COVID-19 outbreak has succeeded in reviving the real economic activity. Specifically, the fiscal-monetary stimulus packages have a cascading effect on growth through a revival in private investment. In addition, the accommodative monetary policy stance in FY2021, focused on the revival of the construction industry and mandatory housing finance targets by the SBP, together with the rebound in external demand has set the stage for stronger growth momentum in FY2022.

Further, growth momentum was observed on account of broad-based expansion in large-scale manufacturing (LSM) and improved crop production. However, the economy also started to show signs of excess demand and overheating through an increase in the import volume of capital and consumer goods, energy, and non-energy imports.

After the United States and China, Pakistan is now the third largest popular new seller on Amazon Marketplace with over 1.2m registered vendors. Pakistan was allowed to enter Amazon in May 2021, a year after the talks began in 2020, following the

[1]*https://openknowledge.worldbank.org/handle/10986/37224 License: CC BY 3.0 IGO."*

implementation of Pakistan's first e-commerce policy.

On the external front, the exports grew remarkable on account of policy supports provided-including regionally competitive energy tariff rates, Export Facilitation Scheme 2021, enhancement in coverage and loan limits under LTFF, Changes in foreign exchange regulations to facilitate exports, the launch of an E-Tijarat portal and tariff rationalized in various sectors in line with objectives of National Tariff Policy 2019-2024. In addition to this, STPF 2020-25 has been prepared to enhance the export competitiveness of Pakistan through a framework of interventions having an impact across the value chains.

Furthermore, textile policy 2020-25 has also been approved to fully utilize the potential of home-grown cotton augmented by man-made fibers and filaments to boost value added exports. Moreover, at the international level, World Trade Organization (WTO) has undertaken the Trade Policy Review (TPR) for Pakistan to achieve transparency and a better understanding of trade policies and practices.

However, a surge in global commodity prices is exerting pressure on imports by significantly pushing up import payments. Resultantly, the sizeable trade deficit of USD 32.9 billion during FY2022 was partially financed by significant workers' remittances. Thus, in the period under discussion, the current account posted a deficit of USD 13.8 billion compared to a deficit of USD 0.5 billion during the same period last year. The widening of the current account deficit together with a build-up in inflationary pressures in the backdrop of the geopolitical situation (especially the Russia-Ukraine conflict) has created significant challenges for sustainable economic growth. In addition, the recent emergence of domestic conditions (including political instability) is eroding business confidence.

Pakistan Inflation hits 21.32% in June due higher oil price in international market, and political instability in the country. To counter inflationary pressure and for sustainable economic recovery, SBP moved to monetary policy normalization in September 2021. Policy Rate increased by cumulative 675 bps from September up till now.

The pressures on headline inflation can fairly be attributed to adjustments in prices of electricity and gas, a significant increase in the non-perishable food prices, exchange rate depreciation along with a rapid increase in global fuel and commodity prices.

Shocks to the economy caused significant damage to Pakistan's public finances. In response, the Government formulated and implemented various policy initiatives which improved fiscal outcomes, especially on the revenue side. FBR has initiated various policy and administrative measures to facilitate the taxpayers to mobilize domestic resources and generate sufficient revenue without hurting growth momentum. FBR tax collection witnessed a substantial growth of 28.5 percent during FY2022.

In the medium term, comprehensive measures are needed to strengthen and reliability of overall economic performance to revive the economy, spur growth, maintain price stability, provide jobs to the youth and rebuild the key infrastructure of the country.[2]

References:

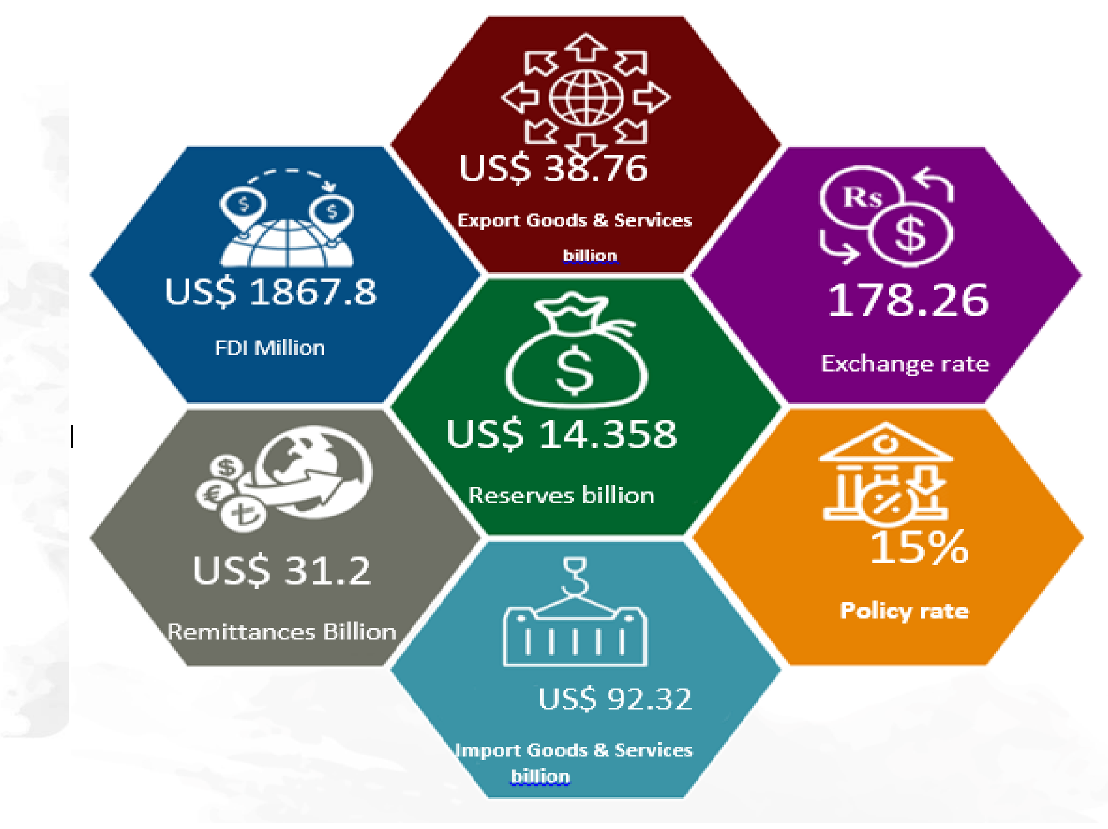
Ministry of Finance,

[2] https://www.finance.gov.pk/survey/chapter_22/Economic%20Survey%202021-22.pdf

PAKISTAN'S ECONOMIC INDICATORS

Q4: APRIL-JUNE FY 2021-22

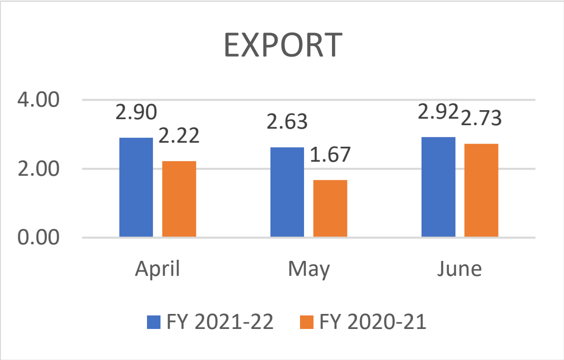
JULY - JUNE FY 2021-22

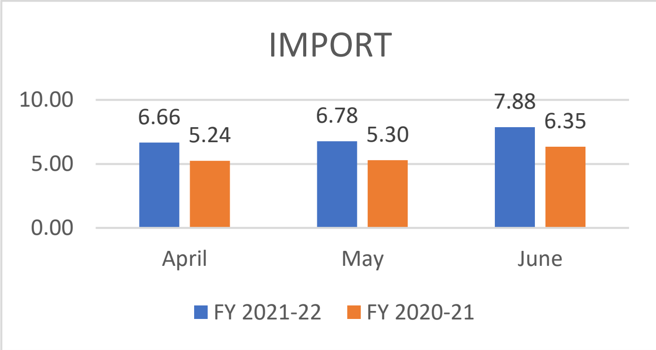


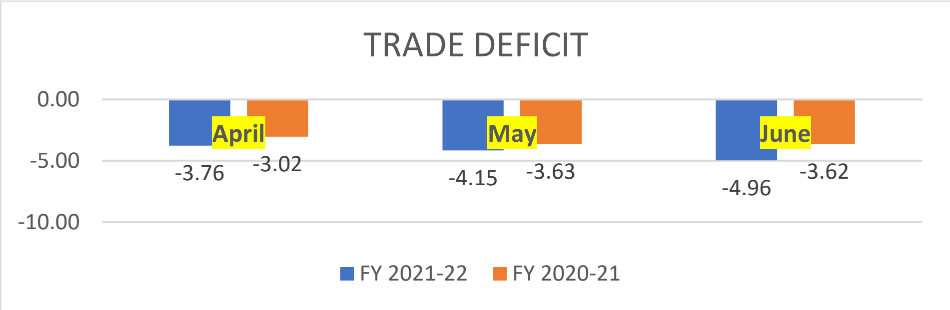
PAKISTAN'S TRADE OUTLOOK

Q4 (April-June 2021-22) COMPARISON WITH Q4 (April-June 2020-21)

TRADE VALUES IN USD BILLION

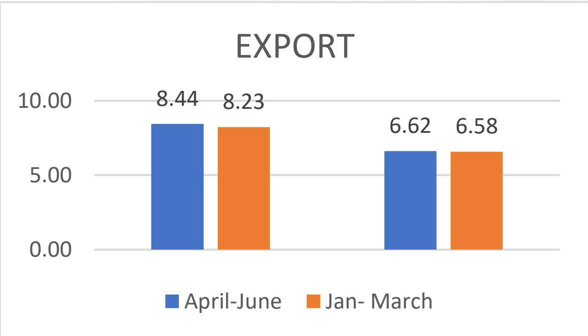


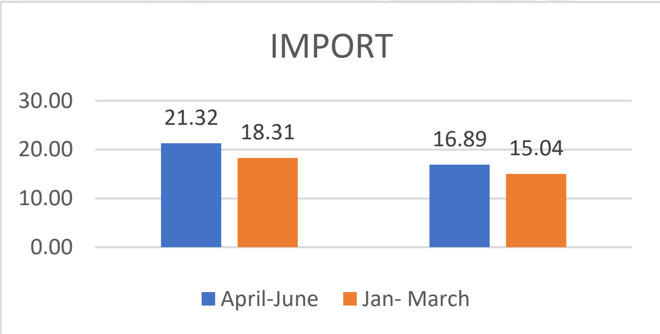


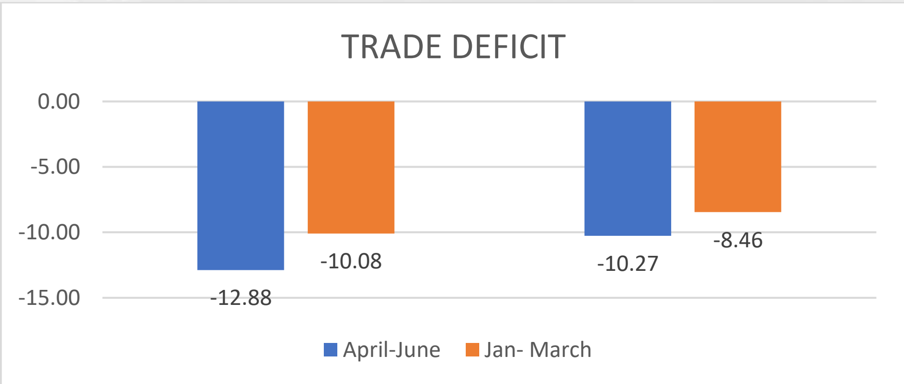


Q4 (April-June 2021-22) COMPARISON WITH Q3 (April-June 2021-22)

TRADE VALUES IN USD BILLION







PAKISTAN'S EXPORT PROFILE (GOODS)

Pakistan's exports have surged by 28% to USD 8.4 billion from USD 6.6 billion in Q4 (April-June) FY2021-22 as against same period of FY2020-21. On cumulative basis, in the FY2021-22, export proceeds have grown by 26% over the same period of last fiscal year (FY 2020-21) and have reached to USD 31.7 billion. The exports to partner countries showing increase and decrease have been detailed as follows:

TOP EXPORT PARTNERS SHOWING INCREASE (Q4 FY 2020/22 V/S Q4 FY 2020/21)

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

Export Destinations	APRIL-JUNE FY21/22	APRIL-JUNE FY20/21	% Change
UNITED STATES	1,815.7	1,490.4	22%
CHINA	715.5	578.5	24%
UNITED KINGDOM	551.0	514.8	7%
NETHERLANDS	526.3	316.0	67%
GERMANY	459.9	347.3	32%
UNITED ARAB EMIRATES	364.3	271.3	34%
SPAIN	350.7	208.5	68%
ITALY	343.5	215.5	59%
AFGHANISTAN	265.5	239.1	11%
BELGIUM	228.5	178.6	28%

TOP EXPORT PARTNERS SHOWING DECREASE (Q4: APRIL-JUNE FY 2020/22)

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

Export Destinations	APRIL-JUNE FY21/22	APRIL-JUNE FY20/21	% Change
KAZAKISTAN	29.0	43.9	-34%
EGYPT	23.3	26.5	-12%
MOZAMBIQUE	23.1	30.8	-25%
MADAGASCAR	19.7	26.6	-26%
HONG KONG, CHINA	14.7	20.1	-27%
CZECH REPUBLIC	13.7	14.6	-6%
COLOMBIA	11.7	16.9	-31%
SINGAPORE	10.3	11.5	-11%
RUSSIAN FEDRATION	7.7	33.0	-77%
PERU	7.4	8.2	-10%

Country wise statistics have shown that all major export destinations registered substantial growth during Q4 FY 2022. United States of America (USA) remained the top export destinations of the Pakistani products during Q4 FY 2021-22, followed by United Arab Emirates (UAE), China, United Kingdom (UK), Netherlands, Germany, UAE, Spain, Italy, Afghanistan and Belgium have shown positive growth as compared to same period last year.

Textile products have shown growth in USA, and UK. Copper, Cotton Yarn and Rice have shown increase in China. Kazakistan, Egypt, Mozambique, Madagascar, Hong Kong, China, Czech Republic, Colombia, Singapore, Russian and Peru have shown decline in exports.

SECTOR-WISE EXPORTS PERFORMANCE

During April-June, FY2021-22, textile group has shown remarkable performance and has earned export revenue of USD 5.08 billion, 26% more than that earned in the same period of last fiscal year, followed by food group (USD 1.4 billion), other manufactures group (USD 1.1 billion) and petroleum and coal group (USD 97.8 million). Main commodities exported during April-June, FY2021-22 were Knitwear (USD 1.39 billion), Readymade garments (USD 1.04 billion), Bed wear (USD 844 million), Rice (USD 719 million), Cotton yarn (USD 642 million), Chemical and Pharma products (USD 475 million), Towels (USD 291 million), Other Chemicals (USD 281 million), Made-up articles (USD 222 million), Basmati (USD 203 million), Other textile material (USD 193 million) and Leather manufactures (USD 157 million).

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

SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY'20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
Total	8,441	6,618	28%	31,791	25,304	26%	8,441	8,230	3%
TEXTILE GROUP	5,087	4,049	26%	19,330	15,400	26%	5,087	4,861	5%
FOOD GROUP	1,470	1,063	38%	5,418	4,393	23%	1,470	1,480	-1%
OTHER MANUFACTURES GROUP	1,122	896	25%	4,104	3,466	18%	1,122	1,058	6%
ALL OTHER ITEMS	663.7	543	22%	2,604	1,862	40%	663	716	-7%
PETROLEUM GROUP & COAL	97.8	66.2	48%	333.8	182.3	83%	97	113	-13%

TOP EXPORT COMMODITIES SHOWING INCREASE (Q4: APRIL-JUNE FY 2021/22)

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

SUB-SECTORS	April-June FY'22	April-June FY'21	% Change
KNITWEAR	1,391	1040	34%
READYMADE GARMENTS	1,041	764	36%
BED WEAR	844	720	17%
RICE	719	481	50%
COTTON CLOTH	642	502	28%
CHEMICALS AND PHARM.PRODUCTS	475	305	56%
TOWELS	291	245	19%
MADEUP ARTICLES	222	190	17%

BASMATI	203	172	18%
OTHER TEXTILE MATERIALS	193	159	22%
LEATHER MANUFACTURES	157	134	17%

TOP EXPORT COMMODITIES SHOWING DECREASE (Q4: APRIL-JUNE FY 2021/22)

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

SUB-SECTORS	April-June FY'22	April-June FY'21	% Change
VEGETABLES	69.8	75.0	-7%
CEMENT	24.6	57.9	-57%
GLOVES	19.6	21.2	-8%
PETROLEUM PRODUCTS(EXCL TOP NAPHTA)	17.5	21.8	-20%
CUTLERY	16.9	27.9	-39%
MACHINERY for PARTICULAR INDUSTRIES	16.8	17.8	-6%
OIL SEEDS, NUTS AND KERNALS	16.2	18.0	-10%
TRANSPORT EQUIPMENT	4.7	5.0	-6%
JEWELLARY	4.3	7.2	-40%
ONYX MANUFACTURED	1.7	2.0	-17%
PETROLEUM TOP NAPHTA	-	0.4	-100%

SECTOR-WISE EXPORTS ANALYSES

TEXTILE GROUP

Pakistan is the 8th largest exporter of textile products in Asia. It is 4th largest producer and 3rd largest consumer of cotton. It comprises of 46% of the total manufacturing sector and provides employment to 40% of the total labor force. The textile sector in Pakistan has an overwhelming impact on the economy, contributing 61% to the country's exports. It is deemed as one of the most important sectors for Pakistan's trade. It is a significant contributor to the country's exports fetched US$ 19 billion from abroad during FY 2022. The major exports of the sectors include knitwear, readymade garments, fabrics, weaved apparel, twisting, and processing sector. Textile sector has shown remarkable performance during 4th quarter of FY 2022 with growth of 26%, total exports realized USD 5.08 billion during Q4 of FY 2022.

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

SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
TEXTILE GROUP	5,087	4,049	26%	19,330	15,400	26%	5,087	4861	5%
RAW COTTON	-	0	-	6.6	0.8	715%	-	5	-100%
COTTON YARN	298	296	1%	1,206	1,017	19%	298	298	0%
COTTON CLOTH	642	502	28%	2,437	1,921	27%	642	661	-3%

COTTON CARDED OR COMBED	-	-	-	1.6	0.1	2450%	-	0	-
YARN OTHER THAN COTTON YARN	18	10	80%	66.2	33.4	98%	18	20	-10%
KNITWEAR	1,391	1,040	34%	5,121	3,816	34%	1,391	1229	13%
BED WEAR	844	720	17%	3,292	2,772	19%	844	789	7%
TOWELS	291	245	19%	1,111	937.5	19%	291	295	-1%
TENTS,CANVAS & TARPULIN	28	21	35%	110.4	110.4	0%	28	25	13%
READYMADE GARMENTS	1,041	764	36%	3,904	3,033	29%	1,041	1032	1%
ART,SILK & SYNTHETIC TEXTILE	116	101	15%	460.1	370.4	24%	116	119	-2%
MADEUP ARTICLES(EXCL.TOWELS & BEDWEAR.)	222	190	17%	849.1	756.4	12%	222	205	8%
OTHER TEXTILE MATERIALS	193	159	22%	761.4	632.5	20%	193	183	6%

The textile group registered an increase of 26% during Q4 (April-June) FY 2022 as compared to same period last year. The exports of Textile sector during April-June 2022 totaled $ 5.08 billion as against $ 4.04 billion during the corresponding period of last year. All products have reported positive growth during Q4 FY2022. Textile sector plays a significant role in supporting the economy of Pakistan and continue to be in the spotlight owing to country's dependence on foreign exchange. Pakistani Rupee (PKR) devaluation against the US dollar gave textile exporters a competitive advantage over its competitors in terms of pricing.

Quarter to quarter comparison of exports of Textile sector has recorded positive growth of 5% in Q4 (April-June) FY 2022 as against Q3 (Jan-March) FY 2021-22. The products showing negative growth were Raw Cotton (-100%), Cotton Cloths (-3%), Yarn Other Than Cotton Yarn (-10%), Towels (-1%) and Art Silk Synthetic Textile (-2%).

Textile exports reached $19.3 billion in FY22, whereas imports of the commodity stood at $4.8 billion, including imports of raw cotton, fibre, worn clothing, etc. During FY 2022 all products have reported positive growth. Exports of major sectors, including value-added textiles, posted double-digit growth in April-June 2021-22 compared to the same period last year. Growth in exports of value-added sectors contributed to an increase in overall exports from the sectors. Some factors are posing threat to the textile industry for the current fiscal year such as i.e., increase in export refinance rate. Moreover, cotton shortage remains the key concern for the country as the demand for textile industry grows but cotton production has declined substantially over the last decade, mainly due to fall in cultivation area followed by lower yield resulting from water shortage and inconsistent rainfall. In the fiscal year 2021/2022, cotton production stood at 8.3 million bales, which is 2.2 million bales lower than the targeted production. However, production has increased by 1.3 million bales compared to last year.

The demand for country's exports has been a gradual improvement since FY 2021 from international buyers. However, the growth in exports of textile and clothing is the outcome of a series of incentives to support exporters to meet the challenges in the wake of the pandemic and disruption in supplies. Governments' energy package to help exporters recuperate from the effects of the pandemic.

Moreover, Generalized Scheme of Preferences Plus facility had been instrumental in substantial growth of Pakistan's exports to the EU.

The textile sector, the country's largest export, has been the main beneficiary of many of those programs which include USD 481m in subsidized natural gas and electricity. The sector continues to receive share of government export sector subsidies, including subsidized energy, access to cheap credit for working capital and long-term capital expenditure and duty drawback concessions. This year, government subsidies to the textile sector have amounted to an estimated USD 780m.[3]

Government assistance to textile manufacturing includes tax rebates, financing, and subsidized energy, while upstream assistance to cotton production include inputs and price support. The Cabinet approved the third "Textile and Apparel" policy, which preserved existing tax rebates, energy subsidies, and credit programs through 2025. However, reflecting the importance of the sector to Pakistan's economy, 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.

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.

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. It is also a significant source of foreign exchange earnings and provides raw material to other industries that accelerates economic growth of the country.

The Agro Food Sector of Pakistan contributed 17 percent to the national export in the FY 2022**.** The current structure of Agro-based exports mainly consists of Rice, Meat, Fruit and Vegetable, Tobacco, Spices, horticulture and livestock with inconsistent exports of sugar and wheat. The exports of Agro Food Sector were recorded USD 1.47 billion and registered an increase of 38% in Q4 April-June FY 2022 as against the same period last year. All items of Agro Food sector have shown significant growth in exports during Q4 FY 2022 except Fruits which has declined by 18%, Vegetables (-7%) and Oil Seeds, Nuts and Kernels (-10%) during reported period. Export of Rice, Fish and Fish Preparations, Tobacco, Spices, Meat and Meat Preparations surged by 50%, 10%, 36%, 7%, and 6% respectively. Exporters of Agro Food sector converted challenges of pandemic into opportunities by enhancing exports by and adopting realistic strategies.

[3] https://www.brecorder.com

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

SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
FOOD GROUP	1,470	1,063	38%	5,418	4,392.1	23%	1,470	1480	-1%
RICE	719	481	50%	2,511.4	2,041.7	23%	719	727	-1%
a) BASMATI	203	172	18%	695.3	569.5	22%	203	192	6%
b) OTHERS	516	308	68%	1,816.1	1,472.2	23%	516	535	-3%
FISH & FISH PREPARATIONS	121	110	10%	430.7	414.6	4%	121	110	10%
FRUITS	82	101	-18%	477.1	480	-1%	82	147	-44%
VEGETABLES	69	75	-7%	310.1	319.5	-3%	69	115	-39%
LEGUMINOUS VEGETABLES (PULSES)	-	-	-	0.1	0.0	871%	-	0.02	-100%
TOBACCO	15	11	36%	54.4	36	51%	15	12	25%
WHEAT	-	-	-	-	-	-	-	0	-
SPICES	23	22	7%	106.7	93	15%	23	30	-22%
OIL SEEDS, NUTS AND KERNALS	16	18	-10%	192.9	94.1	105%	16	21	-23%
SUGAR	-	-	-	-	-	-	-	0	-
MEAT AND MEAT PREPARATIONS	93	88	6%	342.8	331.6	3%	93	87	8%
ALL OTHER FOOD ITEMS	328	157	109%	992.5	581.5	71%	328	231	42%

Quarter to Quarter comparasion show that the export of Agro Food sector recorded decline of 1% during Q4 (April-June) as against Q3 (Jan-March) FY 2022. The decline has been noticed in Rice, Fruits, Vegetables, Spices and Oil Seeds.

Year on Year comparision show that the export of Agroo Food sector has recorded a growth of 23% amounting USD 5.4 billion in FY2022 as compared to USD 4.3 billion in FY2021.

Pakistan is the 9th largest producer of world's rice with annual volumes surpassing 8 million tons. In the year 2021/2022, Pakistan's annual rice production stood at 9.3 million metric tons. In terms of exports, Pakistan is the 4th largest exporter of semi- milled rice. Exports of Basmati Rice has shown remarkable performance during Q4 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. The global demand of rice keeps on increasing. In 2021/2022 about 510.25 million metric tons of rice was consumed globally. In the last decade, the global consumption of rice has spiraled by 87%. The demand of global rice resulted in export of rice worth USD 26.5 billion in the global market. The top importers of rice include China, Philippines, Saudi Arabia, and United States.

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 121 million of Fish and Fish preparations and registered growth of 10% during Q4 FY 2022.

Pakistan exports seafood mainly fish to about 45 countries of the world with China as the top market followed by Vietnam, Thailand, Malaysia and nations of Persian Gulf. However, a small volume of seafood is also imported by the EU bloc, which was once a mainstay of Pakistan's seafood export, because of a ban placed on Pakistan's exporters in 2007 after the concerned authority failed to fulfil the requirements. The European Commission Inspection Mission is expect to visit during 2022, which may lead to lifting of the ban on seafood export.

Under the second phase of China-Pakistan Free Trade Agreement, exports of fishery products to China have accelerated. 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. Since aquatic products enjoy tariff concession under the second phase of China-Pakistan Free Trade Agreement implemented in December 2019, Pakistan's fishery sector witnessed a boom in terms of exports. Pakistan's exports of Fish and Fish Preparation rose 4% to USD 430 million during the fiscal year 2021-22 but still, more is expected out of these abundant aquatic resources.

Exports of Fruits and vegetables have declined by 18% and by 7%in FY 2022 . Due to serious issues of transportation and logistics arising from the pandemic and instability in Afghanistan.

Pakistan's fruit and vegetable payments from importers in Russia and Ukraine have 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. The global economic outlook has darkened as unexpectedly potent financial sanctions rocked Russia's economy and threatened to further fuel worldwide inflation. The price of oil, natural gas and other staples have started rising. At the same time, the groaning weight on supply chains, still laboring from the pandemic, rose as the United States, Europe and their allies imposed restrictions on Russia's financial transactions and froze hundreds of billions of dollars of the central bank's assets that are held abroad.

Export statistics showed zero export of wheat from Pakistan to world. Pakistan is currently imported 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 and 28 million tons this 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 share of exports of other Manufacturing sector in the exports of Pakistan was 13% during FY 2022. Manufacturing sector is the driver of economic growth due to its forward and backward linkages with other sectors of economy. According to ministry of finance, manufacturing sector contributes 12.79 percent to Gross Domestic Product (GDP) and the sector employs 16.1 percent of the country's labor force. Manufacturing sector has shown positive growth of 25%. All products have recorded positive growth except Gloves (-8%), Cutlery (-39%), Onyx Manufactured (-17%), Transport Equipment (-6%), Particular Industries (-6%), Jewelry (-40%) and Cement (-57%). during Q4 (April-June) FY 2022 as compared to the same period last year.

Table8: Other Manufacturing Group Exports (trade values in USD million)

	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
SECTORS	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
OTHER MANUFACTURES GROUP	1122	896	25%	4,104.5	3,466.7	18.4%	1122	1058	6%
CARPETS, RUGS & MATS	22.3	19.9	12%	83.3	74.2	12.3%	22	20	12%
SPORTS GOODS	105	81.8	28%	364.9	278.5	31.0%	105	96	9%
a) FOOTBALLS	57.7	36.9	56%	190.7	131.6	44.8%	57	54	7%
b) GLOVES	19.5	21.2	-8%	76.3	73.0	4.5%	19.6	19	3%
c) OTHERS	27.7	23.7	17%	98.0	73.9	32.6%	27	23	20%
LEATHER TANNED	53.6	48.6	10%	208.1	161.9	28.5%	53	58	-8%
LEATHER MANUFACTURES	157.2	134.2	17%	621.1	562.4	10.4%	157	144	9%
a) LEATHER GARMENTS	78.1	66.3	18%	315.2	286.2	10.2%	78	69	13%
b) LEATHER GLOVES	74.2	63.6	17%	287.2	259.7	10.6%	74	70	6%
c) OTHER LEATHER MANUFACTURES	4.79	4.3	11%	18.7	16.6	12.6%	4.8	4	20%
FOOTWEAR	40.3	32.9	22%	157.0	131.9	19.0%	40	44	-8%
a) LEATHER FOOTWEAR	31.7	26.6	19%	124.5	108.5	14.8%	31	33	-4%

b) CANVAS FOOTWEAR	0.68	0.1	581%	1.4	0.5	179.4%	0.68	1	-32%
c) OTHER FOOTWEAR	7.8	6.3	24%	31.0	22.9	35.3%	7	10	-22%
SURGICAL GOODS & MEDICAL INSTRUMENTS	114.9	103.6	11%	422.6	428.1	-1.3%	114	102	13%
CUTLERY	16.9	27.9	-39%	96.0	119.3	-19.5%	16	20	-15%
ONYX MANUFACTURED	1.65	2	-17%	6.3	6.4	-0.9%	1.65	1.29	28%
CHEMICALS AND PHARM.PRODUCTS	475.3	304.7	56%	1,569.0	1,149.1	36.5%	475	415	15%
a) FERTILIZER MANUFACTURED	0.00	-	-	-	-	-	0.00	0	-
b) PLASTIC MATERIALS	125.2	89.3	40%	428.4	322.7	32.8%	125	117	7%
c) PHARMACEUTICAL PRODUCTS	68.4	62.8	9%	268.9	270.3	-0.5%	68	63	9%
d) OTHER CHEMICALS	281.7	152.7	84%	871.7	556.1	56.7%	281	236	19%
ENGINEERING GOODS	69.7	63.1	10%	237.8	225.9	5.2%	69	60	16%
a) ELECTRIC FANS	11.5	11.2	3%	32.3	32.4	-0.4%	11.58	11	5%
b) TRANSPORT EQUIPMENT	4.6	5	-6%	11.7	14.2	-17.2%	4.6	3	56%
c) OTHER ELECTRICAL MACHINERY	10.7	9.1	18%	34.7	41.7	-16.9%	10.7	8	34%
d) MACHINERY SPECIALIZED FOR	0.00	-	-	-	-	-	0.00	0	-
PARTICULAR INDUSTRIES	16.7	17.8	-6%	63.1	66.2	-4.7%	16.7	16	5%
e) AUTO PARTS & ACCESSORIES	6.3	5.9	6%	27.3	20.0	36.2%	6.3	7	-11%
f) OTHER MACHINERY	19	14	41%	68.6	51.3	33.7%	19	15	32%
GEMS	2	0.8	153%	7.6	6.7	14.1%	2	2	1%
JEWELLARY	4.3	7.2	-40%	14.4	13.7	4.6%	4.3	5	-13%
FURNITURE	2.2	1.8	25%	9.4	5.2	79.7%	2.2	3.15	-29%
MOLASSES	15	0	-	33.5	0.1	42855%	15	18	-16%
HANDICRAFTS	0.00	-	-	-	-	-	0.00	0	-
CEMENT	24.6	57.9	-57%	224.0	267.9	-16.4%	24.6	56	-56%
GUAR AND GUAR PRODUCTS	16.9	9.6	76%	49.5	35.3	40.3%	16.9	13	30%
ALL OTHER ITEMS	663.7	543.2	22%	2,604.9	1,862.4	40%	663.7	716	-7%

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

The exports of pharmaceutical products witnessed an increase of 9% during Q4 FY 2022 as compared to the exports of corresponding period of last year. Pakistani medicines and personal protective equipment has increased across the globe. Exports of Pharma products increased in Afghanistan, Philippines, Myanmar, Sri Lanka, South Africa, Sudan and Cambodia during reported period.

The export of other Manufacturing sector has shown signifiucant growth of 18% during July-June FY 2022 as compared to same period last year. The same trends were notices in the sub sectors of Engineering and manufacturing as reported above during FY 2022. Quarter to Quarter comparsion show growth of 6% during Q4 (April-June) as compared to Q3 (Jan-March) FY2021-22 The total exported value of other manufacturing group was USD 1.1 billion in Q4 as compared to USD 1.04 billion in Q3 of FY2021-22.

According to APCMA, the export of cement has declined due the industry is going through difficult times due to the historical high prices of fuel, electricity, coal and other raw materials. Due to the high cost of production, the prices of cement will continue to increase in the local market while export has already declined massively due to high cost of production. . This was largely attributed to rising international freight rates, political and economic instability in Afghanistan and a trade ban with India.

Cutlery exports have reported a 39% 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.

The exports of sports goods witnessed an increase of 28% during Q4 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.'

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, It reduces cost of doing business, 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. 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) with the 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 Q4 (April-June) FY 2022 exported value for petroleum and coal group stood at USD 97.83 million positive growth of 48% as comapred to same period of last fiscal year. The export of petroleum related sectors were severly affected due to high price in international market because of shortage of supply caused by Russia Ukrain war in FY 2022. Export performance of Petroleum and coal products registered a growth of 83% during July-June 2022. The different trend was recorded in comparasion of quarter to quarter performance of the sector and registered a decline of 14%.

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

SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
PETROLEUM GROUP & COAL	97.8	66.2	48%	333.8	182.3	83 %	97.8	113.4	-14%
PETROLEUM CRUDE	80.3	44.1	82%	259.0	106.8	142 %	80.3	71.9	12%
PETROLEUM PRODUCTS(EXCL TOP NAPHTA)	17.5	21.8	-20%	74.8	42.6	75 %	17.5	41.5	-58%
PETROLEUM TOP NAPHTA	-	0.36	-100%	-	32.9	-100%	-	0	-
SOLID FUELS (COAL)	-	-	-	-	0.01	-100%	-	0	-

Petroleum sector recovered during Q4 FY 2022 as compared to same period last year and from last quarter. Petroleum & Coal data was reported at USD 97.83 million during Q4 FY 2022. This records an increase from the previous number of USD 66.24 million. During Q4 FY 2022 petroleum crude has recorded 82%, but Petroleum Products and Petroleum top Naphta have recorded decline of (-20%) and (-100%) respectively.

Pakistan Refinery Limited (PRL) has begun relocating its 24,000 metric tons 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 exports 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.[4]

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

PAKISTAN'S IMPORT PROFILE (GOODS)

Imports into Pakistan during April-June, FY2021-22 amounted to USD 21 billion as against USD 17 billion as against same period of last FY2020-21 showing an increase of 26% over the last year. Imports during July–June 2022 totaled around USD 80 billion as against the USD 56 billion during the corresponding period of last year showing an increase of 42%. Imports during the current quarter April-June, FY2022 over the preceding quarter Jan-March FY 2022 also recorded an increase of 14%. The imports of partner countries showing increase and decrease have been detailed as follows:

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

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

PARTNER COUNTRIES	APRIL-JUNE FY21/22	APRIL-JUNE FY20/21	% Change
United Arab Emirates	2814	1769	59%
Saudi Arabia	1852	799	132%
Qatar	1332	657	103%
Indonesia	1179	905	30%
Kuwait	1150	524	119%
United States	813	655	24%
Brazil	670	658	2%
Japan	517	362	43%
Thailand	425	197	116%
Oman	408	134	204%

The unusual import growth has been noticed from Saudi Arabia, Qatar, Kuwait, Oman 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 Saudi Arabia included Minerals Fuels, Plastics, organic chemicals Petroleum oils and oils. Pakistan imported Vehicles, Manmade staple fibre, plastic and chemicals from Thailand.

TOP IMPORT PARTNERS SHOWING DECREASE (Q4: APRIL-JUNE FY2021/22)

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

PARTNER COUNTRIES	APRIL-JUNE FY21/22	APRIL-JUNE FY20/21	%CHANGE
China	4603	4748	-3%
Germany	240	256	-6%
European Union	146	157	-7%
Kenya	121	127	-5%
Turkey	110	145	-24%
Russian Federation	108	149	-28%
France	105	123	-15%
India	69	80	-13%
Sweden	66	80	-18%
Canada	62	183	-66%

SECTOR-WISE IMPORTS PERFORMANCE

Of the total USD 21.3 billion imports during Q4 (April-June) FY 2022, imports of the Petroleum Group ranked the highest with imports worth of USD 8,509 million followed by agriculture & chemicals group (USD 2,984 million), Machinery group (USD 2,244 million), food group (USD 1,948 million), metal group (USD 1,513 million), textile group (USD 1,286 million), transport group (USD 1,090 million), and miscellaneous group (USD 275 million). Main importing items of Pakistan during Q4 (April-June FY 2022) were Petroleum products (USD 4,782 million), Petroleum crude (USD 1,911 million), Natural Gas, Liquified (USD 1,669 million), Road Motor Veh (USD 859 million), Palm Oil (USD 819 million), Plastic Materials (USD 811 million), Iron and Steel (USD 750 million), Raw cotton (USD 623 million), Iron And Steel Scrap (USD 449 million) and Synthetic & Artificial Silk Yarn (USD 229 million).

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

SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/212	April-June FY20/21	% Change	July-June FY21/22	July-June FY'20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
Grand Total	21,317.97	16,890.55	26%	80,176.51	56,379.89	42%	21,317.97	18,314.00	14%
PETROLEUM GROUP	8,508.66	3,803.94	124%	23,318.72	11,357.85	105%	8,508.66	4,631	46%
MACHINERY GROUP	2,244.11	3,013.79	-26%	10,920.41	10,146.56	8%	2,244.11	2,769	-23%
AGRICULTURAL AND OTHER CHEMICALS GROUP	2,984.91	2,958.10	1%	14,082.81	9,299.62	51%	2,984.91	3,165	-6%
FOOD GROUP	1,948.17	2,226.54	-13%	9,015.91	8,347.90	8%	1,948.17	2,269	-16%
METAL GROUP	1,513.76	1275.719	19%	6,525.19	4,897.10	33%	1,513.76	1,613	-7%
TEXTILE GROUP	1,286.28	1079.52	19%	4,785.95	3,866.10	24%	1,286.28	1,105	14%
TRANSPORT GROUP	1090.128	977.027	12%	4,457.32	2,987.38	49%	1090.128	1049	4%
MISCELLANEOUS GROUP	275.752	294.23	-6%	1,187.66	1218.094	-2%	275.752	294	-7%
ALL OTHERS ITEMS	1,466.21	1261.68	16%	5,882.53	4,259.29	38%	1,466.21	1,420	3%

TOP IMPORT COMMODITIES SHOWING INCREASE (Q4: APRIL-JINE FY2022/21)

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

SUB-SECTORS	April – June FY21/22	April – June FY20/21	% Change
PETROLEUM PRODUCTS	4782	1712	179%
PETROLEUM CRUDE	1911	1084	76%
NATURAL GAS, LIQUIFIED	1669	886	88%
ROAD MOTOR VEH. (BUILD UNIT,CKD/SKD)	859	827	4%
PALM OIL	819	808	1%
PLASTIC MATERIALS	811	702	16%
IRON AND STEEL	750	532	41%
RAW COTTON	623	448	39%
IRON AND STEEL SCRAP	449	439	2%
SYNTHETIC & ARTIFICIAL SILK YARN	229	156	47%

TOP IMPORT COMMODITIES SHOWING DECREASE (Q4: APRIL-JUNE FY2022/21)

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

SUB-SECTORS	April – June FY21/22	April – June FY20/21	% Change
TELE COM	547	670	-18%
ELECTRICAL MACHINERY & APPARATUS	421	563	-25%
MEDICINAL PRODUCTS	330	555	-41%
POWER GENERATING MACHINERY	236	556	-58%
SYNTHETIC FIBRE	181	188	-4%
FERTILIZER MANUFACTURED	170	279	-39%
TEXTILE MACHINERY	143	214	-33%
TEA	139	145	-4%
PULSES (LEGUMINOUS VEGETABLES)	134	261	-49%

SECTOR-WISE IMPORTS ANALYSES

PETROLEUM GROUP

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

SUB-SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY'20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
PETROLEUM GROUP	8,509	3,804	124%	23,319	11,358	105%	8,509	4,631	46%
PETROLEUM PRODUCTS	4,782	1,712	179%	12,069	5,160	134%	4,782	2,233	53%
PETROLEUM CRUDE	1,911	1,084	76%	5,599	3,107	80%	1,911	1,277	33%
NATURAL GAS, LIQUIFIED	1,669	886	88%	4,990	2,617	91%	1668.942	922	45%
PETROLEUM GAS, LIQUIFIED	147	122	21%	661	473	40%	146.718	198	-35%
OTHERS	0.063	0.21	-70%	0.281	0.343	-18%	0.063	0.04	37%

The share of Petroleum sector in the import bill of Pakistan was 40% during Q4 April-June 2022. Petroleum group imports into Pakistan stood at USD 8,509 million during April-June FY 2021-22 as against USD 3,804 million during same period over last year showing an increase of 124%. Year on year comparison shows that Pakistan imported Petroleum products worth of USD 23,319 million during July–June, FY2022 as against USD 11,358 million during the corresponding period of last year showing an increase of 105%. Quarterly comparison showed that import payments in Q4 FY2022 has shown growth of 40% in April-June FY2022 as compared to Q3 of Jan-March FY2022.

Pakistan's oil import bill has amounted to about USD23.31 billion in the current fiscal year but has been rising in recent months because of increasing trend in the international oil prices. Pakistan has imported about USD4.99 bn each worth of LNG and crude oil USD 5.9 billion besides USD12.06 bn worth of refined petroleum products. Pakistan energy import bill has continued to surge due to a persistent rise in the international crude prices and the growth in demand in the domestic market. Previous government took the decision to leave petroleum prices unchanged in an attempt to protect the people from a new wave of inflation. A section of experts have urged the current government to pass the increase in international oil prices on to domestic consumers. Pakistan urgently needs the revival of the IMF package to revived confidence of the international community in its economic policy to get investment and access to global lending institutions. IMF impose a restriction to increase Petroleum products prices to unlock the IMF funding's. Therefore 46% increase has been observed domestic price of petroleum product in the Q4 of FY 2022 as compared to Q3 of Jan-March FY2022.

MACHINERY GROUP

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

SUB-SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY'20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
MACHINERY GROUP	2,244	3,014	-26%	10,920	10,147	8%	2,244	2,769	-23%
POWER GENERATING MACHINERY	236	556	-58%	1,471	1,912	-23%	236	245	-4%
OFFICE MACHINE INCL.DATA PROC EQUIP;	128	129	0%	589	460	28%	128	162	-27%
13. TEXTILE MACHINERY	143	214	-33%	764	592	29%	143	187	-31%
CONSTRUCTION & MINING MACHINERY	36	37	-2%	175	141	24%	36	43	-20%
ELECTRICAL MACHINERY & APPARATUS	421	563	-25%	1,930	1,664	16%	421	474	-12%
TELE COM	547	670	-18%	2,685	2,593	4%	547	713	-30%
A. MOBILE PHONE	382	529	-28%	1,979	2,065	-4%	382	506	-32%
B. OTHER APPARATUS	165	141	17%	706	528	34%	165	208	-26%
AGRICULTURAL MACHINERY & IMPLEMENTS	21	29	-26%	112	95	18%	21	29	-36%
OTHER MACHINERY	712	817	-13%	3,193	2,688	19%	712	917	-29%

Import of Machinery Group is vital engine of growth for successful industrial and manufacturing sector development. Over the Q4 (April-June) FY 2022, the import performance of Machinery group has registered an decrease of 26% as compared to same period last year of FY 2021. While Year on year comparasion shows that Pakistan imported Machinery worth of USD 10,920 million during July –March, FY 2022 as against USD 10,147 million showing an increase of 8%. Quarterly comparison showed that import payments of Machinery Group in Q4 (April-June) of FY 2022 has also shown decrease of 23% as compared to Q3 (Jan-March) of FY2022.

The import of Machinery Group include Power Generating Machinery, Construction & Mining Machinery, Telecom, Mobile Phone, Agriculture Machinery and other Machinery have shown decline of 58%, 33%, 2%, 25%, 18%, 28%, 26%, and18% respectively during Q4 FY 2021-22. Political instability has been hurting the economy in many ways. Currently, no investor is willing to start a new venture in the country after the free fall of the dollar and high interest rates. Importers have no idea when to plan imports due to the presence of political instability. If they import now, the machinery and components would be very costly. If they delay, their delivery plans would be disturbed.

While Year on year comparasion shows that machinery imports showing increasing trends of all items except Power Generating Machinery and Mobile Phone. Machinery imports are capital goods used for industrial production. Moreover, increase in imports may facilitate the production of other goods. Growth of exports in Textile sector explain the import growth of Textile Machinery during of FY 2022.

AGRICULTURE AND CHEMICAL GROUP

Agriculture and Chemical Group imports into Pakistan stood at USD 2,985 million during April-June FY 2021-22 as against USD 2,958 million during same period over last year showing an increase of 1%. Year on year comparison shows that Pakistan imported Agriculture and Chemical products worth of USD 14,083 million during July-June FY2022 as against USD 9,300 million during the corresponding period of last year - showing an increase of 51%. Quarterly comparison showed that import payments of Agriculture and Chemical Group in Q4 (April-June) of FY 2022 has also shown decrease of 6% as compared to Q3 (Jan-March) of FY2022.

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

SUB-SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY'20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
AGRICULTURAL AND OTHER CHEMICALS GROUP	2,985	2,958	1%	14,083	9,300	51%	2,985	3,165	-6%
32. FERTILIZER MANUFACTURED	170	279	-39%	846	719	18%	170	152	11%
33. INSECTICIDES	66	59	12%	202	189	7%	66	50	24%
34. PLASTIC MATERIALS	811	702	16%	3,136	2,473	27%	811	800	1%
35. MEDICINAL PRODUCTS	330	555	-41%	4,063	1,390	192%	330	634	-92%
36. OTHERS	1,608	1,363	18%	5,837	4,529	29%	1,608	1,529	5%

The import of fertilizer manufactured has shown decline of 39% during Q4 FY 2021-22 as compared to same period of last year.The decrease in fertilizer import mainly because increase in domestic production. The increase in domestic production of fertilizer is mainly due to the running of two LNG-based plants, Fatima Fertilizer and Agritech Limited from September 2021 to March 2022. Plastic materials and insecticides have shown increase by 16%, and 12% respectively. . Year on Year comparison shows that the import of Agriculture and Chemical Group include fertilizer manufactured, Insecticides, Plastic Materials, Medicinal Products and Others have shown increase of 18%, 7%, 27%, 192%, and 29% respectively during July-June FY2022. The import of Medicinal products decreased by 41 percent from USD 555 million in Q4FY2021 to USD 330 million in Q4 of FY 2022. The reduction in import bill of medicinal products is due to recovery from pandemic (COVID-19) situation. We have imported less doses of vaccination and ultimately the import bill of medicinal produced is also reduced.

FOOD GROUP

Import of Food Group has shown negative trend of -13% in Q4 (April-June) of FY2022 as compared to the same period of FY 2021. The main items imported in the Food group were Palm Oil (USD 819 million) and tea with imported value of USD 139 million followed by pulses (USD 134 million), Soyabean

Oil (USD 94 million), Milk & Cream for infants (USD 41 million), Spices (USD 40 million) and all other food items (USD 670 million).

Quarterly comparison has shown decrease in the import of Food Group in Q4 of FY 2022 by -13% as compared to fourth quarter of FY2021. Year on Year comparison shows that Pakistan imported food products worth of USD 9,016 million during FY2022 as against USD 8,348 million. Imports in the current quarter have decreased by 16 % from the import of preceding quarter of FY 2022.

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

SUB-SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY'20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
FOOD GROUP	1,948	2,227	-13%	9,016	8,348	8%	1,948	2,269	-16%
MILK,CREAM & MILK FOOD FOR INFANTS	41	45	-11%	162	192	-15%	41	50	-23%
WHEAT UNMILLED	0	0	-	795	983	-19%	0	325	-100%
DRY FRUITS & NUTS	11	9	29%	65	78	-17%	11.299	18	-59%
TEA	139	145	-4%	626	581	8%	139	186	-34%
SPICES	40	67	-40%	216	225	-4%	40	53	-32%
SOYABEAN OIL	94	47	99%	197	96	106%	94	57	39%
PALM OIL	819	808	1%	3,549	2,669	33%	819	887	-8%
SUGAR	0.85	1.19	-29%	192	129	49%	1	2	-136%
PULSES (LEGUMINOUS VEGETABLES)	134	261	-49%	611	710	-14%	134	132	1%
ALL OTHERS FOOD ITEMS	670	842	-20%	2,601	2,687	-3%	670	560	16%

Mainly, all sub-sectors of food group have registered a decrease in imports in Q4 except Dry fruits & Nuts, Soybean Oil, and Palm Oil have registered an increase of 29%, 99% and 1% respectively in Q4 of FY 2022 from the corresponding quarter of FY 2021. However, the import of Milk Cream, Tea, Spices, Sugar, Pulses and all other food items have registered decline in the current quarter as against prediction in the previous report. Moreover, Wheat imports of Pakistan was nil in Q4 FY 2022.

Palm and soybean are the world's most used crops for edible oil and oilseed meals because of their high resource-use-efficiency, measured in terms of oil yield per hectare for oil, and protein yield in the case of meals. The former is important to meet the requirements of a growing human population and rising per capita consumption. Pakistan's reliance on imports of edible oil and oilseed meals to meet domestic demand has been increasing over the past two decades. The import of Soybean Oil, and Palm Oil increased by 99 percent and 1 percent in Q4 of FY 2022. Climate change, COVID-19, and conflict in Ukraine have increased the demand for palm oil — and with it, the price. In reaction, the Indonesian government imposed a controversial export ban in April, only to lift it a month later. Ban imposed by the Indonesian government is one of the most important reason to increase in the import of palm oil. But after one month, Indonesia lifted the ban.

Sugarcane is of great significance for sugar related industries and 2nd largest agro-based industry after textile. Year on year comparison shows that import of sugar growth of 49%. The April 2022 rebound in international sugar price quotations was mainly prompted by the sharp increase in international crude oil prices, which raised expectations of a greater use of sugarcane for ethanol production in Brazil in the upcoming season. However, the good harvest progress and favorable production prospects in India, a major sugar exporter, contributed to easing the price hike and prevented larger monthly price increases.

METAL GROUP

The metal group imports have shown an overall increase of 19% in Q4 (April-June) of FY 2022 as compared to the same period last FY 2021. Imports during July-June FY 2022 stood at USD 6,525 million for the said group which grew by 33% against the previous year import of FY 2021 (USD 4,897 million). In comparison with the third quarter of FY 2022, the import bill of metal group decreased by 7% USD 1,514 million in Q4 of FY 2022.

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

SUB-SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY'20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
METAL GROUP	1,514	1276	19%	6,525	4,897	33%	1,514	1,613	-7%
GOLD	7.15	3.02	137%	22.62	8.97	152%	7.15	5.00	30%
IRON AND STEEL SCRAP	449	439	2%	2,305	1,858	24%	449	625	-39%
IRON AND STEEL	750	532	41%	2,937	1,960	50%	750	648	14%
ALUMINIUM WROUGHT & WORKED	81	54	50%	261	175	49%	81	75	8%
ALL OTHER METALS & ARTICALS	226	247	-9%	1,000	895	12%	226	259	-15%

Import of Gold during Q4 was surged and reached up to USD 7 million. In term of quantity gold production increased as compared to the last year. The gold imports during April 2022 were recorded at USD2.532 million as compared to the imports USD0.978 million during last April. All sub sectors in the Metal Group have shown growth during Q4 of FY 2022. The import of Iron and Steel Scrap, Iron and Steel have shown increase of 2%, and 41% respectively during Q4 FY 2021-22. Iron and steel are raw materials used in the construction industry. The surge in imports shows higher local demand of the products that will be used in the local construction industry.

TEXTILES GROUP

The textile imports have increased by 24% during FY 2022 as compared to same period of FY 2021. Quarterly comparison shows 19% increase in the import bill during April-June 2022 as compared to the same period FY 2021. Year on year comparison shows that Pakistan imported textiles worth of USD 4,786 million during FY2022 as against USD 3,866 million during the corresponding period of last year showing an increase of 53%. Quarter to Quarter comparison show that Textile group imports during April-June 2022 were USD 1,286 million, increase 14% from the corresponding quarter of Jan- March FY 2022.

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

SUB-SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY'20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
TEXTILE GROUP	1,286	1080	19%	4,786	3,866	24%	1,286	1,105	14%
RAW COTTON	623	448	39%	1,828	1,480	24%	623	384	38%
SYNTHETIC FIBRE	181	188	-4%	743	629	18%	181	158	12%
SYNTHETIC & ARTIFICIAL SILK YARN	229	156	47%	879	656	34%	229	223	2%
WORN CLOTHING	92	105	-12%	433	310	40%	92	128	-39%
OTHR TEXTILE ITEMS	162	183	-12%	903	792	14%	162	213	-31%

In the Q4 of FY 2022, import of raw cotton has increased by 39% as against same period of FY 2021. Cotton production in the country witnessed an alarming decline. Moreover, import of synthetic & artificial silk yarn increased by 47%. 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 import of worn clothing and synthetic fibre decrease 12% and 4%, respectively. Cotton is one of the major cash crops of the country and it provides indigenous raw material to textile industry, yearly cotton production had been reduced to 6 or 7 million bales. That's why Pakistan is importing raw cotton in order to meet the domestic demand. The import of Raw Cotton (5201) noticed United States (20%), Brazil (48%), Cote Divoire (68%). Decline was registered in the import of Raw Cottom from Afghanistan (-2%). Cotton production fell for the fourth consecutive year as area under production declined while yields failed to reach targeted levels. Resultantly, Pakistan imported raw cotton for producing value added products.

TRANSPORT GROUP

The import of transport group has shown increase of 12% in Q4 (April-June) of FY 2022 as compared to same period last year. Yearly statistics reveal that around USD 4,457 million worth of goods under transport group were imported during FY 2022. Quarterly comparison shows a growth of 4% during Q4 of FY 2020-21.

Both CBU and CKD transport vehicles have increased by 59% and 54% in FY 2022 as compared to the of FY2021. But In the Q4 of FY 2022, import of CBU and CKD have increased by 1% and 4% as against same period of FY 2021. CBU and CKD imports percentage increase comparatively low due to high interest rates, regulatory measures and significant rise in prices of raw material in the international market.

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

SUB-SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY'20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
TRANSPORT GROUP	1090	977	12%	4,457	2,987	49%	1090	1049	4%

ROAD MOTOR VEH. (BUILD UNIT,CKD/SKD)	859	827	4%	3,685	2,458	50%	859	955	-11%
* CBU	145	145	1%	616	387	59%	145	162	-11%
I BUSES,TRUCKS & OTH. HEAVY VEHICLES	79	51	56%	302	127	137%	79	88	-12%
II. MOTOR CARS	66	93	-29%	310	256	21%	66	73	-11%
III MOTOR CYCLES	0.76	1.11	-32%	4.17	3.50	19%	0.76	1.00	-32%
*CKD/SKD	585	546	7%	2,439	1,583	54%	585	632	-8%
A.BUSES,TRUCKS & OTH. HEAVY VEHICLES	142	136	5%	663	388	71%	142	146	-3%
I MOTOR CARS	427	388	10%	1,699	1,120	52%	427	464	-9%
II.MOTOR CYCLES	16	21	-23%	77	75	2%	16	22	-34%
* PARTS & ACCESSORIES	110	112	-1%	527	406	30%	110	131	-19%
*OTHERS	19	24	-24%	103	83	25%	19	30	-62%
AIRCRAFTS, SHIPS AND BOATS	228	140	63%	761	514	48%	228	93	59%
OTHERS TRANSPORT EQUIPMENTS	2.294	10.134	-77%	10.88	15.54	-0.299	2.29	1.00	56%

The export of Transport Group registered positive growth of 12% wherein all components have shown positive growth except motor cars, parts & accessories, and other transport equipment. Yearly statistics reveal that all items in transport groups showing positive growth. Year on Year comparison shows that Pakistan imported transport group worth of USD 9,016 million during FY2022 as against USD 2,987 million during FY2021.

The Imports of a wide range of non-essential luxury goods have been banned by the Pakistani government. The Ministry of Commerce (MOC), imposed the ban through SRO No. 598(I)/2022, effective from 19 May 2022. Among the many imports listed in the SRO are products such as cellular phones, cars, cosmetics, home appliances, shoes, lighting, pet food, sanitary and bathroom ware, luxury leather apparel, shampoos, kitchenware and carpets except those from Afghanistan. The ban is imposed to reduce the import bill of different sectors including Transport Group.

MISCELLANEOUS GROUP

The miscellaneous group imports in Q4 (April-June) of FY2021-22 have seen an overall 6% decrease in total and all the sub sectors have shown increase in imports except rubber tyres, wood and cork. Crude rubber crude, jute, paper & paper board and other items increased by 37%, 3%, 10%, 16% respectively. The import trend of the Q4 of FY 2022 indicates a growing trajectory over the preceding quarter of Q2

FY2022. Yearly comparison statistics show that the import of miscellaneous group slump by 2 percent during FY 2022 as compared to FY 2021 with the increase in all the sectors except rubber tyres that has registered a negative growth of 37%.

Table 22: Miscellaneous group imports (USD million)

SUB-SECTORS	Q4 2021 v/s Q4 2022			YOY 2021 V/S YOY 2022			Q3 2022 V/S Q4 2022		
	April-June FY21/22	April-June FY20/21	% Change	July-June FY21/22	July-June FY'20/21	% Change	April-June FY21/22	Jan-March FY21/22	% Change
MISCELLANEOUS GROUP	276	294	-6%	1,188	1,218	-2%	276	294	-7%
RUBBER CRUDE INCL. SYNTH/RECLAIMED	67	49	37%	255	230	10%	67	58	13%
RUBBER TYRES & TUBES	41	85	-52%	235	375	-37%	41	45	-11%
WOOD & CORK	30	34	-13%	135	117	15%	30	46	-55%
JUTE	9.10	8.83	3%	58	53	10%	9.10	14.00	-54%
PAPER & PAPER BOARD & MANUF.THEREOF	129	117	10%	505	442	14%	129	131	-1%
ALL OTHERS ITEMS	1466	1262	16%	5,883	4,259	38%	1466	1420	3%

TRADE IN SERVICES

EXPORT PERFORMANCE OF SERVICES

Exports of Trade in Services during April-June FY21-22 registered positive growth of 13% during Q4 of FY 2122. All Service exports have shown surge except Construction and Insurance and Pension Services. The complete impact of the pandemic may not be calculated through provisional statistics. The real impact will be quantified in coming months. Trade statistics of Services are based on a balance of payments recorded by State Bank of Pakistan. Export of Transport Services has shown remarkable performance like Textile Sector and registered growth of 81% during Q4 FY 2122.

As per Extended Balance of Payments Services Classification (EBOPS 2010), Trade in Services has been divided into 12 categories. The cumulative exports of Services in the fourth quarter FY 2021-22 stood around USD 6.9 billion increased by 17% from the previous corresponding quarter exports of USD 5.9 billion in the FY2021.

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

SERVICES	April-June FY21/22	April-June FY20/21	% Change	July – June FY21/22	July – June FY20/21	% Change
Exports of Services	1,786	1,586	13%	6,968	5,945	17%
Manufacturing Services on Physical inputs owned by Others	0	0	-	0	0	-
Maintenance and Repair Services n.i.e.	0	0	-	3	3	0%
Transport	226	125	81%	810	544	49%
Travel	122	116	5%	541	501	8%
Construction	16	29	-45%	94	116	-19%
Insurance and Pension Services	10	13	-23%	40	47	-15%
Financial Services	44	23	91%	113	138	-18%

Charges for the use of Intellectual Property n.i.e.	3	3	0%	13	13	0%
Telecommunications, Computer, and Information Services	667	610	9%	2,616	2,108	24%
Other Business Services	437	395	11%	1,645	1,448	14%
Personal, Cultural, and Recreational Services	4	3	33%	13	11	18%
Government Goods and Services n.i.e.	257	269	-4%	1,080	1,016	6%
of which: Logistic Support	0	0	-	0	0	-

IMPORT PERFORMANCE OF SERVICES

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

SERVICES	April-June FY21/22	April-June FY20/21	% Change	July – June FY21/22	July – June FY'20/21	% Change
Imports of Services	3,407	2,024	68%	12,143	8,461	44%
Manufacturing Services on Physical inputs owned by Others	0	0	-	0	0	-
Maintenance and Repair Services n.i.e.	17	14	21%	42	48	-13%
Transport	2,025	872	132%	6,957	3,279	112%
Travel	504	220	129%	1,356	752	80%
Construction	1	0	100%	40	2	1900%
Insurance and Pension Services	68	57	19%	290	247	17%
Financial Services	47	56	-16%	194	472	-59%
Charges for the use of Intellectual Property n.i.e.	32	61	-48%	209	254	-18%
Telecommunications, Computer, and Information Services	136	149	-9%	612	530	15%
Other Business Services	404	482	-16%	1,916	2,408	-20%
Personal, Cultural, and Recreational Services	0	0	-	1	0	-
Government Goods and Services n.i.e.	173	113	53%	526	469	12%

SECTORAL ANALYSES OF TRADE IN SERVICES

The most recent statistics shows that import of services trade registered an increase of 68% in the fourth quarter (April-June 2122) compared to the previous year's same quarter. The statistics show that the services imports of Transport, Travel and Government Goods and Services are increased. However, the imports of Financial Services, Charges for the intellectual property and Telecommunications Computer services are decreased in the fourth quarter (April-June 2122). Import of services has shown an increase of 44% in FY 2122 as compared to last FY2021.

Exports of Trade in Services during April-June FY21-22 registered positive growth of 13% during Q4 of FY 2122. All Service exports have shown surge except Construction and Insurance and Pension Services.

After the United States and China, Pakistan is now the third largest popular new seller on Amazon Marketplace with over 1.2m registered vendors. Pakistan was allowed to enter Amazon in May 2021, a year after the talks began in 2020, following the implementation of Pakistan's first e-commerce policy.

The country which has just registered itself with the market is home to the world's three largest Amazon seller groups: "e Commerce by Enablers" with over 1.2m members, "Extreme Commerce by Sunny Ali" has 1.1m members, and "Ecommerce Success Pakistan" has nearly 200,000. These groups started long ago before Pakistani sellers were officially allowed to sell on Amazon. These vendors are expected to contribute to Pakistan's over USD 28 billion exports. Pakistani vendors count more than the rest of the countries in the world and there are more sellers in Pakistan as compared to India, Vietnam, UK, and Canada.

The government has set the target of increasing IT exports to USD5 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

- Economic Coordination Committee (ECC) of the cabinet approved Rs96 billion in subsidies for exporters, mainly the textile industry, and urea manufacturers.
- Pakistan Poverty Alleviation Fund through its 24 Partner Organizations has disbursed 46,829 interest-free loans amounting to Rs 1.96 billion during the month of June 2022.
- Under Kamyab Jawan Youth Entrepreneurship Scheme (PMKJ-YES) the government has disbursed Rs 47,964 million till May 2022 to the youth for businesses
- 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. The ECC approved the proposal of providing indigenous gas to the two SNGPL-based urea plants latest by 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,
- 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

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. Output growth is projected 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. Pakistan has played its part in the global trade recovery as total exports have been increased by 28% during April-June FY2022 with the corresponding period in FY2021.

On the export front, textile group has shown remarkable performance and has earned export revenue of USD 5.08 billion, 26% more than that earned in the same period of last fiscal year, followed by food group (USD 1.4 billion), other manufactures group (USD 1.1 billion) and petroleum and coal group (USD 97.8 million). Main commodities exported during April-June, FY2021-22 were Knitwear (USD 1.39 billion), Readymade garments (USD 1.04 billion), Bed wear (USD 844 million), Rice (USD 719 million), Cotton yarn (USD 642 million), Chemical and Pharma products (USD 475 million), Towels (USD 291 million), Other Chemicals (USD 281 million), Made-up articles (USD 222 million), Basmati (USD 203 million), Other textile material (USD 193 million) and Leather manufactures (USD 157 million).

Petroleum Group ranked the highest with imports worth of USD 8,509 million followed by agriculture & chemicals group (USD 2,984 million), Machinery group (USD 2,244 million), food group (USD 1,948 million), metal group (USD 1,513 million), textile group (USD 1,286 million), transport group (USD 1,090 million), and miscellaneous group (USD 275 million). Main importing items of Pakistan during Q4 (April-June FY 2022) were Telecom Petroleum products (USD 4,782 million), Petroleum crude (USD 1,911 million), Natural Gas, Liquefied (USD 1,669 million), Road Motor Veh (USD 859 million), Palm Oil (USD 819 million), Plastic Materials (USD 811 million), Iron and Steel (USD 750 million), Raw cotton (USD 623 million), Iron And Steel Scrap (USD 449 million) and Synthetic & Artificial Silk Yarn (USD 229 million).

The US, China and the UK are respectively Pakistan's three largest export markets. Growth recession in these and other important export markets, notably those in the euro area such as Germany, may put the brakes on Pakistan's export growth. A drop in exports, by itself, is not likely to significantly pull back. Pakistan's overall economic growth, as exports account for less than 9% of GDP. However, if the increasing trade deficit reached higher than existing forces the introduction of import compression measures, economic growth rate may significantly fall. Being a net food and net fuel importing country, Pakistan is likely to see a big jump in food and energy import bill in the next year. The interest rate hike in some of the major economies, notably the US, will put downward pressure on the exchange rate at a time when the domestic currency has already seen a steep fall in recent months due to an increasing current account deficit, political uncertainty and a stalled IMF credit program. The exchange rate depreciation drove up the cost of imported raw material, components and machinery and thus add to the general price level. The increase in interest rate coupled with currency depreciation added to the cost of debt servicing. As a result, the fiscal deficit will go up. The trade deficit is likely to continue in FY 2023.

TDAP ACTIVITIES DURING APRIL-JUNE 2022

International Exhibitions

Name of Exhibition	Date	Sector
Sial Canada	20 - 22 Apr 2022	Agro & Food
China Import & Export Fair (Canton Fair)	April 2022	IMDD
46th Dar es Salaam Int'l Trade Fair	28 June - 13 July 2022	IMDD
Heimtextil, Germany	11 – 14 Jan-22	Textile & Leather
Automechanika, South Africa	9 – 11 Mar-22 (7 - 10 Jun 2022)	Engineering & Minerals
Medical Expo, Morocco	19 – 22 May-22	Engineering & Minerals
Tanzania International Trade Fair	28 June -02 July 22	General

Trade Delegations (incoming)

- Delegation on Meat Products from Vietnam April 2022
- Sri Lankan High Profile of 50 reps for Pharma, Cement & Construction

Conference

- Conference on impact of China-Pakistan Free Trade Agreement (CPFTA on trade and investment

Webinars/seminars

- More than 20 webinars organized by Product Divisions
- Women Entrepreneurs (April 2022)
- National Exporters Training Program (Quetta & Gwadar)
- Amazon trainings

E-Commerce

- Expo Center Online Booking system
- Pakistan Digital Export Gallery Website (a showcase for Pakistan Products)
- e Hiring Application (Web-based software for hiring / employment)

Publications

- Monthly Trade Statistics
- Quarterly Trade Review (Pakistan Trade Perspective)
- Product and sectoral reports

MOUs by TDAP

Title	Agency	Dates/Year
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
MoU to promote women entrepreneurs	First Women Bank	07-05-2022
Linkage with academia	MoU between TAP and Applied Economics Research Centre	16-05-2022
Linkage with academia	MoU between TDAP & IBA China Study Centre	17-05-2022