Pakistan Trade Perspective

Quarterly Trade Analysis

July-September (1st Quarter): FY 2022-23

Trade Development Authority of Pakistan

Ministry Of Commerce

www.tdap.gov.pk

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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
Q1	FIRST QUARTER OF FISCAL YEAR (JULY - SEPTEMBER)
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

July-September 2022

The global economy continues to face steep challenges, shaped by the lingering effects of three powerful forces: the Russian invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflation pressures, and the slowdown in China. The latest forecasts project global growth to remain unchanged in 2022 at 3.2 percent and to slow to 2.7 percent in 2023 0.2 percentage points lower than the July forecast with a 25 percent probability that it could fall below 2 percent. More than a third of the global economy will contract this year or next, while the three largest economies the United States, the European Union, and China will continue to stall. In short, the worst is yet to come, and for many people 2023 will feel like a recession.

Russia's invasion of Ukraine continues to powerfully destabilize the global economy. Beyond the escalating and senseless destruction of lives and livelihoods, it has led to a severe energy crisis in Europe that is sharply increasing costs of living and hampering economic activity. Gas prices in Europe have increased more than four-fold since 2021, with Russia cutting deliveries to less than 20 percent of their 2021 levels, raising the prospect of energy shortages over the next winter and beyond. More broadly, the conflict has also pushed up food prices on world markets, despite the recent easing after the Black Sea grain deal, causing serious hardship for low-income households worldwide, and especially so in low-income countries.

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

We expect global inflation to peak in late 2022 but to remain elevated for longer than previously expected, decreasing to 4.1 percent by 2024. In China, the frequent lockdowns under its zero COVID policy have taken a toll on the economy, especially in the second quarter of 2022. Furthermore, the property sector, representing about one-fifth of economic activity in China, is rapidly weakening.

Given the size of China's economy and its importance for global supply chains, this will weigh heavily on global trade and activity. The external environment is already very challenging for many emerging market and developing economies. The sharp appreciation of the US dollar adds significantly to domestic price pressures and to the cost-of-living crisis for these countries. Capital flows have not recovered, and many low-income and developing economies remain in debt distress. The 2022 shocks will re-open economic wounds that were only partially healed following the pandemic.

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

Increasing price pressures remain the most immediate threat to current and future prosperity by squeezing real incomes and undermining macroeconomic stability.

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

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

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

PAKISTAN ECONOMIC OUTLOOK
July-September 2022

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

Recent floods have had enormous human and economic impacts. Pakistan has been experiencing heavy monsoon rains since June 2022 leading to catastrophic and unprecedented flooding. Almost 15% of the country is underwater and just over 33 million people are affected. More than 2 million houses have been damaged or destroyed. Loss of life has also been considerable with 1,700 fatalities reported to date. Loss of livestock is also significant with more than 1.1 million animals estimated to have perished, while over 25,000 animal shelters have been damaged. More than 13,000 km of roads are reported to have been affected and 440 bridges have been damaged or destroyed, with these numbers expected to rise. Economic impacts are concentrated in the agricultural sector, with over 9.4 million acres of cultivated land destroyed, resulting in significant losses to cotton, date, wheat, and rice crops. Lower agriculture output is expected to negatively impact industrial and services sector activity, especially given textile sector reliance on cotton (textiles account for around 25 percent of industrial output). Flooding will impose a lingering drag on output through infrastructure damage, disruption to crop cycles, possible financial sector impacts (microfinance institutions report major solvency problems), and loss of human capital. Preliminary estimates suggest that as a direct consequence of the flood, the national poverty rate will increase by 2.5 to 4.0 percentage points, pushing between 5.8 and 9.0 million people into poverty.

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

The Government faces a difficult policy challenge in supporting relief and recovery while maintaining progress towards macroeconomic stabilization. Significant downside risks include: i) unexpected damages from the floods as on-the-ground damage assessments continue ii) political instability which may undermine a coherent and timely policy response; iii) worsening external conditions, including unforeseen increases in global commodity prices and interest rates; and iv) risks associated with large domestic and external financing needs, especially in the context banking sector liquidity constraints. To manage these risks, it will be critical to adhere to sound overall economic management and buttress market sentiment, including through articulating and effectively implementing a clear strategy for economic recovery; constraining fiscal expenditures to the extent possible and carefully targeting any new expenditures; maintaining a tight monetary stance and flexible exchange rate; and remaining on-track with critical structural reforms, including in the energy sector.

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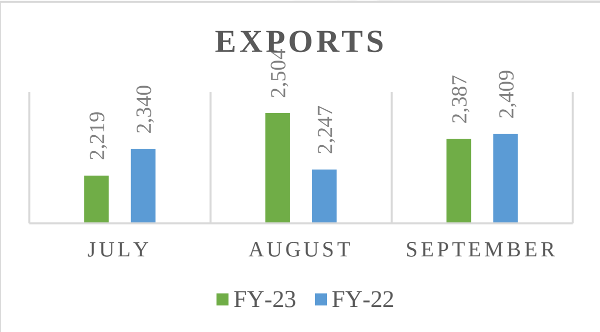
PAKISTAN'S ECONOMIC INDICATORS

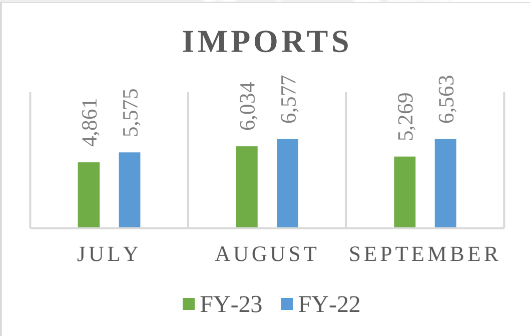
Q1: July-September FY 2022-23

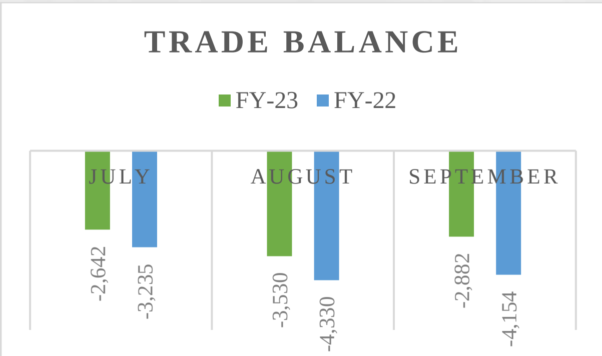
PAKISTAN'S TRADE OUTLOOK

Quarterly Comparison of FY 2023 Vs. FY 2022

Trade Values (in USD Million)







PAKISTAN'S EXPORT PROFILE (GOODS)

Sectors	Q1 2023 v/s Q1 2022			Q1 2023 V/S Q4 2022		
	July-Sep FY'23	July-Sep FY'2022	% Change	July-Sep FY'23	April-June FY'22	% Change
Total	7,179	6,997	3%	7,179	8,442	-15%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

Pakistan's exports have surged by 3% to USD 7.1 billion from USD 6.9 billion in Q1 (July-September) FY2022-23 as against same period of FY2022-22. Pakistan's major export sectors are Textile and Clothing, Agro Products, Manufacturing and Engineering goods. Textile products accounted the largest share of exports (around 61%), followed by Agro and Food sector. The United States is the top destination for Pakistani exports (mainly textile), followed by United Kingdom, China, Germany, and Netherlands.

Quarterly comparison shows negative growth of 15% during Q1 FY 2022-23 as compared to Q4 FY 2021-22. During July-September FY2023, major export destinations recorded sluggish growth and decline in the export value due to low global demand for Pakistani products. Pakistan faced issues of exchange rate fluctuation, currency crises and political instability. Exporters have tried to maximize benefits from the movement in Pakistani rupee against the US dollar and taken advantage of the shift in government policies. When the exchange rate fluctuates, it causes a spike in domestic inflation, first in terms of producer prices and subsequently in consumer prices. The government faced severe challenges on the economic front.

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

Top export partners showing increase (Q1 FY'23 V/S FY'22)

Table 1: Top export destinations showing increase

Export Destinations	July-Sep FY'23	July-Sep FY'22	% Change	July-Sept FY'23	April-June FY'22	% change
U. S. A.	1,657	1,565	6%	1,657	1,816	-9%
Germany	456	406	12%	456	460	-1%
Netherlands	377	329	15%	377	526	-28%
Spain	325	225	44%	325	351	-7%
Italy	308	253	22%	308	344	-10%
Bangladesh	235	175	34%	235	216	9%
Belgium	198	167	19%	198	229	-13%
France	154	119	29%	154	156	-1%
Canada	126	92	37%	126	174	-27%
Saudi Arabia	115	93	24%	115	120	-4%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

Country wise statistics have shown that major export destinations registered substantial growth during Q1 FY 2023 as compared to same period last year. United States of America

(USA) remained the top export destinations of the Pakistani products during Q1 FY'23, followed by Germany, Netherland, Spain, Italy and Bangladesh and have shown positive growth as compared to same period last year. Pakistan exported mainly Textile and its products to major export destinations. Textile Sector has shown growth of 4% in Q1 FY'23. Quarterly comparison shows that all major export destinations have shown decline in Q1 FY 2023 as compared to Q4 FY 2022.

Top export partners showing Decrease (Q1 FY'23 V/S FY'22)

Table 2: Top export destinations showing decrease

Export Destinations	July-Sep FY'23	July-Sep FY'22	% Change	July-Sept FY'23	April-June FY'22	% change
U. K.	520	550	-5%	520	551	-6%
China	501	559	-10%	501	716	-30%
U. A. E.	370	407	-9%	370	364	2%
Malaysia	71	83	-14%	71	104	-32%
Portugal	67	69	-3%	67	89	-25%
Hong Kong (China)	53	54	-2%	53	15	261%
Singapore	36	57	-37%	36	10	249%
Egypt	34	40	-15%	34	23	46%
Kazakhstan	28	29	-3%	28	29	-3%
Kuwait	26	31	-16%	26	32	-19%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

The above table shows Pakistan's export to the countries registered negative growth in Q1 FY'23. Pakistan's economy is affected by recent flood and political turmoil; however, it is expected that the country may regularize its multilateral trade in few months. UK is on the top this list followed by China, UAE, Malaysia, Portugal, Hong Kong, Singapore, Egypt, Kazakhstan and Kuwait.

Pakistani producers are uncompetitive in the global and regional markets, which not only reduces exports but also leads to an increase in imports. Locally produced goods are unable to compete with imported goods. This increases demand for the latter in the domestic market. Higher import tariffs further impact the competitiveness. The problems are particularly compounded when local producers are unable to acquire essential imported unfinished goods that have a limited number of substitutes in the domestic market. The challenges have multiplied as Pakistan rebuilds after facing floods.

SECTOR-WISE EXPORTS PERFORMANCE

During Q1 July-September (FY'23), Textile group has shown notable performance and has earned export revenue of USD 4.5 billion, 4% more than that earned in the same period of last fiscal year, followed by food group (USD 1.07 billion), other manufactures group (USD 978 million) and petroleum and coal group (USD 65 million). Quarterly comparison registered decline of 15% in QI FY2023 as compared to Q4 FY2022. The main reason of this decline was due to political instability, exchange rate crisis, petroleum prices and recession in the global market.

Table 3: Exports Sectors

Sectors	Q1 2023 v/s Q1 2022			Q1 2023 V/S Q4 2022		
	July-Sep FY'23	July-Sep FY'2022	% Change	July-Sep FY'23	April-June FY'22	% Change
Total	7,179	6,997	3%	7,179	8,442	-15%
Textile Group	4,584	4,421	4%	4,584	5,087	-10%
Food Group	1,078	1,020	6%	1,078	1,471	-27%
Other Manufactures Group	978	945	3%	978	1,122	-13%
All Other Items	474	552	-14%	474	664	-29%
Petroleum Group & Coal	65	58	12%	65	98	-33%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

Main commodities exported during July-September, FY'23 were Knitwear (USD 1.3 billion), Readymade garments (USD 912 million), Cotton Cloth (USD 581 million), All other Food items (USD 280 million), Leather Manufacturers (USD 159 million), Surgical Goods (USD 108 million), Sports Goods (USD 102 million), Meat (USD 95 million), Pharmaceutical Products (USD 84 million) and Fish (USD 80 million).

Instead of relying upon traditional five export-oriented sectors, including Textile, Leather, Sports Goods, Surgical Goods and Carpets, Pakistan now focusses upon diversifying both markets and products. In order to boost up exports, the Textile sector exports will fetch foreign exchange earnings of USD 4 billion in first quarter of the current fiscal year, while remaining non-traditional sectors, such as engineering, information technology and other sectors would be focused to achieve diversification in the export-oriented sectors.

TOP EXPORT COMMODITIES SHOWING INCREASE (Q1: JULY-SEPTEMBER FY 2023)

Table 4: Top export commodities showing increase

Sub-Sectors	July-Sep FY'23	July-Sep FY'22	% Change	July-Sept FY'23	April-June FY'22	% change
Knitwear	1,321	1,145	15%	1,321	1391	-5%
Readymade Garments	912	861	6%	912	1041	-12%
Cotton Cloth	581	557	4%	581	642	-10%
All Other Food Items	280	221	27%	280	328	-15%
Leather Manufactures	159	155	3%	159	157	1%

Surgical Goods & Medical Instruments	108	98	10%	108	115	-6%
Sports Goods	102	78	31%	102	105	-3%
Meat And Meat Preparations	95	78	22%	95	93	2%
Pharmaceutical Products	84	73	15%	84	68	23%
Fish & Fish Preparations	80	57	40%	80	121	-34%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

TOP EXPORT COMMODITIES SHOWING DECREASE (Q1: JULY-SEPTEMBER FY 2023)

Table 5: Top export commodities showing decrease

Sub-Sectors	July-Sep Fy'23	July-Sep Fy'22	% Change	July-Sep Fy'23	April-June Fy'22	% Change
Bed Wear	780	803	-3%	780	844	-8%
All Other Items	474	552	-14%	474	664	-29%
Rice	402	423	-5%	402	719	-44%
Chemicals And Pharma .Products	344	363	-5%	344	475	-28%
Towels	237	241	-2%	237	291	-19%
Cotton Yarn	236	289	-18%	236	298	-21%
Other Chemicals	191	202	-5%	191	282	-32%
Other Textile Materials	182	185	-1%	182	193	-6%
Madeup Articles (Excl.Towels & Bedwear.)	180	197	-9%	180	222	-19%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

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 USD 4.5 billion from abroad during Q1 FY'23. The major exports of the sectors include knitwear, readymade garments, fabrics, weaved apparel, twisting, and processing sector. Despite global economic slowdown and declining consumer demand, export of Textile sector has shown remarkable performance during Q1 FY'23. All sub groups of Textile and Clothing has shown positive growth except Cotton Yarn, Cotton Carded, Yarn, Bed Wear, Towels, Made-up Articles, and other Textile Materials during reported period.

Table 6: Textiles Group Exports

Sectors	Q1 2023 v/s Q1 2022			Q1 2023 V/S Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	Jul-Sep FY'23	April-June FY'22	% Change
Textile Group	4,584	4,421	4%	4,584	5,087	-10%
Raw Cotton	6	-	100%	6	-	100%
Cotton Yarn	236	289	-18%	236	298	-21%
Cotton Cloth	581	557	4%	581	642	-10%
Cotton Carded or Combed	0.2	1.4	-85%	0.2	-	100%
Yarn Other Than Cotton Yarn	12	12.4	-5%	12	18	-34%
Knitwear	1,321	1,145	15%	1,321	1,391	-5%
Bed Wear	780	803	-3%	780	844	-8%
Towels	237	241	-2%	237	291	-18%
Tents, Canvas & Tarpulin	30	21.2	40%	30	28	6%
Readymade Garments	912	861	6%	912	1,041	-12%
Art,Silk & Synthetic Textile	108	108	0%	108	116	-7%
Madeup Articles (Excl.'Towels & Bedwear.)	180	197	-9%	180	222	-19%
Other Textile Materials	182	184.5	-2%	182	193	-6%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

The textile group registered an increase of 4% during Q1 (July-September) FY 2023 as compared to same period last year. The exports of textile sector during July-September 2023 totaled $ 4.5 billion as against $ 4.4 billion during the corresponding period of last year. Most of the products have reported positive growth during Q1 FY2023 except Cotton Yarn, Cotton Carded, Yarn, Bed Wear, Towels, Made-up Articles, and other Textile Materials have reported negative growth during the period.

Quarter to quarter comparison of exports of textile sector has recorded negative growth of 10% in Q1 (July-September) FY 2023 as against Q4 (April-June) FY 2022. The overall products are showing negative growth during reported period due to global recession after Russia Ukraine war which causes severe energy crisis, higher inflation and low growth all around the world the most of the economies are facing the situation of stagnation.

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.

In the longer run, devaluation became worse for exporters especially textile exporters because it raises input costs, making export less competitive. One of the difficulties the sector faces is the shortage of high-quality raw materials. Pakistan's exports become less expensive, and its imports become more expensive as its currency depreciates.

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 textile sector has been the main beneficiary of many subsidy 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.[1]

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.

Government assistance to textile manufacturing includes tax rebates, financing, and subsidized energy, while upstream assistance to cotton production includes 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. Returns in the sector have been good over the past 18 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.

AGRO-FOODS GROUP EXPORTS

The agriculture sector of Pakistan plays a vital role in the country's economy. It contributes 19% to the GDP and provides employment to around 38 % of the labour force. It is also a significant source of foreign exchange earnings and provides raw-material to other industries that accelerates economic growth of the country. [2]

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

[1] https://www.brecorder.com
[2] https://www.finance.gov.pk/survey/chapters_21/02-Agriculture

and Vegetable, Tobacco, Spices, horticulture and livestock with inconsistent exports of sugar and wheat.

Table 7: Food Group Exports

Sectors	Q1 2023 v/s Q1 2022			Q1 2023 V/S Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	Apr-June FY'22	% Change
Food Group	1,078	1,019	6%	1,078	1,470	-27%
Rice	402	423	-5%	402	719	-44%
A) Basmati	130	153	-15%	130	203	-36%
B) Others	272	270	1%	272	516	-47%
Fish & Fish Preparations	80	57	40%	80	121	-34%
Fruits	79	114	-31%	79	82	-3%
Vegetables	72	50	44%	72	69	5%
Leguminous Vegetables (Pulses)	0	0	-	0	-	-
Tobacco	14	8	75%	14	15	-8%
Wheat	0	0	-	0	-	-
Spices	19	23	-19%	19	23	-18%
Oil Seeds, Nuts And Kernals	37	45	-18%	37	16	130%
Sugar	0	0	-	0	-	-
Meat And Meat Preparations	95	78	22%	95	93	2%
All Other Food Items	280	221	27%	280	328	-15%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

The exports of Agro Food Sector were recorded USD 1.07 billion and registered an increase of 6% in Q1 July-September FY'23 as against the same period last year. All items of Agro Food sector have shown significant growth in exports during Q1 FY'23 except Rice, Fruits, Spices and Oil seeds surged by 5%, 31%, 19% and18% respectively.

Quarter to Quarter comparasion show that the export of Agro Food sector recorded decline of 27% during Q1 (July-September) FY 2023 as against Q4 (April-June) FY 2022. The decline has been noticed in overall sector except Vegetables, Oil seed and Meat. The recent flood has damage the Pakistan's economy severely, according to World Bank assessment estimates total damages to exceed USD 14.9 billion, and total economic losses to reach about USD 15.2 billion. Estimated needs for rehabilitation and reconstruction in a resilient way are at least USD 16.3 billion, not including much needed new investments beyond the affected assets, to support Pakistan's adaptation to climate change and overall resilience of the country to future climate shocks.

Housing, Agriculture, Livestock, Transport and Communications sectors suffered the most significant damage, at USD 5.6 billion, USD 3.7 billion, and USD 3.3 billion, respectively. Sindh is the worst affected province with close to 70 percent of total damages and losses, followed by Balochistan, Khyber Pakhtunkhwa, and Punjab.

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. According to PBS projections. In terms of exports, Pakistan is the 4th

largest exporter of semi- milled rice. 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 recent time 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 80 million of Fish and Fish preparations and registered growth of 40% during Q1 FY 2023.

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, 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. 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 of PBS, 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, especially amid the pandemic.

Exports of Fruits have declined by 31% during Q1 FY 2023. 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. 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 during 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. 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.

Pakistan's Meat exports have increased over the last year from USD 78 million in Q1 to USD 95 million in FY'23. The export of Meat and Meat preparations has grown by 22%. The exports of the Meat sector have had gradual growth over a period, with new markets being opened through market players who are working to comply with the food standards of various exporting countries coupled with bringing advanced machinery and new practices to Pakistan. The Meat exports include raw and frozen beef, mutton, lamb, and chicken. The export of by-products includes casing, bones, horns and hooves, gelatin, etc. Pakistan's exports of Meat and Meat preparations are gradually penetrating different countries in terms of volume and value as it recorded a staggering increase. The exports of Meat and Meat products are largely concentrated to Gulf countries including Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Bahrain. Export of Meat is also increasing to countries such as Hong Kong, Maldives, and Vietnam. Recently, Malaysian government has allowed a third Pakistani Meat exporter after approving two others last year.

OTHER MANUFACTURING GROUP EXPORTS

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 recorded 978 million USD exports during Q1 FY 23 with positive growth of 3% during Q1 (July-September) of FY 23 as compared to previous year Q1 FY 22. All products have recorded positive growth except Other Leather Manufacturer (-15%), Cutlery (-46%), Onyx Manufactured (-47%), Chemical and Pharma (-5%), Plastic Material (-20%) and Cement (-16%). during Q1 (July-September) FY 2023 as compared to the same period last year.

Pakistan exported Engineering goods worth of USD 63 million and registered positive growth of 18%. All commodities have shown positive growth except Machinery for Particular Industries (-31%) during Q1 FY'23.

Quarter to Quarter comparasion show that the export of Agro Food sector recorded decline of 13% during Q1 (July-September) FY 2023 as against Q4 (April-June) FY 2022. The decline has been noticed in overall sector except Footballs, Leather Manufactures, Footwear, Pharmaceutical, Other Electrical Machinery, Gems,Furniture and Cement have recorded positive growth during Q1 FY 23 as compared to Q4 FY 22.

Table 8: Other Manufacturing Group

	Q1 2023 v/s Q1 2022			Q1 2022 V/S Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	Apr-June FY'22	% Change
Other Manufactures Group	978	945	3%	978	1122	-13%
Carpets, Rugs & Mats	21	18	14%	21	22	-7%
Sports Goods	102	78	31%	102	105	-3%
A) Footballs	59	37	59%	59	57	4%

B) Gloves	18	18	0%	18	20	-8%
C) Others	25	23	10%	25	27	-7%
Leather Tanned	45	44	2%	45	53	-15%
Leather Manufactures	159	155	3%	159	157	1%
A) Leather Garments	81	81	0%	81	78	3%
B) Leather Gloves	74	69	7%	74	74	1%
C) Other Leather Manufactures	4	5	-15%	4	5	-18%
Footwear	49	39	27%	49	40	22%
A) Leather Footwear	41	32	29%	41	31	34%
B) Canvas Footwear	0	0	-	0.3	0.7	-63%
C) Other Footwear	7	6	16%	7.3	7.0	4%
Surgical Goods & Medical Instruments	108	98	10%	108	114	-5%
Cutlery	15	28	-46%	15	16	-6%
Onyx Manufactured	1	2	-47%	1	1.65	-39%
Chemicals And Pharm.Products	344	363	-5%	344	475	-28%
A) Fertilizer Manufactured	0	0	-	0	0	-
B) Plastic Materials	69	87	-20%	69	125	-44%
C) Pharmaceutical Products	84	73	14%	84	68	23%
D) Other Chemicals	191	202	-5%	191	281	-32%
Engineering Goods	63	53	18%	63	69	-9%
A) Electric Fans	7	6	27%	7	12	-38%
B) Transport Equipment	3	2	13%	3	4.6	-43%
C) Other Electrical Machinery	11	7	67%	11.5	10.7	7%
D) Machinery Specialized For	0	-	-	0	0	-
Particular Industries	11	16	-31%	11	16.7	-36%
E) Auto Parts & Accessories	6.4	6.2	3%	6	6.3	1%
F) Other Machinery	24	16	48%	24	19	28%
Gems	2.1	1.3	64%	2.1	2.0	6%
Jewellary	2.6	1.8	42%	3	4.3	-41%
Furniture	4.0	2.1	89%	4.0	2.2	80%
Molasses	5	0	100%	5	15	-64%
Handicrafts	0	0	-	0	0	-
Cement	46	55	-16%	46	24.6	88%
Guar And Guar Products	10	8	28%	10	17	-39%
All Other Items	474	552	-14%	474	664	-29%

Unit: values in USD million; Q= Quarter
Data Sources: Pakistan Bureau of Statistics (PBS)

The exports of Pharmaceutical products witnessed an increase of 14% during Q1 FY'23 as compared to the exports of corresponding period of last year due to currency devaluation

Pakistani products are more competitive in international market. .Exports of Pharma products increased in Afghanistan, Philippines, Myanmar, Sri Lanka, South Africa, Sudan and Cambodia during reported period.

Exports of Electric Fan from Pakistan to world has increased in Q1 FY'23 by 27%. The industry is mainly located in Gujrat and partially in Gujranwala, there are 150-200 small to medium-sized electric fan manufacturing units, with their component suppliers also spread in the two cities.

Manufacturers in the country produce ceiling and pedestal fans, with the former mostly being procured by domestic buyers. The raw material market is quite volatile recently because of high energy prices and the prices of electrical steel sheet, the most important material of a fan, with higher rates. Scrap, which is a second major source of getting steel for fan manufacturers, is hardly available as it is being exported to China. The industry is also facing a shortage of raw materials electrical steel sheet, copper, aluminum, and some plastic items in the domestic market.

The exporters of Tanned Leathers registered growth of 2%, while Leather manufacturer has positive growth of 3 % including leather gloves and leather garments. Investors from Italy has shown positive response for Pakistan's priority sector – Leather for investment to grow the bilateral investment portfolio at a sustainable pace.

The exports of footwear have shown positive growth of 27% with 29% growth of leather footwear. It is pertinent to mention that all of the subgroups included in engineering sector have shown positive growth except machinery for particular industry in Q1 FY23 as compared to same period last year. Moreover, the exports of cutlery were decreased by 46%, worth USD 15 million were exported as compared to the exports of USD 28 million of the same period of last year. 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.

Surgical instrument exports have shown growth of 10% during Q1 FY 2023, worth of amounting 108 USD million were exported as compared to the 98 USD million exports of the same period of last year. Pakistan is one of the main suppliers of global surgical instruments. However, these instruments are re-marketed from western countries with famous brands.

The exports of Cement has recorded a decline of 16% during Q1 (July-September) FY 23, amounting 46 USD million against 55 USD million of the same period of last year. 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.

The exports of sports goods witnessed an increase of 31% during Q1 FY 2023 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.'

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.

PETROLEUM GROUP & COAL EXPORTS

During Q1 (July-September) FY'23 exported value for petroleum and coal group stood at USD 65 million positive growth of 11% as comapred to same period of last fiscal year. The declining trend was recorded in Q1 FY'23 as compare to Q4 FY'22 of the sector and registered negative growth of 33% . The reasons behind negative growth are the depreciation in PKR, and overall global energy prices are high due to the ongoing Russia-Ukraine war, which has shifted the demand of European countries towards Gulf countries.

Table 9: Petroleum Group Exports

Sectors	Q1 2023 v/s Q1 2022			Q1 2023 V/S Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	Apr-June FY'22	% Change
Petroleum Group & Coal	65	58	11%	65	98	-33%
Petroleum Crude	55	52	5%	55	80	-32%
Petroleum Products (Excl. Top Naphta)	10	6	65%	10	18	-43%
Petroleum Top Naphta	0	0	-	0	-	-
Solid Fuels (Coal)	0	0	-	0	-	-

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

The export of petroleum related sectors were severly affected due to high price in international market because of shortage of supply caused by Russia Ukraine war in FY 2022, current political and economic uncertainity in the countrty have effected economy drasticlly.

PARCO exports 50,000 metric tons of furnace oil. Faced with a storage crisis caused by low demand, Pak-Arab Refinery Company (PARCO) exported 50,000 tons 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 ton, while the import parity price (IPP) is Rs107, 000 per ton. The significant disparity between local and import parity pricing had made it impossible for refineries to sell their output.

PAKISTAN'S IMPORT PROFILE (GOODS)

Imports into Pakistan during Q1 (July-September) FY'23 amounted to USD 16.4 billion as against USD 18.7 billion as against same period of last FY'2022 showing decrease of 12% over the last year. Imports during the current Q1, FY'2023 over the preceding quarter April-June FY'22 also recorded a decrease of 23%. Pakistan banned the import of all non-essential luxury goods to avert a balance of payment crisis and stabilize the economy. Which has become one of the major causes of fall in the import bill. Although Pakistan reduced the quantity of its import especially of petroleum products but increase in the Oil prices have also increased substantially, which pushed up import bill because of high demand for energy in the domestic market.

Pakistan on 19th August lifted ban on all import of luxury and non-essential items amid serious foreign exchange crisis. The ministry of commerce issued SRO 1562(I)/2022 for lifting the ban on luxury and non-essential items, including motor vehicles, mobile phones and home appliances. The government on May 19, 2022 through a circular No. 598 (I)/2022 imposed the complete ban on import of such items in the wake of serious balance of payment crisis and to prevent fall in rupee value. Despite the ban, the rupee fell to the historic low of Rs239.94 against the dollar on July 28, 2022. It is worth mentioning that the foreign exchange reserves were drastically decreased despite imposition of ban on imported luxury items. The ban was imposed by the government due to foreign exchange reserve issues. Pakistan's foreign exchange reserves have increased by $52 million by week ended August 12, 2022. The foreign exchange reserves of the country have recorded at $13.613 billion by week ended August 12, 2022 as compared with $13.561 billion a week ago i.e. August 05, 2022. The country's foreign exchange reserves hit all-time high of $27.228 billion on August 27, 2021. Since then the foreign exchange reserves have declined by $13.615 billion. The official foreign exchange reserves of the State Bank witnessed an increase of $67 million to $7.897 billion by week ended August 12, 2022 as compared with $7.83 billion a week ago.

Moreover, depreciation of Pakistani Rupee is responsible for increase in the import value of first quarter FY 2023. The trade balance is also affected by exchange rate fluctuations in quarter. The economic growth declined due to unstable exchange rates. Pakistan has also faced backlash because of the international changes as well as national developments such as political instability. The interest rate in Pakistan was increased by 125 basis points to 15% in July 2022 - following a 13-year peak in inflation, the rate was raised from 13.75 percent. Consequently, this is causing detrimental effects on the fuel cost as well as the inflation. Pakistan's current account deficit (CAD) increased significantly during first quarter months (July-September). The massive trade imbalance caused by the sharp rise in import costs is responsible for the current account deficit's growth.

The trade deficit for the first quarter 2022-23 registered negative 9.2 billion dollars against 11.7 billion dollars in the comparable period of 2020-21 – a significant decline of 21.4 percent. A major contributor to this decline, 1267 million dollars, is the 2022 September import bill (5269 million dollars) against the September 2021 import bill (6563 million dollars). The reason for this decline can be sourced to a massive reduction in fuel consumption estimated at 21 percent for petrol and 44 percent for high speed diesel which, in turn, is attributable to not only a rise in the international price of fuel but also the pledge made by the government to the International Monetary Fund (IMF) to raise petroleum levy to the maximum allowed (50 rupees per litre by January 2023) to achieve the budgeted target of 750 billion rupees in the current year but also due to the rise in the general price level with Sensitive Price Index for week ending 29 September 2022 registering 30.62 percent, the consumer price index of 23.2 percent and core inflation (not impacted by the rupee-dollar parity) at a whopping 14.4 percent.

Moreover, due to the exchange rates and currency depreciation, more loans will be taken from the IMF to return the previous ones and then, the country have converted a huge amount of PKR into USD to return those loans.

The imports of partner countries showing increase and decrease have been detailed as follows:

TOP IMPORT PARTNERS SHOWING INCREASE (Q1: JULY-SEP FY'23 V/S FY'22)

Table 10: Top import destinations showing increase

Partner Countries	July-Sep FY'23	July-Sep FY'22	% Change	July-Sept FY'23	April-June FY'22	% change
U. A. E.	2,653	2,311	15%	2,653	2,578	3%
Saudi Arabia	1,140	975	17%	1,140	1,280	-11%
Qatar	1,067	456	134%	1,067	1,122	-5%
Singapore	984	904	9%	984	815	-21%
Kuwait	836	504	66%	836	355	135%
Indonesia	819	593	38%	819	694	18%
Netherlands (Holland)	246	225	9%	246	151	63%
Oman	217	67	223%	217	268	-19%
Morocco	189	102	85%	189	119	59%
Belgium	179	123	46%	179	114	57%

Unit: values in USD million; Q= Quarter;
Data Sources: State Bank of Pakistan (SBP)

TOP IMPORT PARTNERS SHOWING DECREASE (Q1: JULY-SEP FY'23 V/S FY'22)

Table 11: Top import destinations showing decrease

Partner Countries	July-Sep FY'23	July-Sep FY'22	% Change	July-Sept FY'23	April-June FY'22	% change
China	3,228	4,014	-20%	3,228	4,311	-25%
U. S. A.	578	690	-16%	578	828	-30%

Malaysia	336	342	-2%	336	373	-10%
Japan	293	524	-44%	293	424	-31%
South Korea	281	421	-33%	281	391	28%
Germany	254	316	-20%	254	288	-12%
Brazil	244	293	-17%	244	419	-42%
South Africa	240	331	-28%	240	381	-37%
Thailand	236	354	-33%	236	324	-27%
U. K.	187	201	-7%	187	159	18%

Unit: values in USD million; Q= Quarter
Data Sources: State Bank of Pakistan (SBP)

The import of Pakistan have increased from UAE 14.8%, Saudi Arabia 16.9%, Qatar 134.2%, Singapore 8.9%, Kuwait 65.9%, Indonesia 38.1%, Netherland 9.4%, Oman 222.9%, Morocco 85.2% and Belgium 45% as compared with the same period (July- September)of FY'22.

Import volume of the top importer countries also compared with the previous quarter (April-June 2021-22), Pakistan's imports increased from Kuwait by 135%, Netherlands 63%, Morocco 59%, Belgium 57%, Indonesia 18%, and UAE 3%. Whereas decline in import reported other countries.

The import of Pakistan have decreased from China 19.6%, USA 16.2%, Malaysia 1.8%, Japan 44.1%, South Korea 33.3%, Germany 19.6%, Brazil 16.6%, South Africa 27.6%, Thailand 33.3% and UK 7.3% as compared with the same period (July- September)of FY'22.

Import volume of the same importer countries also compared with the previous quarter (April-June 2021-22), Pakistan's imports decreased from all the countries ranging (10-42%), except UK which showed an increase of 18% in imports.

SECTOR-WISE IMPORTS PERFORMANCE

Of the total USD 16.4 billion imports during Q1 (July-September) FY'23, imports of the Petroleum group ranked the highest with imports worth of USD 4.86 billion with 30% share in the total imports followed by Food group USD 2.72 billion (17% share), Agriculture & Chemicals group USD 2.63 billion (16% share), Machinery group USD 1.76 billion(11% share), Metal group USD 1.25 billion (8% share), Textile group USD 973 million (6% share), Transport group USD 606 million (4% share), and Miscellaneous group USD 251 million (2% share). Main imported items of Pakistan during Q1 (July-September FY'23) were Petroleum products (USD 2,389 million), Petroleum crude (USD 1,355 million), Palm oil (USD 1,136 million), Natural gas, liquefied (USD 970 million), Plastic Material (USD 659 million), and other Food items (USD 639 million).

Q1 of FY'23 compared with Q1 of FY'22; Out of eight sectors, six sectors imports showed decline. Overall 12% decrease in imports was observed. Where major decline was reported in Transport group by 45% which is due to the ban imposed on the Motor vehicles (CBU cars) import by the government, followed by Machinery group 38% and Agricultural & other Chemicals group 23%. Food and Petroleum sector showed a minimal increase in the imports volume by 15% and 6% respectively. Current quarter also compared with the last quarter which showed the overall decrease of 23% in imports. Except Food sector all other sector's import declined from 9 to 43%. Mainly reduction reported for Petroleum and Transport sectors.

Table 12: Imports Sectors

Sectors	Q1 2023 Vs. Q1 2022			Q1 2023 Vs. Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	April-June FY'22	% Change
Grand Total	16,400	18,715	-12	16,400	21,435	-23%
Food Group	2,724	2,364	15	2,724	1,971	38%
Machinery Group	1,769	2,848	-38	1,769	2,149	-18%
Transport Group	606	1,105	-45	606	1,067	-43%
Petroleum Group	4,866	4,593	6	4,866	8,509	-43%
Textile Group	973	1,189	-18	973	1,286	-24%
Agricultural & Other Chemicals Group	2,636	3,419	-23	2,636	2,985	-12%
Metal Group	1,255	1,542	-19	1,255	1,514	-17%
Miscellaneous Group	251	289	-13	251	276	-9%
All Others Items	1,321	1,366	-3	1,321	1,466	-10%

Unit: values in USD million; Q= Quarter, Data Sources: Pakistan Bureau of Statistics (PBS)

The shaft decline in the import of the country is the result of the restrictions were which imposed by the government. The government of Pakistan had imposed a ban on all imported commodities on 19th May 2022 to curb foreign exchange outflows amidst a worrying balance of payments issue.

The fall in import bill resulted in trade deficit contraction of 21.4%. The trade deficit of the country fell to USD 9.2 billion during July – September 2022 as compared with the deficit of USD 11.72 in the same quarter of the last fiscal year FY'22. The federal government and the State Bank of Pakistan (SBP) had taken administrative measures to contain imports; a ban had also been placed which proved to be largely ineffective. The central bank was also vetting almost every letter of credit, introduced import quotas and even restricted imports through open accounts. While the government has lifted the ban on imports, the other restrictions remain in place after it faced pressure from the IMF and global trading partners.

With floods having wreaked havoc on standing crops across the country, the import bill is likely to come under pressure once again as the country braces itself to import additional food supplies. For the current fiscal year 2022-23, the government has set the trade deficit target at USD 27.8 billion, which requires a reduction of 42% against last year's deficit. The import target set for the new fiscal year is USD 65.6 billion which will require a reduction of 22% in the import bill.

The regulatory duties and taxes have been imposed to restrict imports but fortunately Raw materials and industrial inputs remain exempted from these duties.

TOP IMPORT SUB-SECTORS SHOWING INCREASE (Q1: JULY-SEP FY'23 V/S FY'22)

Table 13: Increase in Top Import Sub-Sectors

Sub-Sectors	July-Sep Fy'23	July-Sep Fy'22	% Change	July-Sept FY'23	April-June FY'22	% change
Wheat Un-milled	409	99	311%	409	0	***
Soya bean Oil	78	21	266%	78	97	-20%
Insecticides	59	37	59%	59	66	11%
Jute	18	11	55%	18	9	93%
Gold	6	4.3	51%	6	7	-9%
Aluminum Wrought & Worked	70	53	31%	70	81	-14%
Palm Oil	1,136	891	27%	1,136	758	50%
Others(Fertilizer manufactured)	1,429	1,223.4	17%	1,429	1,608	-11%
Rubber Crude Incl. Synth/Reclaimed	63	56	12%	63	67	-6%
Raw Cotton	380	343	11%	380	623	-39%
Petroleum Gas, Liquefied	152	137	11%	152		
Pulses (Leguminous Vegetables)	246	224	10%	246	138	79%
Petroleum Products	2,389	2,176	10%	2,389	4,782	-50%
Petroleum Crude	1,355	1,255	8%	1,355	1,911	-29%
Electrical Machinery & Apparatus	529	492	8%	529	424	-25%
All Other Metals & Articles	281	274	2%	281	226	24%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)
***=not imported in previous quarter

TOP IMPORT SUB-SECTORS SHOWING DECREASE (Q1: JULY-SEP FY'23 V/S FY'22)

Table 14: Decrease in Top Import Sub-Sectors

Sub-Sectors	July-Sep Fy'23	July-Sep Fy'22	% Change	July-Sept FY'23	April-June FY'22	% change
Sugar	1.4	91	-98%	1.4	0.6	134%
Motor Cars	19	96	-80%	19	71	-73%
Roads Motors Vehicles (Others)	6	25	-75%	6	27	-77%
Motor Cycles	0.36	1.4	-73%	0.36	0.47	-22%
Power Generating Machinery	151	530	-72%	151	269	-44%
Aircrafts, Ships And Boats	62	205	-70%	62	161	-62%
Mobile Phone	160	495	-68%	160	146	-48%
Medicinal Products	372	1,147	-68%	372	330	13%
Tele Com	249	638	-61%	249	455	-45%
CBU	70	165	-57%	70	158	-56%
Fertilizer Manufactured	116	256	-54%	116	170	-32
Office Machine Incl. Data Processing Equipments	65	141	-54%	65	121	-46%
Agricultural Machinery & Implements	15	31	-51%	15	20	-26%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

SECTOR-WISE IMPORTS ANALYSES

PETROLEUM GROUP

Pakistan's petroleum sector import bill has just increased by 6% in this quarter when compared with the same quarter of FY'22. Sub-sectors such as petroleum products, crude and petroleum gas showed 8-10% increase while natural gas and other products imports decreased by 5% and 24%. There can be seen large difference between current and last quarter petroleum sector's import volume. Overall reduction of 43% was reported while 50% reduction have seen in the import of petroleum products, 42% in natural gas, 29% in petroleum crude whereas import of petroleum gas showed increase by 4% and other sector's import volume increase by 24%.

Table 15: Petroleum Group Imports

Sub-Sectors	Q1 2023 Vs. Q1 2022			Q1 2023 Vs. Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	April-June FY'22	% Change
Petroleum Group	4,866	4,593	6%	4,866	8,509	-43%
Petroleum Products	2,389	2,176	10%	2,389	4,782	-50%
Petroleum Crude	1,355	1,255	8%	1,355	1,911	-29%
Natural Gas, Liquified	970	1,025	-5%	970	1,669	-42%
Petroleum Gas, Liquified	152	138	11%	152	147	4%
Others	0	0	-24%	0	0	24%

Unit: values in USD million; Q= Quarter Data Sources: Pakistan Bureau of Statistics (PBS)

Although Pakistan has imported less quantity of petroleum products and crude as compared to the quantity imported during the same period of last year. Still the import bill not showed any major difference because of the increase in the international petroleum prices. Pakistan's dependence on imported energy is on the rise due to low production of oil and gas from local fields. The continuing increase in import bill of oil is triggering trade deficit and may cause uneasiness on the current account. The unprecedented increase in prices of petroleum products for domestic users was seen in the first quarter of the current fiscal year. The unprecedented spike in the LNG imports is due to high prices of gas in the international market. The surge in global gas prices due to shortages in Europe has pushed Asian LNG to records for the time of year. That's forced Pakistan to pay the most ever for spot shipments to top up supply under long-term contracts, or even forgo them altogether.

MACHINERY GROUP

Import of Machinery Group is necessary for the growth of manufacturing sector of Pakistan. Over the Q1 (July-September) FY'23, the import volume of Machinery group has reported decline by 38% as comapred to same period of last of FY'22. The comparasion shows that Pakistan imported Machinery worth of USD 1.76 billion during Q1 (July-

September) FY'23 which was reported USD 2.8 billion for the same quarter in the FY'22. Major contributors in import of this sector are electric machinery & apparatus with amount of USD 530 million followed by telecom with the import value of USD 249 million. All the sub-sector's import volume decreased when compared to the same period of FY'22. Major decline were reported for the following sub-sectors where 71% reduction was reported for power generating machinery, 68% import value reduced in account of mobile phones. Except electrical machinery and apparatus showed an increase of 8% other than that all sectors showed decline ranging 21 – 71%. Quarterly comparison showed that import payments of Machinery Group in Q1 FY'23 has negative growth of 18% as compared to Q4 (April-June) of FY'22.

Table 16: Machinery Group Imports

Sub-Sectors	Q1 2023 Vs. Q1 2022			Q1 2023 Vs. Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	April-June FY'22	% Change
Machinery Group	1,769	2,848	-38%	1,769	2,149	-18%
Power Generating Machinery	151	530	-71%	151	270	-44%
Office Machine Incl.Data Proc Equip;	65	141	-54%	65	121	-46%
Textile Machinery	146	231	-37%	146	133	10%
Construction & Mining Machinery	23	39	-39%	23	31	-24%
Electrical Machinery & Apparatus	530	492	8%	530	424	25%
Tele Com	249	638	-61%	249	455	-45%
1- Mobile Phone	160	495	-68%	160	307	-48%
2- Other Apparatus	89	143	-38%	89	148	-40%
Agricultural Machinery & Implements	15	31	-51%	15	20	-26%
Other Machinery	590	747	-21%	590	695	-15%

Unit: values in USD million; Q= Quarter, Data Sources: Pakistan Bureau of Statistics (PBS)

Similar to the petroleum sector, machinery sector imports also effected by the ban imposed by the government. Among all the machineries import of textile machinery and electrical machinery & apparatus imports showed increase of 10% and 25 % compared with the last quarter of FY'22. Mobile phones import also impacted at a larger scale with the reduction of 48% in import value when compared to the last quarter and 68% when compared to the same quarter of last year.

After lifting the ban and soften restriction. The federal cabinet approved the imposition of up to 100% regulatory duty on nearly 800 tariff lines for a period of six months that will have a very little impact on the import bill as the duties will hit hardly 1.5% of last year's import payments. The government has targeted mobile phones, new and used cars, home appliances, meat, fish, fruits, vegetables, footwear, furniture and musical instruments by levying the regulatory duty.

AGRICULTURE AND CHEMICAL GROUP

Agriculture and Chemical Group has shown significant reduction with 23% in the import bill during Q1 FY'23. The comparison shows that Pakistan imported Agriculture and Chemical products worth of USD 2.6 billion during Q1 FY'23 as against USD 3.4 billion during the corresponding period of last year FY'22.

Sub-sectors of Agriculture and Chemical Group; fertilizer manufactured, medicinal products and plastic material imports have shown decrease except insecticides and other product. Import of medicinal products showed significant decline with 68% in imports followed by fertilizer manufactures 55% and plastic material 13%, while imports of insecticides surged by 59% with the value of USD 59 million during Q1 of FY'23 as against the import of USD37 million of the same period in FY'22. Plastic id the main contributing sector in this group with the imported value USD 659 million followed by medicinal products. There is a huge difference of USD 776 million has observed in the imported value of medicinal products when compared to the same period of FY'22.

Table 17: Agriculture & other chemicals imports

SUB-SECTORS	Q1 2023 Vs. Q1 2022			Q1 2023 Vs. Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	April-June FY'22	% Change
Agricultural & Other Chemicals Group	2,636	3,419	-23%	2,636	2,985	-12%
Fertilizer Manufactured	116	256	-55%	116	170	-32%
Insecticides	59	37	59%	59	66	-11%
Plastic Materials	659	755	-13%	659	811	-19%
Medicinal Products	372	1,148	-68%	372	330	13%
Others	1,429	1,223	17%	1,429	1,608	-11%

Unit: values in USD million; Q= Quarter, Data Sources: Pakistan Bureau of Statistics (PBS)

The shaft decline in the Medicinal products is due to the decline the import of Covid-19 vaccination as vaccination process of Pakistani citizens almost completed.

FOOD GROUP

Pakistan's import bill of Food sector grew by 15% in Q1 (July-September) of FY'23 as compared to the same period of FY'22. The main items imported in the Food group were Palm Oil (USD 1,136 million) and wheat unmilled with imported value of USD 409 million followed by pulses (USD 246 million). Tea(USD 135 million), Soya Bean (USD 78 million), Spices (USD 38 million), and milk, cream & milk food for infants (USD 34) etc.

Quarterly comparison has shown an increase of 15% in the import of Food Group as compared to same quarter of FY'22. The sub-sectors of food group have reported an increase in imports in Q1 included Wheat (311%), Soya-bean oil(266%), Palm oil (27%) and

Pulses (10%). The import of Food products have shown decline included Dry fruits (25%), Tea (11%), Spices (45%) and Sugar (98%) in Q1 of FY'23 from the same corresponding quarter of FY'22. While Quarterly comparison with the last quarter April-Sep FY'22 has shown an increase of 38% in the import of Food Group as compared to 1st quarter of FY'23. The sub-sectors of food group have reported an increase in imports included Pulses and Palm oil whereas other sub-sectors showed decline in the import share by 5-24%.

Table 18: Food group imports

Sub-Sectors	Q1 2023 Vs. Q1 2022			Q1 2023 Vs. Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	April-June FY'22	% Change
Food Group	2,724	2,364	15%	2,724	1,971	38%
Milk, Cream & Milk Food For Infants	34	34	0%	34	43	-23%
Wheat Un-milled	409	99	311%	409	0	-
Dry Fruits & Nuts	8	11	-25%	8	11	-24%
Tea	135	151	-11%	135	142	-5%
Spices	38	70	-45%	38	42	-9%
Soya-bean Oil	78	21	266%	78	97	-20%
Palm Oil	1,136	891	27%	1,136	759	50%
Sugar	1	91	-98%	1	0.6	134%
Pulses (Leguminous Vegetables)	246	224	10%	246	138	79%
All Others Food Items	639	772	-17%	639	739	-14%

Unit: values in USD million; Q= Quarter, Data Sources: Pakistan Bureau of Statistics (PBS)

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

Despite having fertile lands and bumper wheat crops, Pakistan has imported over 0.8 million metric tons of wheat worth of USD 408 million during the 1st quarter of FY'23 for building up strategic reserves and meeting demand of the staple grain in the country. South Asian country has undergone a historic shift from being an exporter of wheat to a major importer of wheat. While wheat production struggles to rebound, rice and corn production continues to increase in the country. Pakistan is expected to import 2.5 million tons of wheat in year 2022-23, up from a previous forecast of 2 million tons, based on the government's international procurement intentions, according to a Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USDA). It is pertinent to mention that Economic Coordination Committee (ECC) of the cabinet had granted approval for importing wheat from international market as overall local wheat production had been negatively affected due to rains and floods during wheat harvesting season in the country.

The burden in import bill of Tea, Pulses, Spices and Palm oil in value during the period under review indicate non-availability of domestic production in these products and to bridge the shortfall in domestic production. One of the causes of the overall food import bill swelled also because of higher global prices of palm and soybean oil. Pakistan's surge in import bill of Food products were due to the domestic shortages of food and agricultural commodities - unavoidable for reasons of food security, controlling domestic inflation and securing inputs for textile exports - is one of the major reasons behind surge in the imports. Global demand escalation and supply chain disruptions caused by container shortages appear to be responsible for escalation in costs. Higher tariffs on imports of essential items, however, will further acerbate inflation.

METAL GROUP

The metal group imports have shown an overall decrease of 19% with the imported value USD 1.2 billion in Q1 (July-September) of FY'23 as compared to the same period last FY'22. In comparison with the Q4 of FY'23, the import bill of metal group decreased by 17%. Main contributing sub-sector reported as iron and steel with the imported value USD 521 million followed by scrape of iron and steel. In Q1 of FY'23 imported values decreased by 27% for iron and steel and 25% for iron and steel scrape while 52% rise reported in the imported value of Gold and 31% of Aluminum. Other metals imported worth of USD 281 million.

Table 19: Metal group imports

Sub-Sectors	Q1 2023 Vs. Q1 2022			Q1 2023 Vs. Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	April-June FY'22	% Change
Metal Group	1,255	1,542	-19%	1,255	1,514	-17%
Gold	6.5	4	52%	6.5	7	-9%
Iron And Steel Scrap	377	501	-25%	377	449	-16%
Iron And Steel	521	710	-27%	521	750	-31%
Aluminium Wrought & Worked	70	54	31%	70	81	-14%
All Other Metals & Articals	281	274	2%	281	226	24%

Unit: values in USD million; Q= Quarter
Data Sources: Pakistan Bureau of Statistics (PBS)

Import of Aluminum and Gold during Q1 of FY'23 was surged and reached up to USD 70 million and USD 7 million. Other sub-sectors in the Metal Groups, iron and steel and scrape of iron and steel have shown reduction by 27% and 25% during Q1 of FY'23.

TEXTILES GROUP

The Textile imports have decreased by 18% during Q1 FY'23 as compared to same period of FY'22. Quarterly comparison 24% decline when compared to the last quarter of FY'22.

The comparison shows that Pakistan imported textiles worth of USD 973 million during Q1 of FY'23 as against USD 1,189 million during the corresponding period of last year. Raw cotton remained the major contributor in the textile sector imports with the imported value of USD 380 million which increase by 11% when compared to the Q1 of FY'22. There was a huge difference of 39% reported in the import when compared with the Q4 of FY'22. Other than cotton all sub-sectors of cotton including synthetic fiber shown reduction by 39%, synthetic & artificial silk yarn by 31% and worn clothing imported value reduced by 12% when compared with the corresponding period of FY'22.

Table 20: Textiles Group Imports

Sub-Sectors	Q1 2023 Vs. Q1 2022			Q1 2023 Vs. Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	April-June FY'22	% Change
Textile Group	973	1,189	-18%	973	1,286	-24%
Raw Cotton	380	343	11%	380	623	-39%
Synthetic Fibre	149	244	-39%	149	181	-17%
Synthetic & Artificial Silk Yarn	156	226	-31%	156	229	-32%
Worn Clothing	100	113	-12%	100	92	8%
Other Textile Items	187	262	-29%	187	162	15%

Unit: values in USD million; Q= Quarter
Data Sources: Pakistan Bureau of Statistics (PBS)

TRANSPORT GROUP

The import of transport group has shown significant decrease of 45% in Q1 (July-September) of FY'23 as compared to same period last year. The statistics reveal that around USD 606 million worth of goods under transport group were imported during Q1 FY'23. Quarterly comparison shows a reduction of 43% during Q1 of FY'23 as compared to the Q4 of FY'22. All the sub-sectors of transport group showed decrease in the imported values where massive decline of 80% reported in the imported value of motor cars, 70% in the aircraft, ships and boats and 57% in CBU imports of Q1 FY'23 when compared with the same period of FY'22. Road motors vehicles and CKD/SKD have the major import shares of worth USD 541 million an USD 361 million in transport sector. Comparison of Q1 FY'23 and Q4 FY'22 also showed the decline in almost all the sub-sectors ranging 10-77%.

Table 21: Transport Group Imports

Sub-Sectors	Q1 2023 Vs. Q1 2022			Q1 2023 Vs. Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	April-June FY'22	% Change
Transport Group	606	1,105	-45%	606	1,067	-43%
Road Motor Veh. (Build Unit, CKD/SKD)	541	897	-40%	541	903	-40%
1- CBU	70	165	-57%	70	158	-56%
A. Buses, Trucks & Oth. Heavy Vehicles	51	68	-26%	51	87	-42%
B. Motor Cars	19	96	-80%	19	71	-73%
C. Motor Cycles	0.3	1.4	-73%	0.3	0.4	-22%
2- CKD/SKD	361	587	-38%	361	616	-41%
A. Buses, Trucks & Oth. Heavy Vehicles	90	162	-45%	90	146	-39%
B. Motor Cars	258	407	-37%	258	455	-43%
C. Motor Cycles	14	18	-25%	14	15	-10%
3- Parts & Accessories	103	119	-13%	103	102	1%
4- Others	6	25	-75%	6	27	-77%
Aircrafts, Ships And Boats	62	205	-70%	62	161	-62%
Others Transport Equipments	2	2	-8%	2	2	7%

Unit: values in USD million; Q= Quarter
Data Sources: Pakistan Bureau of Statistics (PBS)

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.

Furthermore; Pakistan has raised the rate of regulatory duty to 100% on import of motor vehicles into the country. The Federal Board of Revenue (FBR) issued SRO 1571(I)/2022 to increase the rate of regulatory duty from 90 to 100% on import of motor vehicles. In order to apply the new rate of regulatory duty the FBR through instant notification amended the SRO 966(I)/2022 issued on June 30, 2022. The regulatory duty at the rate of 100% has been imposed on imported vehicles included: mini vans in completely build units (CBU); 4X4 vehicles CBU; vehicles of a cylinder capacity exceeding 1000CC but not exceeding 1300CC; sports utility vehicles. The regulatory duty on import of motor vehicles has been enhanced in the wake of high outflow of foreign exchange reserves. Previously, the government on May 19, 2022 imposed a ban (mentioned above) on import of CBU motor vehicles in order to support the balance of payment and prevent losses in rupee value. However, on August 20, 2022 the government decided to lift the ban on the pressure of the International Monetary Fund (IMF). Government has already indicated the levy of regulatory duty for curbing the import of luxury and non-essential items. Ban on most items was subsequently lifted except three items; completely built-up (CBU) vehicles, cellphones and electronics.

Government announced levy of up to 600% additional regulatory duty. Additional customs duty of up to 28% has also been imposed on cars. Their import has now been allowed on payment of higher taxes. Further imposition of regulatory duty and increase in additional customs duty for only six months with the exception that the duties on electric cars would be applicable for only three months.

The government has targeted 49 tariff lines of vehicles having just $315 million import value. It has imposed 10% to 100% regulatory duty and 7% to 28% additional customs duty on cars, showed the details. Up to 1,000cc new and old cars that were earlier exempted from the regulatory duty have been targeted with 100% duty, bringing total import taxes to 150%. Vehicles that were earlier subject to 77% import taxes will now have to pay a total of 169% in taxes as the government has imposed 85% more regulatory duty and 7% additional customs duty.

MISCELLANEOUS GROUP

The miscellaneous group imports in Q1 (July-September) of FY'23 have seen an overall 13% decrease and sub-sectors, Jute, Rubber crude have shown increase in imports by 55% and 12% respectively. Other sub-sectors Rubber tyres and tubes, wood and cork and paper & paper board have shown decrease by 50%, 34% and 5% respectively. The import trend of the Q1 of FY'23 indicates a decline over the preceding quarter of Q FY'22. Quarterly comparison statistics show that the import of miscellaneous group decreased by 9 % during Q1 of FY 23 as compared to Q4 of FY'22 with the decrease in all the sectors except Jute that has reported a positive growth of 93%. The major imported value was reported for paper and paper board with value USD 117 followed by Rubber crude worth of USD 63 million.

Table 22: Miscellaneous group imports

Sub-Sectors	Q1 2023 Vs. Q1 2022			Q1 2023 Vs. Q4 2022		
	Jul-Sep FY'23	July-Sep FY'22	% Change	July-Sep FY'23	April-June FY'22	% Change

Miscellaneous Group	251	289	-13%	251	276	-9%
Rubber Crude Incl. Synth/Reclaimed	63	56	12%	63	67	-6%
Rubber Tyres & Tubes	36	70	-50%	36	41	-13%
Wood & Cork	19	28	-34%	19	30	-38%
Jute	18	11	55%	18	9	93%
Paper & Paper Board & Manuf. Thereof	117	123	-5%	117	129	-10%
All Others Items	1,321	1,366	-3%	1,321	1,466	-10%

Unit: values in USD million; Q= Quarter
Data Sources: Pakistan Bureau of Statistics (PBS)

Pakistan is entirely reliant on raw jute imports from Bangladesh where a decline in production caused prices to increase. As a result, Pakistan's imports of raw jute increased significantly. During FY23, import of raw jute stood at USD 18 million. The import concentration along with exchange rate volatility is a major source of risk for the jute sector. The exchange rate has depreciated since the start of FY22 which is expected to increase the import price of raw jute and create pressure on margins. Meanwhile, jute product exporters will benefit from the depreciation, although the quantum of exports is significantly lower than imports.

The large increase in imports, in value terms came on the back of higher volumes as well as the significant increase in prices due to decline in raw jute production in Bangladesh. Jute imports during Q1 FY'22 stood at USD 18 million, an increase of 55% as compared to same period last year and 93% in the last quarter which occurred due to increase in prices and despite volumetric decline during the period.

TRADE IN SERVICES

EXPORT PERFORMANCE OF SERVICES

Exports of Trade in Services reported positive growth by 5 % during Q1 (July-Sep) of FY'23. The following Services exports have shown surge; which includes Transport, Insurance and Pension Services, Financial Services and Government Goods and Services while other than these, Maintenance & Repairing Services, Travel, Construction, Charges for the use of Intellectual Property and other Business Services except Construction and Maintenance Service. Some of the Services Sectors i.e. Manufacturing Services on Physical inputs owned by Others, Telecommunications, Computer, and Information Services, Personal, Cultural, and Recreational Services and were almost stagnant in term of growth. Trade statistics of Services are based on a balance of payments recorded by State Bank of Pakistan.

Table 23: Services exports

Services	Jul-Sep FY'23	July-Sep FY'22	% Change
Exports of Services	1,695	1,620	5%
1. Manufacturing Services on Physical inputs owned by Others	0	0	0%
2. Maintenance and Repair Services n.i.e.	0	1	-100%
3. Transport	264	150	76%
4. Travel	123	141	-13%
5. Construction	7	36	-81%
6. Insurance and Pension Services	18	10	80%
7. Financial Services	20	19	5%
8. Charges for the use of Intellectual Property n.i.e.	3	4	-25%
9. Telecommunications, Computer, and Information Services	633	635	0%
10. Other Business Services	389	403	-3%
11. Personal, Cultural, and Recreational Services	3	3	0%
12. Government Goods and Services n.i.e.	235	218	8%
of which: Logistic Support	0	0	0%

Unit: values in USD million; Q= Quarter
Data Sources: State Bank of Pakistan (SBP)

IMPORT PERFORMANCE OF SERVICES

Imports of Trade in Services reported decline of 6% during Q1 (July-Sep) of FY'23. Financial Services, and Transport are the sectors increased by 48%, and 37% respectively.

Table 24: Services imports

Services	Jul-Sep FY'23	July-Sep FY'22	% Change
Imports of Services	2,342	2,497	-6%
1. Manufacturing Services on Physical inputs owned by Others	0	0	0%
2. Maintenance and Repair Services n.i.e.	12	3	300%
3. Transport	1,541	1,128	37%
4. Travel	232	254	-9%
5. Construction	0	29	-100%
6. Insurance and Pension Services	69	73	-5%
7. Financial Services	59	40	48%
8. Charges for the use of Intellectual Property n.i.e.	10	71	-86%
9. Telecommunications, Computer, and Information Services	78	137	-43%
10. Other Business Services	284	657	-57%
11. Personal, Cultural, and Recreational Services	1	0	-
12. Government Goods and Services n.i.e.	56	105	-47%

Unit: values in USD million; Q= Quarter Data Sources: State Bank of Pakistan (SBP)

SECTORAL ANALYSES OF TRADE IN SERVICES

The most recent statistics shows that import of services trade registered an increase of 23% in the Q1 (July-September FY'23). The statistics shows that export of Transport Insurance , Financial and Government Services have shown increase in Q1 FY 2023. While Travel and construction export services registered decline in the same period. IT services exports have shown stagnant growth during reported period.

TDAP INITIATIVES & ACHIVEMENTS

46th Dar es Salaam Int'l Trade Fair (DITF)

TDAP has participated in 46th Dar es Salaam Int'l Trade Fair (DITF), 28 June - 13 July. Pakistan Pavilion consists of 9 companies representing various sectors including Electric Fans, Chemicals/dyes, Processed food, Plastic mats, Utensils, Oral care, and Handicrafts. DITF is the gateway into eastern African market, for both consumer and industrial products. Pakistan High Commission has also arranged B2B meetings with around 150 Tanzanian business persons in collaboration with Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA).

TDAP hosted a webinar on how to produce quality products. Industry Support Cell, SMEDA apprised the participants about the production side of the product with respect to its standardization, quality control and methodology to help clinch the footing in the int'l markets. The participants thanked TDAP for organizing the activity which they said, would help in the upgradation of their article standards and quality.

Webinar on Market Research and Analysis for Trade for Surgical Sector

Trade Development Authority of Pakistan (TDAP) in collaboration with ITC organized a webinar on Market Research and Analysis for Trade for Surgical Sector on 16th -July-2022. The webinar was organized in a hybrid mode (attended online by the surgical exporters as well as at Surgical Association Auditorium, Sialkot).

ITC Consultant briefed the participants through a presentation and live demonstration on the subject matter with a special focus on Trademap, Export Potential Map, and Market Access map.

Seminar on Market Research and Analysis for Trade for Cutlery Sector

ITC in collaboration with Trade Development Authority of Pakistan organized a seminar on market research and analysis for Trade for cutlery sector held at the premises of Cutlery Association which was participated by leading exporters of the sector. ITC Consultant apprised the participants about ITC market analysis tools and highlighted the most widely used global e commerce market places like Amazon, Ali baba, Trade key and E Bay. He stressed upon the participants for market research to identify market needs and make rational data analysis of their sector before going for the export destinations.

Pakistan Mango Festival

Commercial Wing of Pakistan High Commission London organized ‘Pakistan Mango Festival’ at its premises on 20th July 2022. The event was organized as part of Mission’s economic diplomacy and to mark Pakistan’s 75th Independence Anniversary celebrations. UK’s Trade Envoy for Pakistan, Mr. Mark Eastwood MP was the Guest of Honour who, together with the Pakistan High Commissioner to the UK, inaugurated the Festival.

A large number of mango lovers from various walks of life including British Parliamentarians, Diplomats, UK Government officials, businesspersons, major retail owners, travel & food writers, media representatives, members of diaspora and British friends of Pakistan attended the event. Prominent varieties of Pakistani mangoes i.e.,Sunera, Fajri, Anwar Ratol, Desi, Chaunsa, White Chaunsa, Black Chaunsa, Lal Badhsa, Sindhri and Pallet were showcased during the festival. Guests were served with freshly cut mangoes, salads, milkshake, lassi, smoothie, mango mania, various desserts made from mangoes and freshly made ice cream. Event showcased the culinary richness and export potential of Pakistani mangoes to the UK and other international markets.

Session on the potential of Pakistani marble in the Australian market

Trade Development Authority of Pakistan (TDAP) jointly arranged an interactive session on the potential of Pakistani marble in the Australian market. The session was joined by Ms. Mona Zia, an Pakistani origin entrepreneur in Australia; Mr. Nadeem Shahanshahi, an Ex-Chairman of All Pakistan Marble Industries Association (APMIA) currently settled in Australia, and Mr. Shoaib Sultan, Chairman Commerce & Trade Committee of APMIA.

Match-Making Webinar on Potential of Gems & Jewelry Sector

TDAP & Pakistan Consulate in Shanghai, China jointly organized a match-making webinar on potential of Gems & jewelry sector on 28th July, 2022. The session continued for more than two hours and more than 35 entrepreneurs of the gems & jewelry sector from both countries attended it. Few members of All Pakistan Commercial Exporters Association (APCEA) jointly attended the webinar from APCEA office, Peshawar. Both sides exchanged fruitful information and gave presentations about the sector.

Webinar between SBF and food exporters from Pakistan

High Commissioner in Singapore, has arranged a Webinar between SBF and food exporters from Pakistan (LCCI was invited on request of SBF) on 18th August 2022.

Pakistan Mango Festival 2022-Shanghai

Pakistan Mango Festival 2022 opened in Shanghai. The festival is being organized at a busy restaurant in downtown Shanghai. A large number of consumers and businesspersons visited and tasted mangoes as well as mango cake, juice, and ice-cream.

Pakistan Mango Festival-Manchester

Trade and Investment Section, Manchester organized ‘Pakistan Mango Festival’ at Market Street, City Centre Manchester in collaboration with UKPCCI. The event was organized as part of Mission’s economic diplomacy and to mark Pakistan’s 75th Independence Anniversary celebrations. Over 2000 people enjoyed mango cubes, Mango ice cream and mango juices.

Made in Pakistan Two Wheeler in Nigeria

For The First Time Introducing Made in Pakistan Two Wheeler in Nigeria. Trade Section-Lagos organized a B2B Session between M/S United Motors and a Nigerian Importer for the import of Made in Pakistan Motorcycle (70cc and 100cc) in Nigeria and got an initial breakthrough as samples of both categories are imported as CKD and assembled in Lagos. A Marketing Road show campaign will be initiated by Nigerian importer with marketing mantra (Ride to success) to promote Made in Pakistan motorcycles and to test their road efficiency.

Pakistan China Trade and Investment Seminar

Consulate General Shanghai teamed up with UBL, China to organize Pakistan China Trade and Investment Seminar in Shanghai today on the sidelines of the 5th China International Import Expo. More than 25 Companies from all over China representing a range of sectors attended.

Pakistan's Exports to Vietnam

A major breakthrough for Pakistan's exports to Vietnam. Pakistan has been registered as an eligible country to export plant origin products to Vietnam. This has been a big technical barrier to our agricultural exports to Vietnam. Commercial Section, Hanoi submitted registration dossier on self-help basis, this month, with support from Punjab Food Authority for food safety aspects and the same has been approved by the Government of Vietnam and notified. This development is expected to fetch us 100's of million worth exports to Vietnam in the medium and long term.

GOVERNMENT INITIATIVES FOR EXPORT FACILITATION

I. The federal government allocated Rs77.957 billion as a supplementary grant during FY2022-23 for the provision of a concessional electricity tariff for export-oriented industries.

II. The Economic Coordination Committee (ECC) of the Cabinet has given approval for provision of subsidized gas and electricity to the five export-oriented sectors across the country for one year (till June 30, 2023) to reduce cost of manufacturing and enhance exports.

III. Exemption of Sales Tax on Import of Tomatoes and Onions SRO 1640(I)/2022

IV. Exemption of Sales Tax on Import of Oxygen Cylinder for Medical Purpose 729(I)/2022

FUTURE TRADE OUTLOOK

Pakistan's total exports have been increased by 3% during July-September FY2023 as compared to same period last year FY2022. Quarter to quarter comparison registered decline of 15% during Q1 FY2023 as compared to Q4 of FY 2022. This decline is associated with depreciation of Pakistani in first quarter FY 2023. The trade balance is also affected by exchange rate fluctuations in the same period. Imports into Pakistan during Q1 (July-September) FY'23 amounted to USD 16.4 billion as against USD 18.7 billion as against same period of last FY'2022 showing decrease of 12% over the last year. Imports during the current Q1, FY'2023 over the preceding quarter April-June FY'22 also recorded a decrease of 23%.

The economic growth and trade growth declined during Q1 as compared to Q4 FY 2022 due to unstable exchange rates. Pakistan has also faced backlash because of the international changes as well as national developments such as political instability. The interest rate in Pakistan was increased by 125 basis points to 15% in July 2022 - following a 13-year peak in inflation, the rate was raised from 13.75 percent. Pakistan heavily reliant on energy imports have been roiled by soaring prices of crude oil, natural gas and coal following Russia's invasion of Ukraine. Inflation accelerated sharply in the first quarter (July-September) of FY2023, prompted by the removal of fuel and electricity subsidies, a significant depreciation in the rupee, and the surge in international commodity prices. Inflation spiked to 23.2% in September, its highest since 2008, lifting average headline inflation to 12.2% in FY2022. As per global reports and trends in the economy, Pakistan's economy is forecast to slow to 3.5% in fiscal year FY'2023 amid devastating floods and political instability, policy tightening, and critical efforts to tackle sizable fiscal and external imbalances. The recent devastating floods in Pakistan add profound risk to the country's economic and trade outlook.

Pakistan may improve its export performance through rationalizing tariff and subsidy regimes of export and imports, it will expand sustainable export-derived revenue.