



# ANNUAL TRADE REVIEW

**JULY-JUNE  
FY2022**



## PAKISTAN TRADE PROSPECTIVE



**TRADE DEVELOPMENT AUTHORITY OF PAKISTAN  
MINISTRY OF COMMERCE**

[WWW.TDAP.GOV.PK](http://WWW.TDAP.GOV.PK)



# ACKNOWLEDGEMENTS

## TEAM MEMBERS

### **AFSHAN UROOS**

Deputy Manager  
afshan.uroos@tdap.gov.pk.

### **ASIMA SIDDIQUE**

Assistant Manager  
asima.siddique@tdap.gov.pk

### **SAJID ALI**

Research Associate  
sajid.ali@tdap.gov.pk

### **MARYAM YOUNUS**

Research Associate  
maryam.younus@tdap.gov.pk



## DISCLAIMER

The findings, interpretations and conclusions expressed do not necessarily reflect the views of the Board of Directors, Chief Executive, and Secretary of the Trade Development Authority of Pakistan.

Any conclusions and analyses based on the data retrieved from Pakistan Bureau of Statistics (PBS), Trade Statistics of PRAL, State Bank of Pakistan (SBP) and World Bank are the responsibility of the author(s) and do not necessarily reflect the opinion of the PBS, PRAL, SBP or the World Bank.

Although every effort has been made to cross-check and verify the authenticity of the data. Trade, Development Authority of Pakistan (TDAP), or the author(s), do not guarantee the data included in this work. All data and statistics used are correct as of 10th October, 2022 and may be subject to change.

For any queries or feedback regarding this publication, please contact [atafshan.uroos@tdap.gov.pk](mailto:atafshan.uroos@tdap.gov.pk).

# SECTION – 1

## 1.1 WORLD ECONOMIC AND TRADE REVIEW

**JULY-JUNE 2022**

A cautious recovery in 2021 has been followed by increasingly low developments in 2022 as risks began to materialize. Global output contracted in this year, due to depressions in China and Russia, while US consumer spending undershot expectations. Several shocks have hit a world economy already weakened by the pandemic: higher-than-expected inflation worldwide especially in the United States and major European economies triggering tighter financial conditions; a worse-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and further negative spillovers from the Russia Ukraine war.

The baseline forecast is for growth to slow from 6.1 percent last year to 3.2 percent in 2022, 0.4 percentage point lower than in the 2022 World Economic Outlook. Lower growth earlier this year, reduced household purchasing power, and tighter monetary policy drove a downward revision of 1.4 percentage points in the United States. In China, further lockdowns and the deepening real estate crisis have led growth to be revised down by 1.1 percentage points, with major global spillovers in Europe, significant downgrades reflect spillovers from the war in Ukraine and tighter monetary policy. Global inflation has been revised up due to food and energy prices as well as lingering supply-demand imbalances, and is anticipated to reach 6.6 percent in advanced economies and 9.5 percent in emerging market and developing economies this year upward revisions of 0.9 and 0.8 percentage point, respectively. In 2023, disinflationary monetary policy is expected to bite, with global output growing by just 2.9 percent.

The risks to the outlook are overwhelmingly tilted to the downside. The war in Ukraine could lead to a sudden stop of European gas imports from Russia;

inflation could be harder to bring down than anticipated either if labor markets are tighter than expected or inflation expectations unanchored tighter global financial conditions could induce debt distress in emerging market and developing economies; renewed COVID-19 outbreaks and lockdowns as well as a further escalation of the property sector crisis might further suppress Chinese growth; and geopolitical fragmentation could impede global trade and cooperation. A plausible alternative scenario in which risks materialize, inflation rises further, and global growth declines to about 2.6 percent and 2.0 percent in 2022 and 2023, respectively, would put growth in the bottom 10 percent of outcomes since 1970.

With increasing prices continuing to squeeze living standards worldwide, taming inflation should be the first priority for policymakers. Tighter monetary policy will inevitably have real economic costs, but delay will only exacerbate them. Targeted fiscal support can help cushion the impact on the most vulnerable, but with government budgets stretched by the pandemic and the need for a disinflationary overall macroeconomic policy stance, such policies will need to be offset by increased taxes or lower government spending. Tighter monetary conditions will also affect financial stability, requiring judicious use of macro prudential tools and making reforms to debt resolution frameworks all the more necessary. Policies to address specific impacts on energy and food prices should focus on those most affected without distorting prices. And as the pandemic continues, vaccination rates must rise to guard against future variants. Finally, mitigating climate change continues to require urgent multilateral action to limit emissions and raise investments to hasten the green transition.

### Reference:

<https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022>

# 1.2 PAKISTAN'S ECONOMIC & TRADE OUTLOOK

## JULY-JUNE 2022

Pakistan's gross domestic product (GDP) growth in FY2022 was propelled by higher private consumption and an expansion in agriculture, services, and industry particularly large-scale manufacturing. But in FY2023 as well as climate headwinds and Pakistan's critical policy efforts lower growth projection also reflects double-digit inflation.

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.

According to provisional estimates, Pakistan's economy in FY2022 has witnessed an estimated GDP growth of 5.97 percent. This unsustainable growth has triggered macroeconomic imbalances. Unfortunately, the weak economic management of the previous government has resulted in the deterioration of the exchange rate, high inflation and widened the twin deficits thus bringing Pakistan to the verge of a financial crisis.

Pakistan's economy is forecast to slow to 3.5% in fiscal year (FY) 2023 (ending 30 June 2023) amid devastating floods, policy tightening, and critical efforts to tackle sizable fiscal and external imbalances according to the Asian Development Bank (ADB).

The current annual inflation rate increased to 24.9% in July 2022, according to the Pakistan Bureau of Statistic. The SBP had increased the key policy rate to 15% to curb inflation and correct external sector imbalances.

Pakistan's current account deficit (CAD) increased to a 4-year high of USD 17.4 billion in the fiscal year of 2021-22, indicating more troubles for the ailing economy of the cash-strapped country. According to the State Bank of Pakistan (SBP) the country recorded a CAD of USD 17.406 billion in FY22 compared to a gap of just USD 2.82 billion in FY21.

The present government is taking politically tough decisions to steer the economy through various crises. Prime Minister is taking CPEC forward with new vigor, promoting the multifaceted development of the flagship project of China's ambitious Belt and Road Initiative (BRI).

The economic growth of Pakistan is highly dependent on its exports. This is because access to foreign exchange enables Pakistan to finance its imports, stabilize its currency, service its debts, and resolve balance of payment issues. Pakistan's exports increased by 26% to USD 31.7 billion in FY 2022, compared to USD 25.3 billion for same period in the previous year.

Country-wise statistics have shown that all major export destinations registered substantial growth during FY 2022. United States of America (USA) remained the top export destination of the Pakistani products followed by China, United Kingdom (UK), Netherlands, and Germany during FY 2022.

The overall recovery is attributed to two main factors one is the national strategy that contained the pandemic and second is the timely and well-calibrated support measures adopted by the Government.

The overall recovery is attributed to two main factors one is the national strategy that contained the

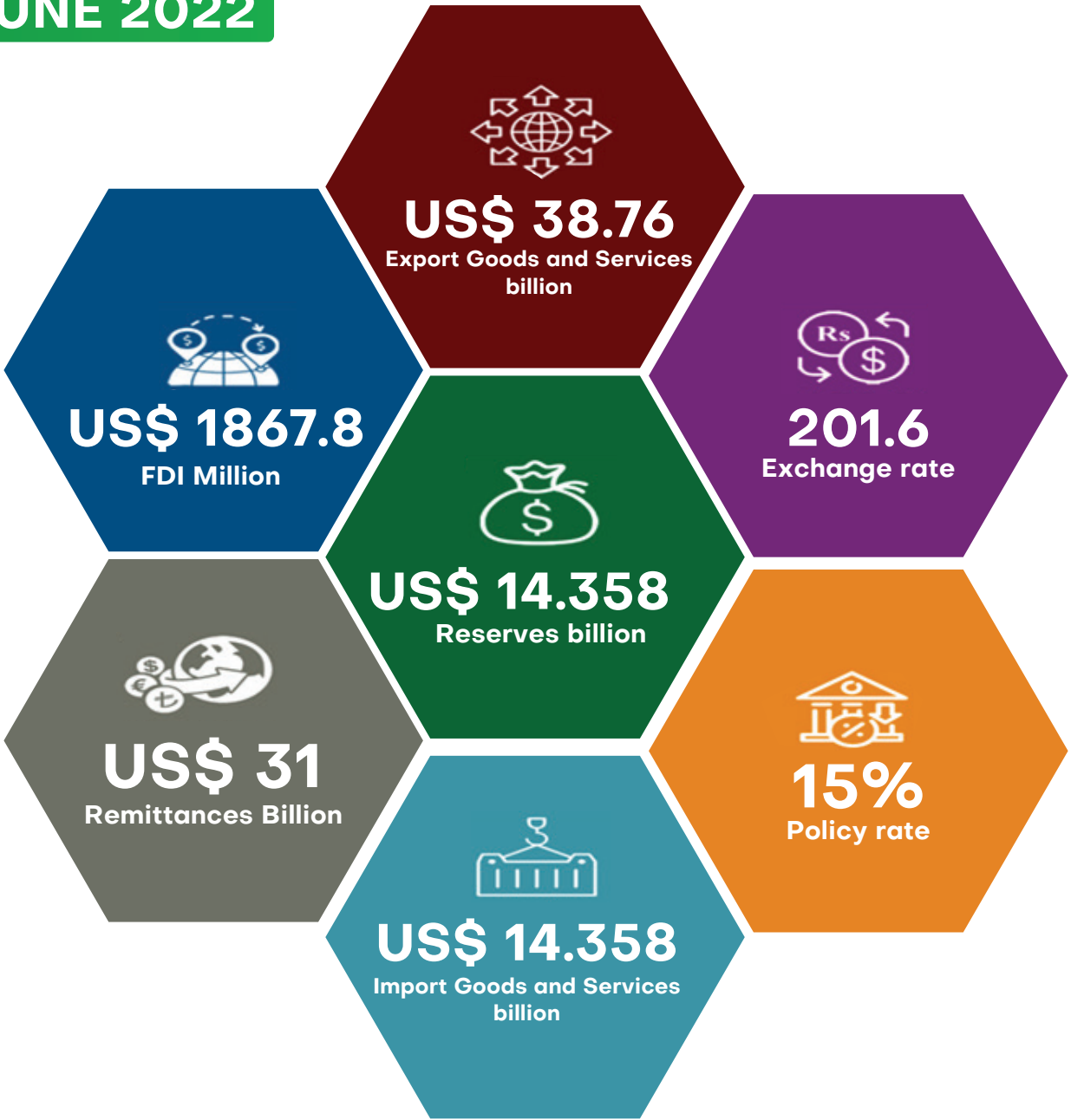
pandemic and second is the timely and well-calibrated support measures adopted by the Government.

**Reference:**

[https://www.finance.gov.pk/survey\\_2022.html](https://www.finance.gov.pk/survey_2022.html)

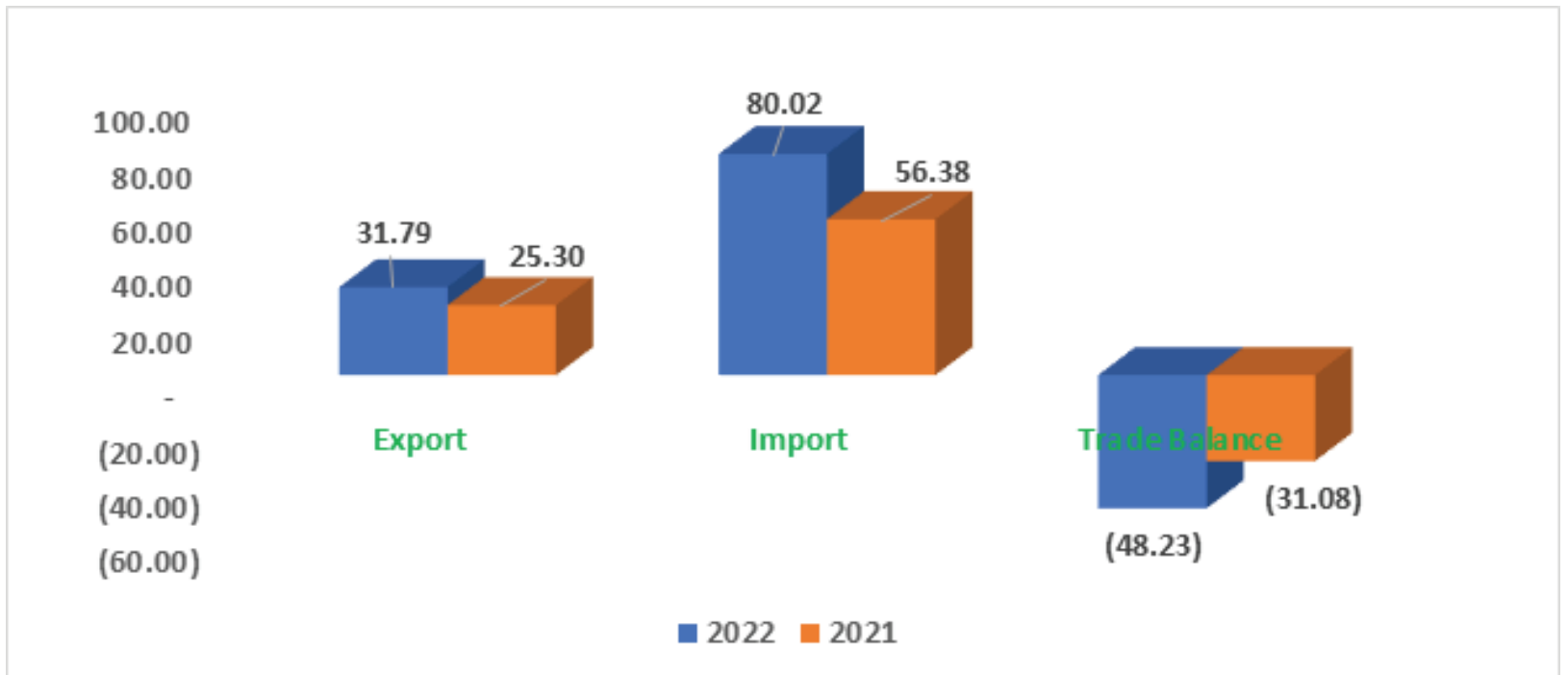
**1.1 1.3 PAKISTAN’S ECONOMIC INDICATORS**

**JULY-JUNE 2022**



# 1.4 PAKISTAN'S TRADE OUTLOOK (GOODS)

## YEARLY COMPARISON OF FY (2021-22)





## 2.1 PAKISTAN’S EXPORT PROFILE (Goods)

Pakistan’s exports have shown remarkable performance during FY 2022.Export proceeds have grown by 26% during FY 2022 as compared to same period of FY 2021 and have reached USD 31.7 billion. Country-wise statistics have shown that all major export destinations registered substantial growth during FY 2022. United States of America (USA) remained the top export destination of the Pakistani products followed by China, United Kingdom (UK), Germany, Netherland, United Arab Emirates (UAE), Spain, Italy, Bangladesh and

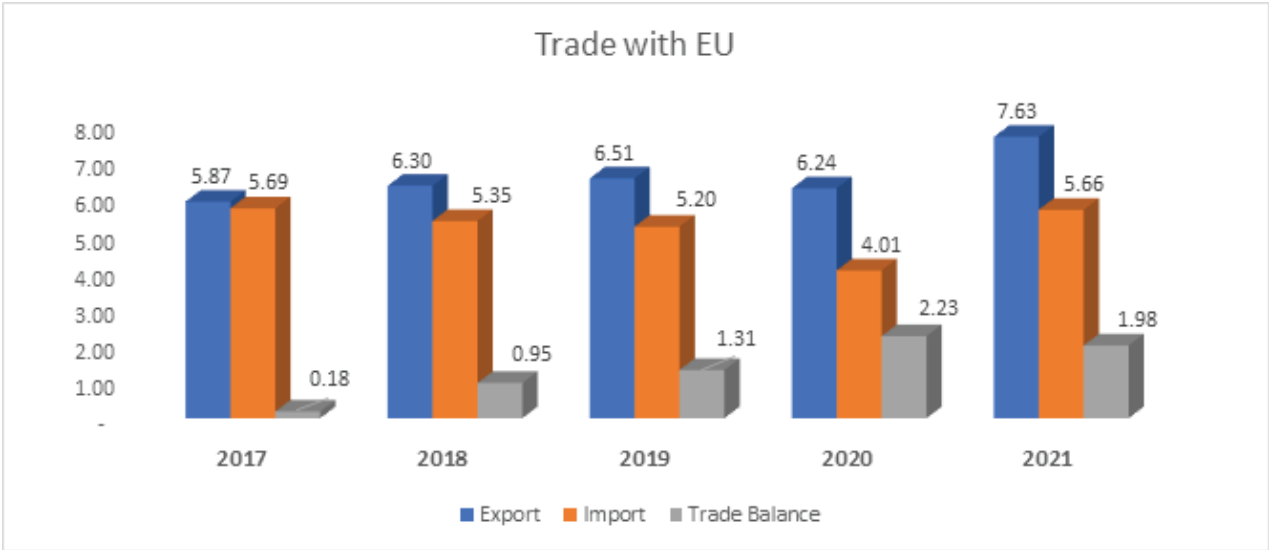
Belgium during FY 2022. These countries are major trading partners of Pakistan. The shifting demands from neighboring countries to Pakistan due to COVID and subsidies/facilitation provided by the government played a vital role to enhance the export of the country. But on the other side, the global recession due to the Russia Ukraine war and political instability in Pakistan during the last quarter of FY2022 negatively affected the exports of Pakistan. Country-wise export performance is depicted in the table-I.

### TOP EXPORT PARTNERS SHOWING INCREASE (FY 2022 V/S FY 2021)

EXPORT DESTINATIONS	JULY-JUNEFY 2022	JULY-JUNEFY 2021	% Change
UNITED STATES	6,802	5,149	32%
CHINA	3,095	2,331	33%
UNITED KINGDOM	2,173	2,025	7%
GERMANY	1,747	1,502	16%
NETHERLANDS	1,735	1,244	39%
UNITED ARAB EMIRATES	1,370	997	37%
SPAIN	1,279	875	46%
ITALY	1,151	787	46%
BANGLADESH	947	650	46%
BELGIUM	790	636	24%

# SECTION – 2

Figure 3: GSP plus impact on Pakistan’s trade with Europe (USD Billion)



## 2.2 TOP EXPORT PARTNERS SHOWING DECREASE (FY 2022 V/S FY 2021)

Pakistan exports recorded a decline in Afghanistan, Indonesia, Russia, Mozambique, Singapore, Yemen, Hong Kong, Czech Republic, Ukraine and Benin during FY 2022.

The global economy has faced multiple headwinds during FY2022. The post COVID growth rebound had contributed to higher consumer demand for many products and commodities, so stressing supply chains and leading to a commodity price ‘super cycle’. Due to onwards, geopolitical tensions

between two major commodity producers Russia and Ukraine significantly added onto the commodity price spiral, pushing up prices of energy and food commodities even further.

Just as the higher commodity prices were pressuring external accounts of emerging markets (EMs), higher inflation and shortage of US dollars which cause negative impact on trade balance of developing countries like Pakistan.

EXPORT DESTINATIONS	JULY-JUNE FY'22	JULY-JUNE FY'21	% Change
AFGHANISTAN	717	1,022	-30%
INDONESIA	132	149	-12%
RUSSIAN FEDRATION	124	172	-28%
MOZAMBIQUE	98	111	-12%
SINGAPORE	81	82	-2%
YEMEN	77	80	-4%
HONG KONG, CHINA	59	93	-37%
CZECH REPUBLIC	54	60	-10%
UKRAINIAN	39	61	-36%
BENIN	37	49	-23%



## 2.3 SECTOR-WISE EXPORT PERFORMANCE (FY 2022)

Textile group has shown remarkable performance with 26% growth. The sector has earned export revenue of USD 19.3 billion during FY 2022. The contribution of Textile Sector was 61% in total exports of Pakistan during reported period and was followed by Food group (USD 5.4 billion) with 28%

share and 23% growth rate, Other Manufactures group (USD 4.1billion) with 76% contribution and 18% growth rate in total export of the country. Petroleum and Coal group (USD 334 million) has shown 83%growthin the export value as compare to same period last FY 2021.

Table 3: YOY Sector-wise Export Performance

(Trade values in USD Million)

EXPORT SECTORS	FY21/22	FY20/21	% Change
Total Exports	31,792	25,304	26%
TEXTILE GROUP	19,330	15,400	26%
FOOD GROUP	5,419	4,393	23%
MANUFACTURES GROUP	4,104	3,466	18%
ALL OTHER ITEMS	2,605	1,862	40%
PETROLEUM GROUP & COAL	334	182	83%

## 2.4 Textile Sector

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 of Pakistan’s trade. It fetched export revenue worth of USD 19 billion and registered an increase of 26% during FY 2022 as

compared to same period last year. Major exports of the sector include knitwear, readymade garments, bed linen and cotton cloth. Despite the global economic slowdown and waning consumer demand, the export of the Textile sector has shown remarkable performance during FY 2022.

**Table 4: Textiles group exports (Trade values in USD million)**

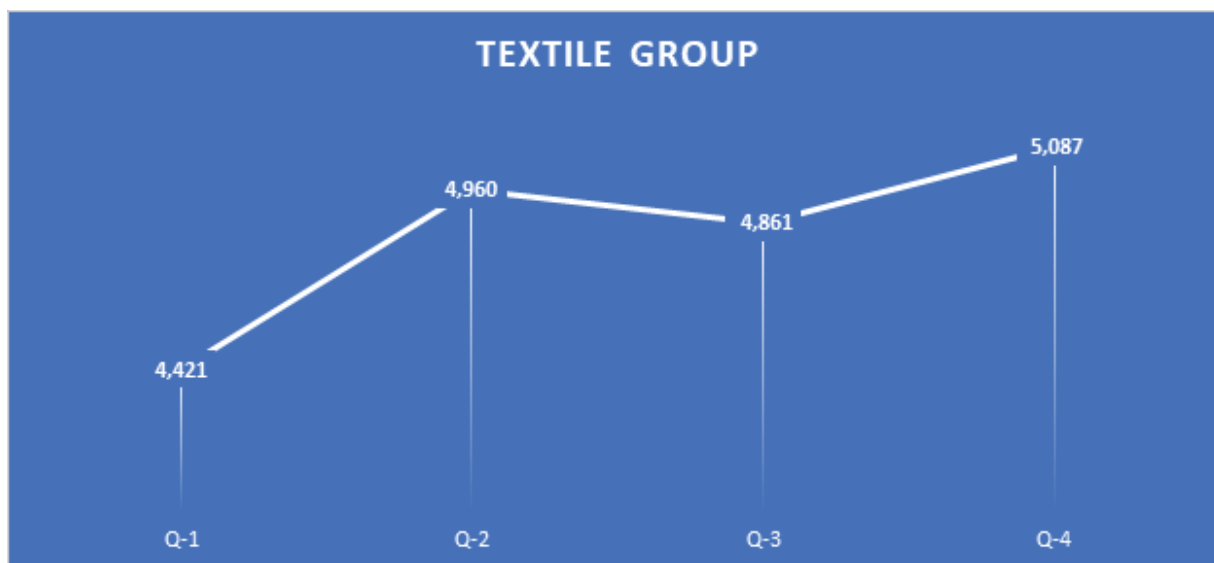
SECTORS	July-June FY2022	July-June FY 2021	% Change
TEXTILE GROUP	19,330	15,400	26%
RAW COTTON	7	1	715%
COTTON YARN	1,207	1,017	19%
COTTON CLOTH	2,438	1,921	27%
YARN OTHER THAN COTTON YARN	66	33	98%
KNITWEAR	5,121	3,816	34%
BED LINEN	3,293	2,772	19%
TOWELS	1,111	938	19%
TENTS, CANVAS & TARPULIN	110	110	0%
READYMADE GARMENTS	3,905	3,033	29%
ART, SILK & SYNTHETIC TEXTILE	460	370	24%
MADEUP ARTICLES	849	756	12%
OTHER TEXTILE MATERIALS	761	633	20%

Source: PBS

Quarterly performance of exports of the textile sector have shown an increasing trend for the FY 2021-2022. In 1st quarter textile export was recorded 4.4 billion USD, in 2nd quarter 4.9 billion USD was reported, in the 3rd quarter it was recorded at 4.8 billion whereas a sharp increase has been witnessed in the 4th quarter with 5 billion USD worth of exports recorded at the yearend.. The sector has shown significant growth despite the global economic recession due to Russia Ukraine war. Industry imported raw cotton (USD 1.8billion) and synthetic & artificial silk yarn (USD 878 million) during FY 2021-2022.

Around two-thirds of the increase came from the textile sector, especially from the high value-added segment. Pakistan's textile exporters capitalized on the policy support available including the SBP's concessionary refinance schemes for working capital and fixed investment, and the regionally competitive energy tariffs and managed to ship higher volumes to key destinations (such as the US, UK and EU). Higher cotton prices also helped to increase the export unit prices both low and high value-added textile products.

**Figure 4: Quarterly performance Textile Sector during FY 2022 (USD Million)**



Source: PBS data

## Readymade Garments

The readymade garments one of the most important sectors, in Pakistan's textile industry. Pakistan's readymade garments exports to world recorded USD 3.9 billion in FY 2021-2022. The sub sector has shown growth of 29% in FY 21-22 as compared to same period last year. The growth in the sector increase demand of textile machinery. The demands for textile machinery by companies increased due to influx of new orders from international buyers. The import of textile machinery posted a growth of 29% to USD 764 million during reported period. This indicates that the industry imported textile machinery as part of expansion in the sector. The Pakistani rupees (PKR) devaluation against the US dollar gave the textile exporters a competitive advantage over their competitors in terms of pricing.

## Knitwear

Knitwear (hosiery) industry is playing a vital role in the value addition of textile sector. Today, this industry is a source of direct employment to more than 20,000 workers. The exports of knitwear increased by 34% to USD 5.1 billion during FY 21-22 as against USD 3.8 billion over the same period last year. The government had announced several measures including reduction in duty on raw imports materials and tariff rationalization to promote

exports in value-added Textile sectors. The growth in the knitted garments was due to increase versatility of knitting techniques, the compliance of many new man-made fibers. Moreover, an increase was due to the growth in the consumer demand for wrinkle resistant, stretchable, snug fitted garments, particularly in the areas of sportswear and other casual wear garments.

## Bed linen

Bed linen industry contributes significantly to Pakistan's industry in general and to its textile industrial output and exports in particular. The exports of Bed linen noticed significant increase in FY 2022. However, its key basis of competitive advantage has been low cost. Exports of Bed linen went up by 19% to USD 3.2 billion in FY 2022 as against USD 2.7 billion of FY 2021. The growth of Bed linen Industry in Pakistan from processing, printed and dyed goods transform into export due to its better qualities of printing. Pakistan exported Bed linen to Italy, France, Spain Germany & USA.

## Cotton Yarn

The export of Cotton Yarn surged by 19% during FY 2022, crossed USD 1 billion mark as compared to same period last year. Cotton yarn is sufficiently available in the country for consumption in the value-added sector for export purposes. The export of Cotton Yarn increased to China as a result of the implementation of CPFTA Phase-II since 2020.

Pakistan has become net importer of cotton from last few years due to low production. The 2022/23 harvested area estimate is reduced significantly due to the recent flooding in key production areas of Sindh and southern Punjab. As a result, the 2022/23 production forecast is lowered 19.4 percent to 5 million bales. To replace the expected decline in domestic output, the 2022/23 import forecast is increased to 5.8 million bales.

Shortfall in cotton production means higher imports of the silver fiber to meet the demand of the domestic textile industry. Cotton imports were forecast to rebound to over 5.5 million bales in 2022-23. It may touch the mark of six million bales in case production is not revived from the loss incurred due to drought as well as incessant rains. Cotton crop has been under extreme weather-related stress since its cultivation. First drought and above-normal heat wave continued to adversely affect sowing during April-June this year, especially in Sindh and South Punjab.

In made-ups, towel is the second largest sub sector after Bed linen in terms of production and exports. Pakistan has been ranked as the 12th largest exporter of Towel in 2021. A growth of 19% was seen in export of Towels to USD1.1 billion in FY 21-2022 as against USD937 million last year. Pakistan towel Industry produces a complete range of towels including hand towels, bath towels, face towels, kitchen towels, wash cloths, etc. Available in rich assortment of patterns and designs in eye-catching colors. The towel manufacturers in Pakistan also produce a large range of allied products of towels including, terry bar mops, terry bathrobes, terry face towels, terry wash cloths, shop towels, terry gloves, terry pillow covers, terry coverlets and all other terry made-ups as desired by the buyers. China has been a dominant player in this sector since 2001. The top 5 exporters are China, India, Pakistan Turkey and Vietnam and together these countries account for approximately 80% of the total export market. The main export destinations of Pakistani Towel include mainly USA, UK, the Netherlands, Germany, Italy, Spain, Poland and Belgium.

## Cotton Clothes and Raw Cotton

Cotton cloth, the exports of which increased by 27% to USD 2.4 billion during FY22 as compared to USD 1.9 billion in FY21. This sector is producing comparatively low value-added grey cloth of mostly inferior quality. Problems of the power loom sector evolve mainly around poor technology and scarcity of quality yarn. Production of cotton cloth by mill sector has slightly increased by 0.29 percent, while non-mills performance remained subdued and recorded negative growth of 0.01 percent during FY2022. However, the exports in term of quantity and value both increased by around 9 percent and 26.5 percent, respectively.

According to the US Department of Agriculture (USDA) world cotton market updates, strong global demand and lower supplies due to logistical challenges, led to prices rising consistently during FY 2022. Besides China, Cotton is witnessing strong demand from Pakistan, Bangladesh and Vietnam as well. Global logistical crisis and rising freight cost elevated the landed cost of imported cotton in Pakistan, which is eventually being factored into exports unit prices of finished goods like apparel and textile.

The 2022/23 production forecast is reduced to 5 million bales due to severe flooding in key production areas of Sindh and southern Punjab. Assessment of the damage is ongoing, and it may be up to 6 weeks before the full impact of the flooding on the cotton crop is known.

## Synthetic and Artificial Silk Yarn

Pakistan exported worth of USD 460 million of Art, Silk and Synthetic Textiles in FY 2022 showed an increase of 24% during the reported period. Pakistan was an importing country of silk Cloth & manufacturing at the time of independence. Only few looms were working at the time of independence. Art Silk production was limited due to shortage of raw material and higher prices. Now, Art silk and Synthetic Weaving industry has shown improvement and developed on cottage-based power looms units.



Now, Pakistan has become an exporter of Art Silk and Synthetic Textiles. However, the import of synthetic and artificial silk yarn stood USD 878 million at this year as against USD 655 million last year, showing an increase of 34%. Art silk & synthetic textile weaving industry in Pakistan is facing several challenges, which are needed to overcome for further development. The synthetic fiber industry is facing stiff competition, as raw material prices are rising continuously. A price hike in polyester fiber cost caused by the rise of international petroleum prices that forced the Textile mills in Pakistan to consume more cotton. Our country has the most advanced spinning and weaving mills operating on modern technology and is taking benefit of worldwide recognized technological advantage in basic textiles. However, we are unable to exploit true potential as World demand has been shifting to man-made fiber. Exports of major sub sector, including value-added textiles, posted double-digit growth in during FY 2022 as compared to same period last year. Growth in exports of value-added sectors contributed to an increase in overall exports from the sectors. The textile products exported by Pakistan account for 2% of world's exports only.

Supply of energy to export oriented sectors including textile at regionally competitive rates i.e., electricity at US cents 9/kWh all- inclusive and RLNG at US\$6.5/MMBtu all- inclusive during FY 2022. However existing tariff of US\$6. 5 /MMBtu for Captive Power (self-power generation) revised to US\$ 9/MMBtu w.e.f.15.11.2021to 31.03.2022.

## Carpet

Carpet export has increased by 12% during the FY 2022as compared to same period last year. The export of carpet was recorded at USD 83 million for the current year. In Pakistan, carpets are manufactured with fine wool yarn making these carpets very similar to silk carpets. The Pakistani carpets are mass-produced (in Lahore, Karachi and Rawalpindi), are divided into Mori carpets and Persian where 90% of the Mori carpets have a Bochara-like pattern and other Turkmenistan patterns. Ziegler carpets that are manufactured in Pakistan have patterns that are copied from older traditions in the Arak district, Persia. Carpets are also being manufactured here that gathers inspiration from Caucasian carpets and are sold as "Kazak Fine".

Pakistan has a huge handmade carpet manufacturing market in the region. China and Pakistan have included handmade carpets to its free trade agreement to boost exports of Pakistan's carpet industry. Pakistan's exports of handmade carpets dipped due to rising freight fares, soaring tax duties, customs clearance and warehouse expenses. But now, with the inclusion of hand knotted carpets in the China-Pakistan Free Trade Agreement, and got duty-free access to China that may provide opportunities for carpet exporters.

## Leather & Leather Made-up

Exports of Leather and Leather products stood around USD 621 million during FY 2022, the sector has recorded a growth of 10%. The leather industry witnessed a steady recovery on account of prudent government policies and significant relaxations in lockdown at various export destinations. Leather garments share was 51% in total leather manufacturers sector, export of leather garments registered USD 315 million with 10% growth in export during FY 2022 as compared to previous year.

It is encouraging that value added items of Leather have shown positive growth in this year. The main reason of declining exports of Tanned Leather was the system of collection of animal hides and skins from markets is obsolete and lots of hides and skins go to waste. If the total animal casings collected throughout the year not gone to waste and supplied to tanneries in the best possible shape and condition, the export volume of tanned leather could have been higher.

Moreover, Pakistan does not have enough number of internationally recognized brands of leather products. Manufacturers of leather products do enjoy incentives in the form of duty drawback and export rebate but their claims of duty drawback are returned slowly. The investment in the latest technologies required by the industry for modernizing leather manufacturing processes to increase exports of Leather articles from Pakistan. Due to environmental concern, leather exports were declined. Leather Group has shown serious concern about environmental hazards and its remedies for increasing exports.

returned slowly. The investment in the latest technologies required by the industry for modernizing leather manufacturing processes to increase exports of Leather articles from Pakistan. Due to environmental concern, leather exports were declined. Leather Group has shown serious concern about environmental hazards and its remedies for increasing exports.

Figure 1: Export Performance of Sub Sectors of Textile and Clothing Sector (USD Million)

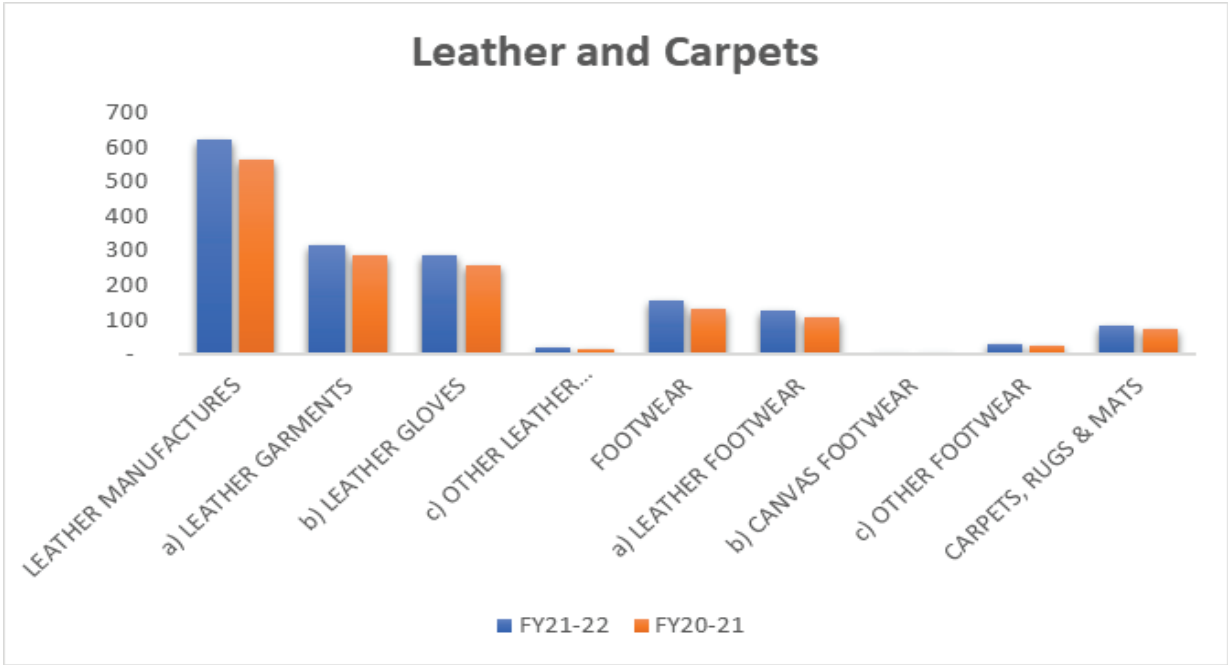
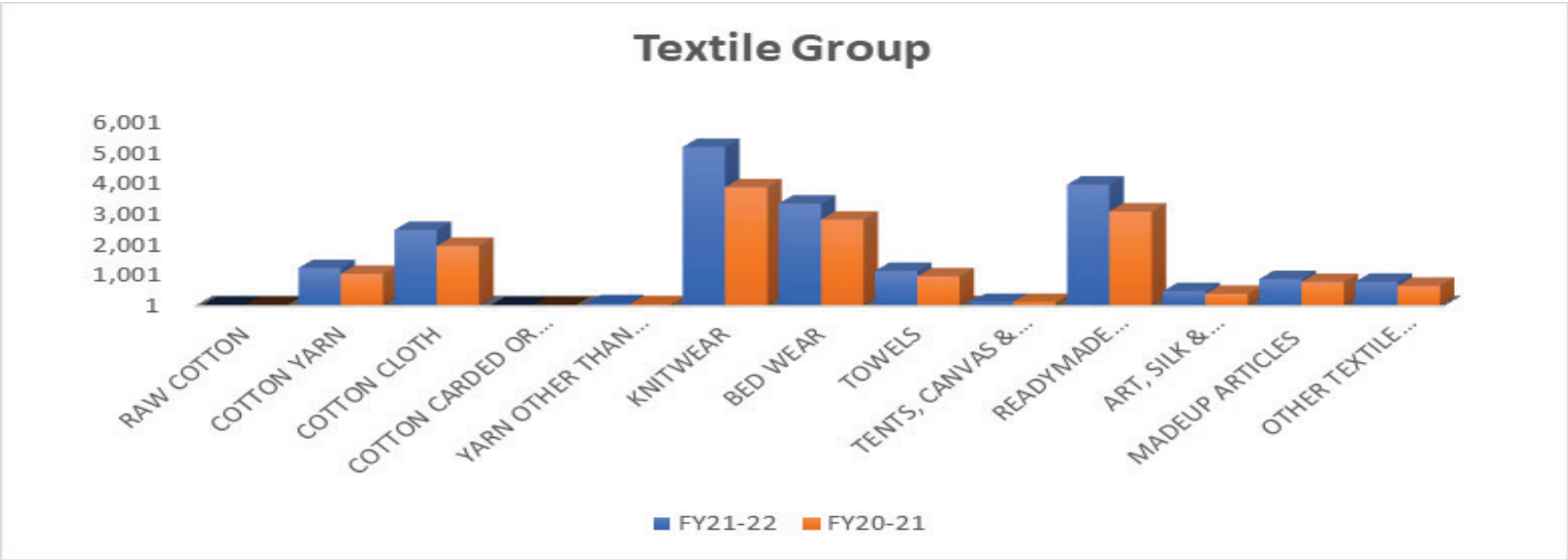




Figure 1: Export Performance of Sub Sectors of Textile and Clothing Sector (USD Million)



## Agro Group

Sustainable growth of the agriculture sector stands vital for food security and rural development in Pakistan. It is a major contributor to the employment and foreign exchange earnings. In addition to that it provides industrial raw material, hence growth in this sector has multiple linkages with the overall economy. It contributes 22.7 percent to the GDP and provides employment to around 37.4 percent of the labour force, manager of rural landscape and environmental shield in protecting and upgrading the climate-resilient production and ecosystem. The improvement in agriculture production systems will increase farm income, reduce consumer prices and enhance diverse food supplies besides generating an exportable surplus.

During FY2022, the agriculture sector recorded a remarkable growth of 4.40% and surpassed the target of 3.5 % and last year's growth of 3.48 %. This growth is mainly driven by high yields, attractive output prices and supportive government policies, better availability of certified seeds, pesticides, and agriculture credit.

Pakistan has semi-industrialized economy and consist of well-integrated agriculture sector. Out of the total area of 79.6 million hectares, 22.1 million hectares are cultivated; the rest is comprised of cultivable waste, densely populated forests and rangelands . The country has the world's largest irrigation system with almost 80 percent of the cultivated area irrigated. Pakistan is also amongst the world's top ten producers of Wheat, Cotton, Sugarcane, Mango, Dates and Kinnow Oranges, and is ranked 10th in Rice production.

Major crops (Wheat, Rice, Cotton and Sugar Cane) contribute about 4.9%, while minor crops contribute 2.1% to the country's total GDP. Livestock sector contributes 11% to the country's GDP (60.5% in agriculture sector) and employs approximately 35 million people. Fisheries and forestry sectors contribute an estimated 0.4 per cent to the GDP (2.1% in agriculture sector). Despite its impressive and continuously growing agricultural production, the country's agro exports are limited.

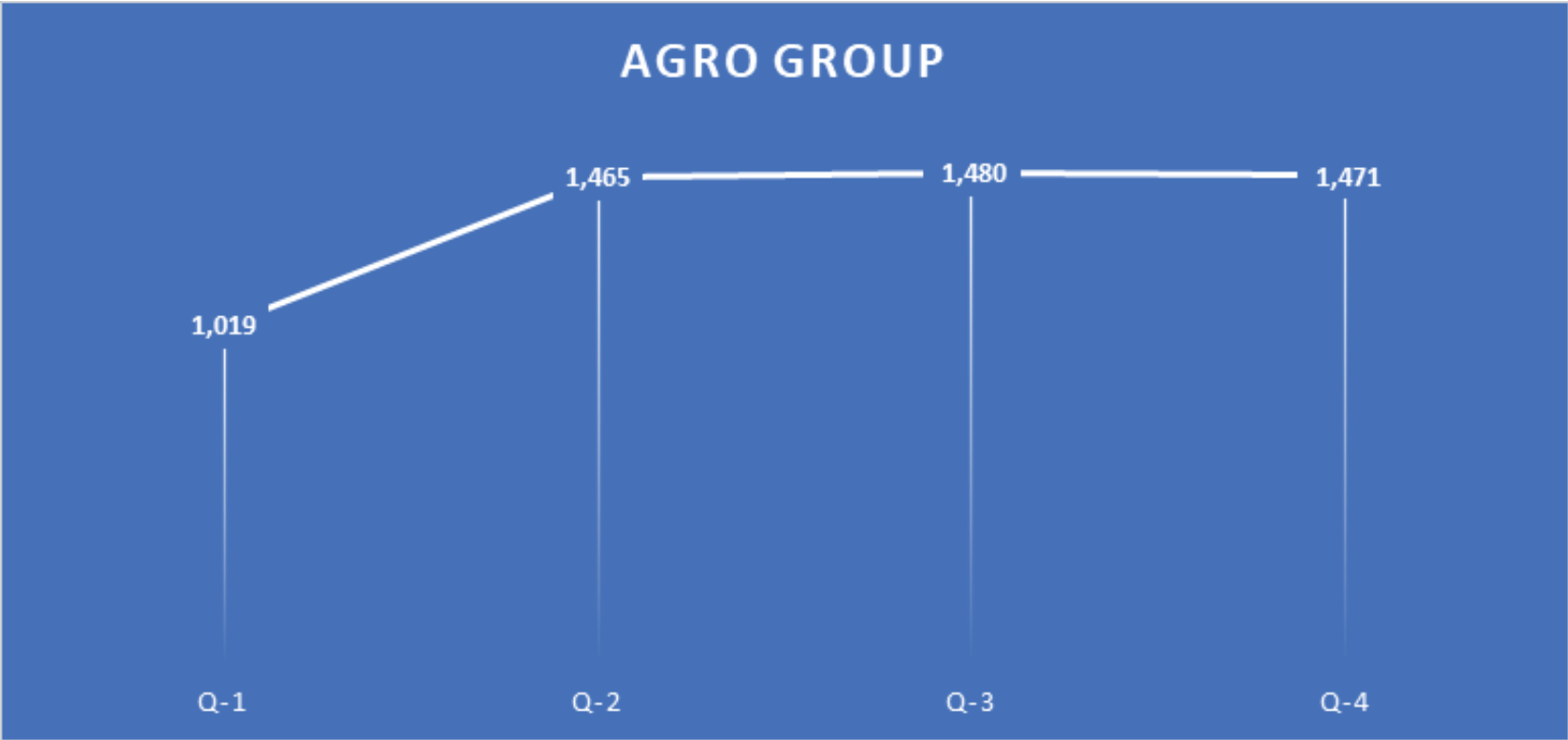
Table 5: Food Group Exports (trade values in USD Million)

SECTORS	FY 2022 V/S FY 2021		
	July-June FY2022	July-June FY 2021	% Change
<b>FOOD GROUP</b>	5,419	4,392	23%
<b>RICE</b>	2,511	2,042	23%
<b>a) BASMATI</b>	695	569	22%
<b>b) OTHERS</b>	1,816	1,472	23%
<b>FISH &amp; FISH PREPARATIONS</b>	431	415	4%
<b>FRUITS</b>	477	480	-1%
<b>VEGETABLES</b>	310	320	-3%
<b>TOBACCO</b>	54	36	51%
<b>WHEAT</b>	-	-	-
<b>SPICES</b>	107	93	15%
<b>OIL SEEDS, NUTS AND KERNALS</b>	193	94	105%
<b>SUGAR</b>	-	-	-
<b>MEAT AND MEAT PREPARATIONS</b>	343	332	3%
Source: PBS			

Agro-Food exports of Pakistan contributed 17% to the national export in FY 2022. The current structure of Agro-based exports mainly consists of Rice, Meat, Fruit & Vegetable, Tobacco, Spices, Horticulture and Livestock with inconsistent exports of Sugar and Wheat. The exports of the Agro-Food were USD 5.4 billion and registered an increase of 23% in FY 2022 as against same period last year.

Quarterly trade statistics shows that the growth in the sector is almost stationary during FY 2022. However, exporters of Agro-Food sector have converted the challenges of global stagflation into opportunities by enhancing exports, effective marketing campaigns and adopting realistic strategies.

Figure 7: Quarterly Performance of Agro Food Sector during FY 2022 (USD Million)



Source: PBS

## Rice

Exports of Rice (Basmati and coarse varieties) have shown growth of 23% during FY 2022 as compared to same period last year. Pakistan exported USD 2.51 billion of Rice in FY 2022 compared to USD 2.04 billion during the same period last year. Basmati Rice showed growth of 23% in this year. The rice production increased from 8.4 million tons to 9.3 million tons witnessed 10.7% growth over last year production.

The reason includes a weak domestic currency makes a nation's exports more competitive in global markets, and simultaneously makes imports more expensive. Higher export volumes spur economic growth, while price of imports also have a similar

effect because consumers opt for local alternatives to imported products.

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 5 importers of rice include China, Philippines, Saudi Arabia, United States, and Bangladesh. These 5 top importers have a share of 23% in the global rice imports.

Pakistan is one of the top producers of rice. The Basmati rice of Pakistan due to its long grain size and aroma is the most sought-after type of rice. It exports to China, Kenya, Afghanistan, KSA, UAE, and some of the African countries. IRRI is the most exported category of rice in Pakistan. In 2021, Pakistan faces competition in this category from India, Thailand, Vietnam, and USA. It exports to China, Malaysia, Afghanistan, Kenya, and Madagascar. However, if Pakistan increases its exports to other potential markets such as Philippines, Bangladesh, USA, Iraq, Mauritius, Morocco and Ivory Coast, then the trade flows will increase significantly.

The second most exported type of rice is Basmati. Pakistan and India together export 85% of world's Basmati. Pakistan exports to UAE, Kazakhstan, Kenya, Somalia, and KSA. The report identifies potential markets such as KSA, Iran, Yemen, Kuwait, Canada, and Jordan. Broken rice is the third type of rice which is exported from Pakistan. The competitors in this category are Thailand, India, Myanmar, and Vietnam.

Moreover, Pakistan has received the Geographical Indicator (GI) tag for its Basmati under Geographical Indications Act 2020, paving the way for creating a local registry for the strain of Rice and making a case in the international market, as the country fights a case in the EU against India's move to get Basmati rice registered as its product.

## Fish

Fishery sector in Pakistan makes a significant contribution to the national economy, contributing about 1% to GDP and providing jobs to about 1% of the country's labour force. It is the most important economic activity in the coastal area of Pakistan. Pakistan exported worth USD 431 million of Fish and Fish preparations and posted growth of 4% during FY 2022. The fishing sector having a share of 1.39 % in agriculture value addition and 0.32 % in GDP grew at 0.35 % compared to a growth of 0.73 % in the same period last year.

During FY2022, total fish production was recorded at 696.0 thousand MT (marine: 468 thousand MT and inland: 228 thousand MT) witnessing an increase of 0.8 % over the same period of last year's

fish production of 690.6 thousand MT (marine: 465.2 thousand MT and inland: 225.4 thousand MT).

Since resumption of exports to the EU countries different consignments of fish, cuttlefish and shrimps have been sent by 02 companies to the EU, after 100 percent laboratory analysis at EU borders. For further enhancement of seafood export to EU countries, six more processing plants are in pipeline and their cases for approval are under process with EU authorities.

By effective measures, Fish and Fish preparation exports have shown improvement during FY 2022. Good development possibilities exist for Cephalopod fishing, which is almost non-existent so far.

## Fruits and Vegetables

Pakistan's exports of Fruits and Vegetables witnessed decline of 1% and 3% during FY 2022. Exports of Fruits reduced from USD 480 million to USD 477 million and vegetables reduced from USD 319 million to USD 310 million in FY 2022. Due to serious issues of transportation and logistics arising from political instability and Russia Ukraine war exports of the sector has decreased in Afghanistan, Malaysia, Sri Lanka, and Russia. Exports of Fruits reduced to UAE, UK, Kazakhstan, Uzbekistan, and Afghanistan during reported period.

Pakistan has a wide range of agro-climatic conditions, allowing the country to produce a wide variety of tropical and sub-tropical Fruits and Vegetables. Different climates result in the availability of many vegetable varieties in the markets around the year. Around 35 kinds of vegetables are grown in numerous ecosystems in Pakistan from the dry zone to the wet zone, low elevation to high elevation, rain-fed to irrigated, and low input to high input systems such as plastic houses.

Some of the major fruits and vegetables produce are Mangoes, Oranges, Apples, Onions, Tomatoes, Carrots, and Watermelons, among others. Out of the total production, the major contributing Provinces for producing vegetables like Potato, Onion, and Tomatoes are Punjab, Sindh, and Baluchistan. Other

vegetables like mushrooms and chilies are also produced on a larger scale for export purposes.

As an impact of COVID-19, and current global recession due to Russia and Ukraine war and climate change recent flood situation have severely affected the Pakistan agro sector specially fruits and vegetables market suffered from few challenges related to production, supply chain, and trade movement. Farmers got hit by the poor returns varying from one-third usual or a complete loss. Pakistan as one of the leading countries to export variety of its fruit worldwide, faced export challenges that hampered the usual trade movements due to repeated lockdowns and related trade restriction protocols worldwide.

## Dates

Total Dates exports of Pakistan were US\$ 53.78 million with -5% decreasing rate in value during FY 2022 as against previous FY2021. Fresh Dates exports of Pakistan were US\$ 16.1M with -5% decreasing rate in value against previous FY2021. Dry Dates exports of Pakistan were US\$ 37.6 M with -5% decreasing rate in value against previous FY2021. The main reason was the constraints of Pak-India trade relation, as India was the major importer of Pakistani Dry Dates, due to global recession and high cost of sea freight, which has risen at least 5 to 6 times higher and that makes it impossible for the buyers to buy our dates. Our competitor Iran has lost the value of currency against the dollar so the prices of this origin dates are much lower than Pakistan, besides they have a very good logistic arrangement by road, and they can send one full reefer container by road to Turkey in merely US\$1200. From Turkey, they can send the dates container to Europe with an added US\$1800. Whereas, our transport cost in a dry container to Europe has risen to US\$ 6000 and for reefer containers, it costs around US\$7500 carrying just 18 MT of dates. In order to explore new and potential markets for Pakistani Dates, TDAP launched "Dates Promotion Campaign" in 2021, wherein the samples of different varieties of Pakistani Dates including the varieties of Baluchistan along with the marketing brochures have been sent to 31 Diplomatic and Commercial missions abroad.

## Wheat

The export of wheat registered declined 100% during FY 2022 as compared to same period last year. Due to increasing price and less stock availability. On contrary Pakistan has imported the wheat amounting USD 795 million during FY 2022.

Wheat is the staple crop and it ensures food security of the country. Wheat is cultivated over 22 million acres and accounts for 7.8 % of the value added in agriculture and 1.8 % of GDP. Self-sufficiency in wheat has been an objective of all Government and thus always challenges for the agriculture experts and policy makers. Wheat is a strategic crop and any shortfall in its production can create an awkward situation leading to political uncertainty, significant drainage of foreign reserves, rise in prices of wheat flour and pocket shortages in vulnerable areas. During 2021-22, area sown decreased to 8,976 thousand hectares (2.1 %) against last year's of 9,168 thousand hectares. The production of wheat declined to 26.394 million tons (3.9 %) compared to 27.464 million tons production of last year. Wheat production declined due to decline in area sown, shortfall in irrigation water and drought conditions at sowing, less fertilizers off take and heat wave in March/April, though the government has increased Minimum Support Price to Rs 3000/40 kg this year is aligned to the cost of production.

## Meat

Pakistan exported worth of USD 343 million of Meat and Meat preparations in FY 2022. The sector registered growth of 3% in the reported period as compared to last year, despite the presence of Lumpy Skin Disease (LSD). However, Pakistani meat earned a good average per ton price of \$4,440 in 10M FY22 as compared to \$3,424 in the same period last fiscal year.

Pakistan has exported meat and meat preparations worth USD 343 million by the end of the current fiscal year (FY22) after getting access to the Jordanian, Egyptian and Uzbekistan markets.

The veterinary and animal health directorate of Jordan's agriculture ministry allowed four Pakistani meat processing facilities to export bovine, sheep, goat and camel meat to the Arab country.



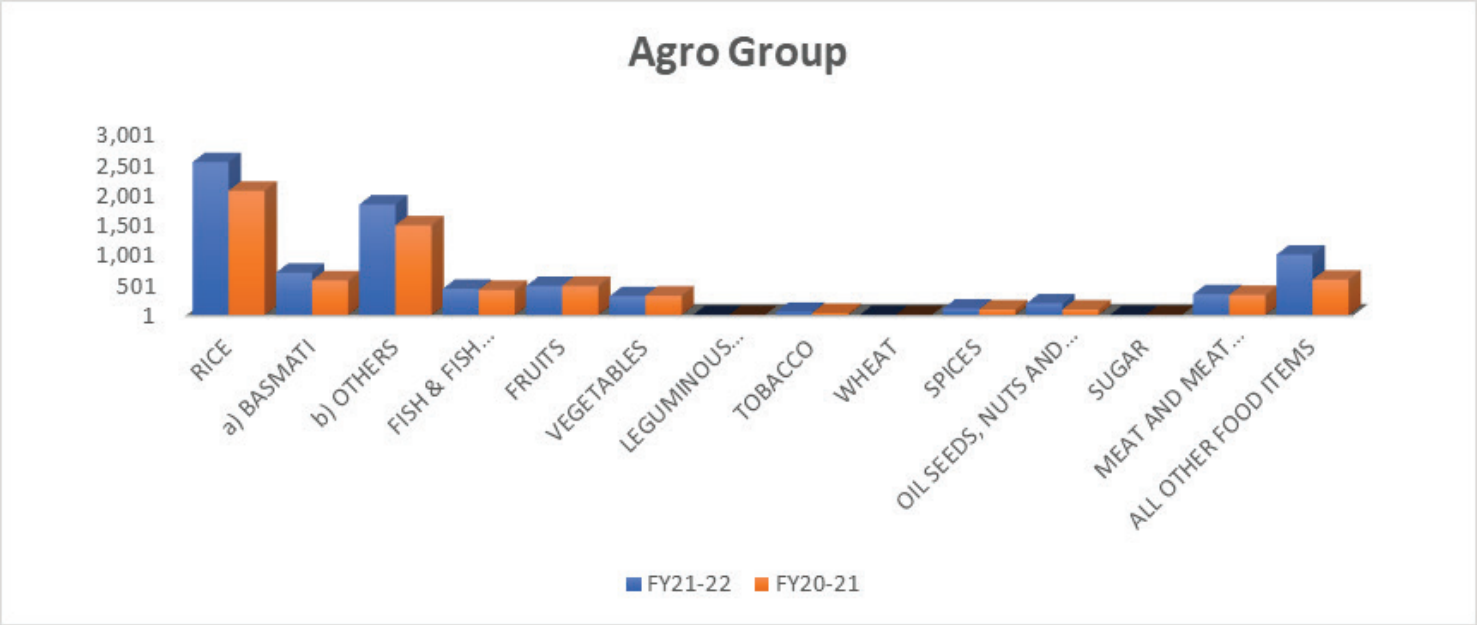
Additionally, Indonesia is also planning to open its market to Pakistani halal meat as well.

Being the world's top-10 beef and veal producers, Pakistan is expecting China's approval for meat export after a few private sector companies had established a heat treatment facility to remove FMD virus. China is the largest importer of meat in the world. Pakistan exported beef to Vietnam in bulk and from said country it enters into China without any restriction. Moreover, Malaysian Government has allowed third Pakistani meat exporter after

approving two others last year. This shows that international acceptability and demand of Pakistani meat is gradually increasing.

Meat export opportunities in Pakistan are expanding in response to the global market's consistently rising demand. To ensure the continued export of meat products to Saudi Arabia, two Halal Certifying Bodies and thirteen (13) companies have been registered with the Saudi Food and Drug Authority. The Middle East and Gulf markets offer tremendous opportunities for halal meat suppliers.

Figure 8: Export Performance of Sub Sectors of Agro Food Sector (USD Million)



## OTHER MANUFACTURING GROUP EXPORTS

The manufacturing industries manufacture goods, repair and install industrial equipment and involve in the subcontracting operations for other industries. For the economic growth, the manufacturing sector plays their crucial role in the economy of Pakistan as well. It is known as the third largest sector in Pakistan after the agriculture and service sector and share of this sector is 14 to 16 % per annum in the overall GDP in the country. As a whole, the manufacturing sector employs 16.1% of the labor force.

The performance of Large-Scale Manufacturing (LSM) stood tremendous with 10.4% growth during FY2022 as compared to growth of 4.2% same period last year. The prudent measures and continuous support along with rising global demand, easy access to credit, and partially subsidized energy supplies vv

well in boosting the business sentiments and achieving higher growth of LSM.

The share of other Manufacturing sectors in the exports of Pakistan was 13% during FY 2022. The manufacturing sector is the driver of economic growth due to its forward and backward linkages with other sectors of the economy. The export of other Manufacturing sectors has shown positive growth of 18% during FY 2022 as compared to the same period last year. Pakistan exported a worth of USD 4.1billion manufactured and Engineering Goods during FY 2022. All commodities have shown positive growth except Surgical Goods, Cutlery, Pharmaceutical Products and Cement during reported period.



SBP has allocated the indicative agriculture credit disbursement targets of Rs 1,700 billion for FY2022 which is 24.5 % higher than last year's disbursement of Rs 1,3660 billion. Currently, 50 formal financial institutions are providing agriculture loans to the farming community, which include 5 major commercial banks, 14 medium-sized domestic private banks, 5 Islamic banks, 2 specialized banks (ZTBL & PPCBL), and 11 microfinance banks besides 13 Microfinance Institutions/Rural Support Programs (MFIs/RSPs).

During FY2022 banks have disbursed Rs 958.3 billion which is 56.4 % of the overall annual target

and 0.5 % higher than the disbursement of Rs. 953.7 billion made during the same period last year. Further, the outstanding portfolio of agricultural loans has increased by Rs 30.9 billion i.e., from Rs 601.8 billion to Rs 632.7 billion at end of 2022 as compared to same period last year. In terms of outreach, the number of outstanding borrowers has reached to 3.2 million in 2022.

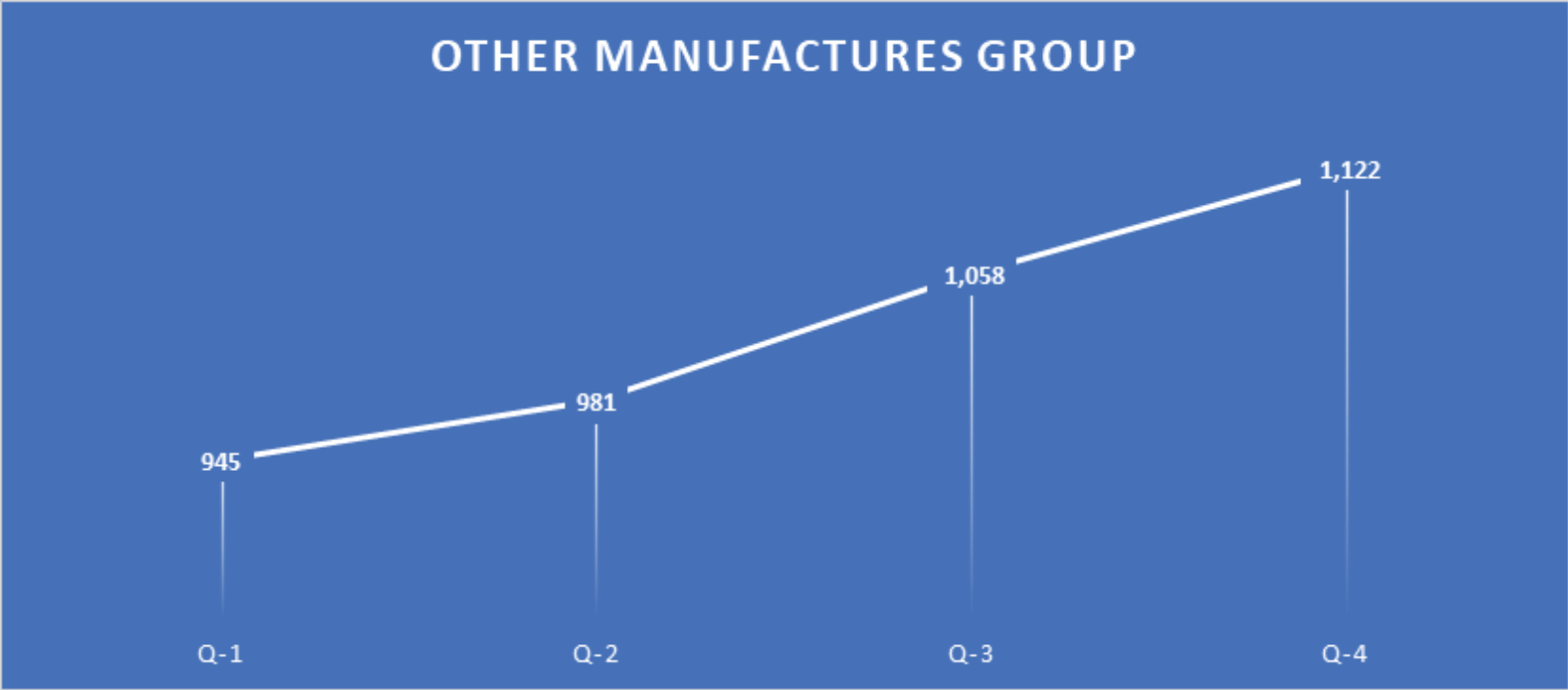
Table 6: Other Manufacturing Group Exports (trade values in USD Million)

SECTORS	FY 2022 V/S FY 2021		
	July-June FY20/22	July-June FY20/21	% Change
<b>OTHER MANUFACTURES GROUP</b>	4,104	3,467	18%
<b>CARPETS, RUGS &amp; MATS</b>	83	74	12%
<b>SPORTS GOODS</b>	365	278	31%
a) <b>FOOTBALLS</b>	191	132	45%
b) <b>GLOVES</b>	76	73	5%
c) <b>OTHERS</b>	98	74	33%
<b>LEATHER TANNED</b>	208	162	29%
<b>LEATHER MANUFACTURES</b>	621	562	10%
a) <b>LEATHER GARMENTS</b>	315	286	10%
b) <b>LEATHER GLOVES</b>	287	260	11%
c) <b>OTHER LEATHER MANUFACTURES</b>	19	17	13%
<b>FOOTWEAR</b>	157	132	19%
a) <b>LEATHER FOOTWEAR</b>	125	108	15%
b) <b>CANVAS FOOTWEAR</b>	1	1	179%
c) <b>OTHER FOOTWEAR</b>	31	23	35%
<b>SURGICAL GOODS &amp; MEDICAL INSTRUMENTS</b>	423	428	-1%
<b>CUTLERY</b>	96	119	-20%
<b>ONYX MANUFACTURED</b>	6	6	-1%
<b>CHEMICALS AND PHARM.PRODUCTS</b>	1,569	1,149	37%
a) <b>FERTILIZER MANUFACTURED</b>	-	-	-
b) <b>PLASTIC MATERIALS</b>	428	323	33%
c) <b>PHARMACEUTICAL PRODUCTS</b>	269	270	-0.4%
d) <b>OTHER CHEMICALS</b>	872	556	57%
<b>ENGINEERING GOODS</b>	238	226	5%
a) <b>ELECTRIC FANS</b>	32	32	0%
b) <b>TRANSPORT EQUIPMENT</b>	12	14	-17%
c) <b>OTHER ELECTRICAL MACHINERY</b>	35	42	-17%
d) <b>MACHINERY SPECIALIZED FOR</b>	-	-	-
<b>PARTICULAR INDUSTRIES</b>	63	66	-5%
e) <b>AUTO PARTS &amp; ACCESSORIES</b>	27	20	36%
f) <b>OTHER MACHINERY</b>	69	51	34%
<b>GEMS</b>	8	7	14%
<b>JEWELLARY</b>	14	14	5%
<b>FURNITURE</b>	9	5	80%
<b>MOLASSES</b>	34	0	42855%
<b>HANDICRAFTS</b>	-	-	-
<b>CEMENT</b>	224	268	-16%
<b>GUAR AND GUAR PRODUCTS</b>	50	35	40%
<b>ALL OTHER ITEMS</b>	2,605	1,862	40%
Source: PBS			

The export growth in the manufacturing Group is unusual due to the global recession because of Russia Ukraine war. The trend graph depicts the

sharp increase in the first quarter then a steady growth is followed in the next quarter for FY 2022.

Figure 9: Quarterly Performance of Other Manufacturing Sector FY2022 (USD Million)



## Sports Goods

The share of Pakistan Sports Goods in total exports of Pakistan is 1.1% in FY 2022 with football as major export product. The share of football in the sports goods was 52% FY 2022. The city of Sialkot is a center of excellence for the production of sports goods for more than 100 years. The first record of manufacturing of Sports Goods in Sialkot can be traced back to 1883 with the products such as cricket bats, hockey sticks, polo sticks. Sports Goods export has shown the increase of 31% during the FY 2021 in terms of exported value as compared to same period last year. The export of Sports Goods was recorded USD 365 million in FY 2022 while same goods exported last year worth of USD 278 million. Major products of Sports Goods include Footballs having exported value USD 191 million and registered a growth of 45% in FY 2022.

Sports Goods export has shown the increase of 31% during the FY 2021 in terms of exported value as compared to same period last year. The export of Sports Goods was recorded USD 365 million in FY 2022 while same goods exported last year worth of USD 278 million. Major products of Sports Goods include Footballs having exported value USD 191 million and registered a growth of 45% in FY 2022.

Gloves exported value was USD 76 million with 5% increase, and followed by others items USD 98 million with 33% for the FY 2022.

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 recognizable brands, including Nike, Adidas, Puma, Umbro, Lotto, Wilson, Miter, Micassa, Diadora, and Decathlon. Footballs and gloves account for more than 75% of all exported sports items.

Throughout history, Pakistani-made footballs have been utilized 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.'

# Surgical Goods, Medical Instruments

Surgical Goods & Medical Instruments export was recorded USD 423 million with a 1% decline during the FY 2022.

One of the possible reasons for Pakistan's low exports of surgical instruments could be Pakistan's continued reliance on a limited number of export destinations. Nearly 80% of surgical instruments made in Pakistan are exported to only 15 countries. This limits Pakistan's export potential and increases concentration risk. TDAP sponsored trade fairs and exhibitions continue to be held primarily in the USA and the EU countries. Although there have been limited attempts in recent years to hold exhibitions in a few African countries.

Sialkot has numerous service providers including printers who publish sample brochures and product catalogs. The manufacturers also often take part in exhibitions arranged by the Trade Development Authority of Pakistan (TDAP). Apart from this, there is little marketing activity for promotion of exports. Very few manufacturers brand their instruments. Most Surgical Instruments are sold to foreign buyers who then use their own brand to sell at a premium in international markets. It is not known whether final buyers are aware of Pakistani manufacturers. German and American buyers buy from Pakistani manufacturers and ensure quality. After providing quality assurance, German and American importers sell within or in other countries.

Foreign buyers place emphasis on quality and provide access to technical knowledge. In contrast, independent Pakistani sales agents have weak quality standards, rarely provide technical feedback for support, and are highly price focused. Trading patterns and marketing channels vary by firm size. Large firms are more likely to trade with technically advanced foreign manufacturers, leading US kit packers or major international buyers. Small firms sell to less specialized and less quality-conscious foreign buyers and foreign-based Pakistani agents, foreign clients are the most important sources of technical and market related information. Many producers obtain technical insights and ability from visits to surgical instrument manufacturers abroad.

The Pakistani Surgical Instruments industry will face a new challenge in the form of Medical Devices Regulation (MDR) compliance beginning 2024. The diversification of the surgical industry has recorded

during pandemic. Pakistan started to produce ventilators and the garments industry are making masks and PPE kits. These products can only be exported, however, if they meet the international quality standards of safety and those required by the WHO. At the start of the COVID-19 pandemic, Pakistan imported the majority of its personal protective equipment (PPE), at great expense, to shield its health care providers, frontline responders, and citizens from the highly contagious novel coronavirus. Today, local manufacturers in Pakistan produce most of the PPE the country needs in compliance with international quality standards, allowing the country to provide PPE for its front-line health care workers and increase the supply of quality masks for the population. They are also exporting their quality-assured PPE to eight countries - Canada, Germany, Poland, Saudi Arabia, Spain, Tunisia, the United Kingdom, and the United States.

## Pharmaceutical Products

Pakistan exported USD 269 million worth of pharmaceutical products to the world during FY 2022. It witnessed decline of 0.5% during reported period as compared to the exports of the corresponding period of last year.

The pharmaceutical products have declined from US\$ 270 to US\$ 269 (0.4%) due to overall recession & limited production.

After post pandemic situation world demand for pharmaceutical products have declined overall. Major destinations for Pakistan's Pharma products are Afghanistan, Philippines, Myanmar, Sri Lanka, South Africa, Sudan, and Cambodia. The Government focused to increase pharmaceutical exports through upcoming tariff rationalization, trade-related investment, institutional reforms, and easing of business regulations.

## Plastic

The exports of Plastic materials during FY 2022 grew by 33% as compared to the exports of the corresponding period of the previous year. During FY 2022, Plastic materials worth USD 482 million were exported as compared to USD 323 million of the same period of last year.

In term of quantity, the plastic export however decreased by 16.89 %, from 299,104 metric tons to

248,581 metric tons. Major importers of Pakistani plastic are United States of America, Afghanistan, Canada, Turkey, UAE, India, Italy, Tanzania, Belgium, Germany, Bangladesh, Qatar, UK and China.

The plastic industry of Pakistan has established with the world-class processing plants using technologies of international standard. This industry is not only meeting the domestic demand but also contributing significantly to the GDP of the country by exporting its products to various countries. Polymer is the main trading component of plastic industry. Export of Polymers has increased remarkably. Pakistan's plastic industry is using imported raw material mostly while it is exporting plastic products to many countries. China, Saudi Arabia and USA are the largest trading partners of Pakistan's plastic. The sector was badly hit by the coronavirus. The plastic industry of Pakistan is under continuous and undue criticism by environmentalists and judiciary. Plastic exports of Pakistan is low because of unavailability of Naphta cracker plants.

## Cutlery

The Cutlery industry contributes 0.11% to the country's GDP and has a share of 0.47% and 3.4% in total exports and other manufacturing exports respectively. The exports of Cutlery decreased by 20% and exported worth of USD 96 million in the current financial year as compared to the exports of valuing USD 119 million in the same period of the previous year.

Cutlery exports have reported decline due to increased freight cost and lack of value addition. Enhanced imported raw material prices and increased value addition cost resulted mainly in decline of cutlery exports.

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 cutlery in the international market through E-Commerce platform.

The cutlery industry is established side by side with the surgical industry and stainless-steel utensils in Wazirabad and Sialkot using the same kind of raw material. This industry manufactures spoons, forks, knives, swords, kitchen gadgets and utensils and

other stainless-steel articles. The industry occupies the domestic market space (90 %) and very few items of cutlery, kitchenware and blades are imported.

## Cement

The exports of Cement during FY 2022 declined by 16% as compared to the exports of the corresponding period of the previous year. During FY 2022, cement worth USD 224 million were exported as compared to USD 269 million of the same period of last year.

Cement export for the year 2022 recorded a decline of 16% export. 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.

Major exports markets for Pakistani Portland cement have been Sri Lanka, South Africa, Madagascar, Afghanistan and Somalia. Political instability and bankruptcy of Sri Lanka, imposition of higher dumping duties by South Africa and political instability in Afghanistan are factors responsible for downward trajectory in exports of Portland cement. Similarly, major export market for exports of clinker from Pakistan is Bangladesh. Owing to severe economic recession in Bangladesh, the purchasing power has reduced. Resultantly, exports of clinker have shown a downwards trajectory. Besides this, increase in coal prices globally has reduced competitiveness of Pakistani cement products in the region when compared with the cement products of Gulf countries.

## Furniture

The export of the furniture has increased by 80%. The main increase recorded under the HS Codes (i) 940360-Other furniture (excluding for offices, kitchens and bedrooms, and seats) (ii) 940390 Parts of furniture (iii) 940389 Furniture of other materials like Cane, Osier and bamboo etc. respectively. As

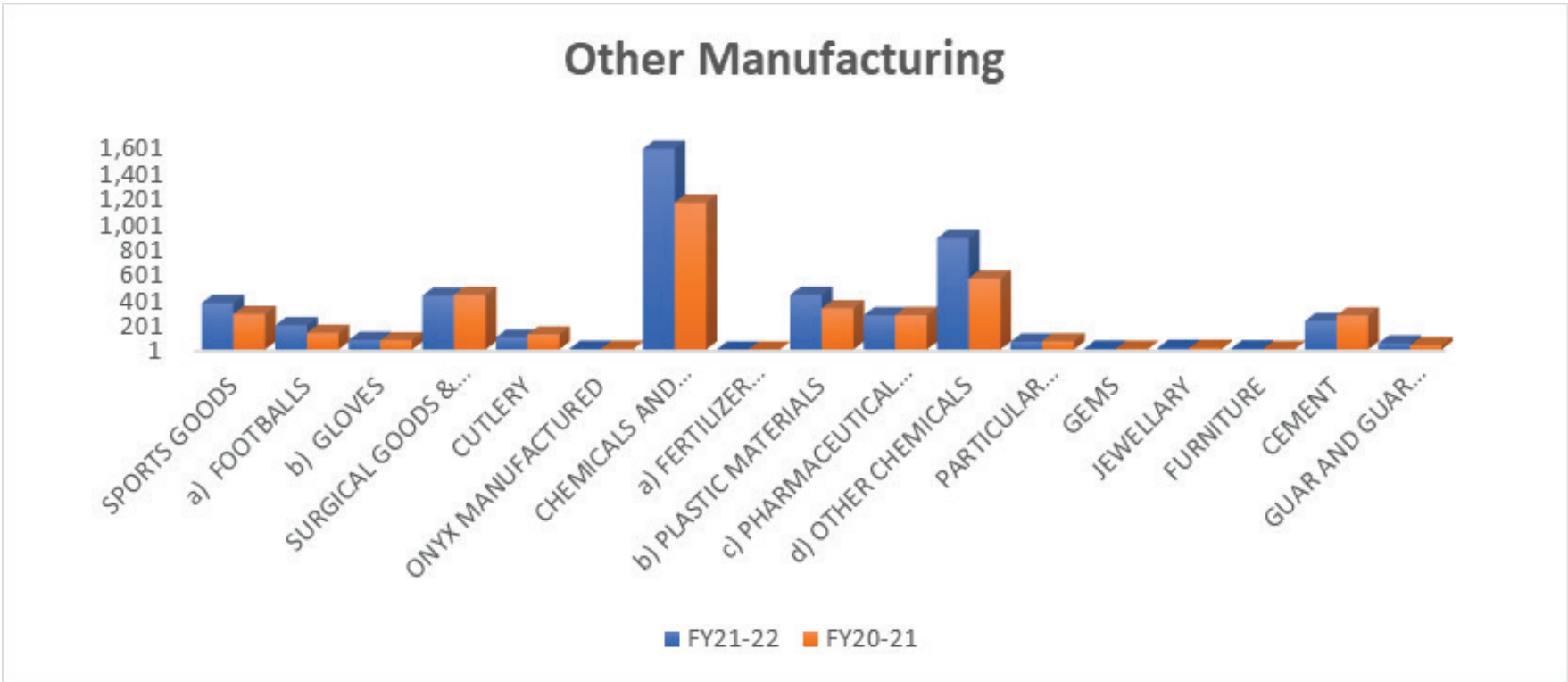


per figures (ITC), the exports of office furniture has decreased vis-à-vis the current year.

As far as exports of wooden furniture is concerned, mostly there is a trend in exports of wooden furniture

other than the bedroom, Kitchen and office (small items). Reportedly, the heavy furniture (bedroom, Kitchen & Office) are handled at ports unprofessionally/drilled, deteriorating its polish, packing and value etc. yields loss.

Figure 10: Export Performance of Sub sectors of Other Manufacturing Sector (USD Million)



## 2.7 Engineering Goods

The export of engineering goods was USD 238 million with 5% growth during the FY 2022 as compared to same period last year. The major products of Engineering Goods consist of Electric Fans amounting to 32 million USD with a negative 0.3% growth, Transport Equipment 12 million USD with negative 17% growth, and followed by Other Electrical Machinery amounting to 35 million USD with decline of 17% for the FY 2022.

Electrical machinery sector exports are declined due to increase in prices of raw materials: 98% increase in copper price, such as the increased in price of raw materials (increased copper price in the world US\$ 6175/MT in 2020 to US\$ 9317/MT in 2021 and US\$10105/MT in 2022, Source; World Bank Commodity price data). The cost of production increased and export orders reduced in 2021-2022. Moreover, the industry faced shortage of raw materials owing to delay in payments on import bills.

## Tractors

The production of farm tractors in the country witnessed an increase of 16.01 percent to 58,880 units during the twelve months of fiscal year 2021-22, against the production of 50,751 units in same months of last year according to Pakistan Automobile Manufacturing Association (PAMA).

The tractor industry is a success story of Pakistan’s manufacturing sector. The industry has established itself on firm footing by achieving more than 90 percent localization in the production of tractors. The country is not only meeting the local demand for tractors effectively but producing exportable surpluses well. Given the fact that Pakistan was a net importer of tractors a few years ago and imported US\$195 million worth of tractors in 2017, it is a commendable feat that the country exported tractors to the tune of US\$ 47 million in FY2021. During FY2022, Pakistan’s exports of tractors have been US\$ 56 million.

Pakistan manufactures the world-renowned Massey Fergusson and New Holland Fiat Tractors under license from the parent companies. Due to high level of localization achieved, Pakistan's low-priced tractors are well-received in Afghanistan and African countries. Botswana, Nigeria and Kenya have emerged as the largest export destinations for tractors. Most of the tractors manufactured in Pakistan have engine power between 50-100 HP.

The burgeoning demand in the local market has spearheaded the production of tractors in Pakistan. During FY2022, a total of 47,364 units of tractors were manufactured in Pakistan while in the same period last year 41,589 units were manufactured. A total of 50,486 units were manufactured in the previous fiscal year. The tractor industry has also promoted the growth of allied industries. For example, the iron and steel sector are the major supplier of raw material to the tractor industry and its growth hinges on tractor production in Pakistan. Furthermore, tractor parts and raw material are also being exported worldwide as the allied industries are gradually finding their own feet.

## Auto Parts

The Pakistan automobile industry is quite proportionate with the global GDP contribution with 3 percent of the total GDP. It brought millions of lucrative jobs in the industry. Pakistan has entered the export market as well. Our major tractor producing unit alone exported 2,000 tractors in the last fiscal year worth \$27 million of foreign exchange for the country recorded 36% growth in export during FY 21-22, due to opening up the markets after Covid-19 and increase of international sales of auto industry.

The automobile industry is presently providing direct and indirect employment to millions of people in the country, contributing about 3 percent of the total GDP of Pakistan. Alone, auto parts manufacturers are contributing to nearing 1 percent of GDP. The automobile industry was flourishing in the country; many new automobiles players entered into this growing market of 220 million. The government also announced some incentives not only to mainstream Original Equipment's Manufacturers (OEMs) but to aftermarket subsidiaries. Along with luxury automobiles, motorcycles, rickshaws and tractors are being produced locally to reduce our import bills.

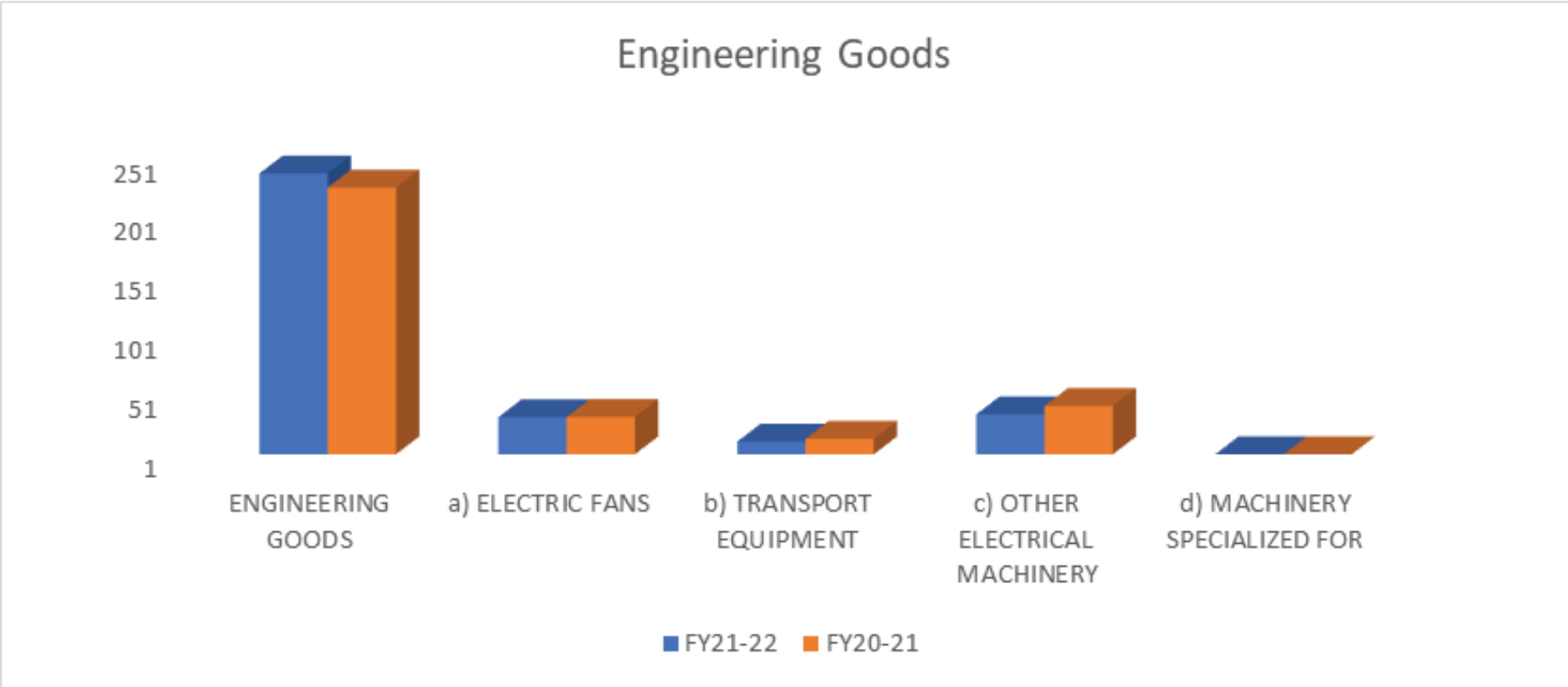
The import reduction and export augmentation are the only solution that has been realized by our parts' producers. Although Pakistan's auto part industry is meeting this challenge very effectively to replace imported items with localization to bring the import bill down; a lot still has to be done. Pakistan has got a tremendous infrastructure to cater for OEMs and after-sale market needs.

It's also a very encouraging and appreciable step of the Engineering Development Board (EDB) to hold the three roadshows in potential areas of the globe. But still, we have to enhance our global market share. We desperately need to enhance the size of our export basket by introducing non-traditional markets and commodities. Auto parts and accessories are among the commodities that have great potential for exports. The only thing is to double the initiative to harness our available resources to expand our export base.

The two/three wheelers sector also showed satisfactory recovery with production and the sales up by 33.5 and 34.0 percent, respectively. Two/three wheelers offer most economical public transport alternate for the lower income group, however, at the same time, it is extremely price sensitive. Massive exchange rate losses kicked off inflationary conditions resulting inevitable price increase.



Figure 11: Export Performance of Sub Sectors of Engineering Goods (USD Million)



Source: PBS

In the Engineering and Healthcare Show, organized by the MOC and TDAP in February 2022, Pakistan’s tractors and agriculture machinery were in the limelight. The interest of foreign delegates could be gauged from the fact that two deals worth more than US\$ 200,000 were finalized on the spot. It is expected that Pakistan’s tractor exports will grow in the near future.

Government of Pakistan facilitated Engineering and Manufacturing sector through different facilitating schemes during FY'22. 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. SBP introduced Temporary Economic Refinance Facility (TERF) aimed at promoting investment both new and expansion and/or Balancing, Modernization and Replacement (BMR) except power sector where SBP’s refinance facility for renewable energy projects already exists. For purchase of new imported and locally manufactured plant & machinery for the setting of new projects and for existing projects/ businesses to undertake Balancing, Modernization and Replacement (BMR) and/or expansion.

# 2.8 PETROLEUM GROUP & COAL EXPORTS

Petroleum and Coal group stood at USD 334 million and reported a growth of 83% during FY 2022as compared to same period last year. The sector faced heavy losses from last two years. Pakistan's

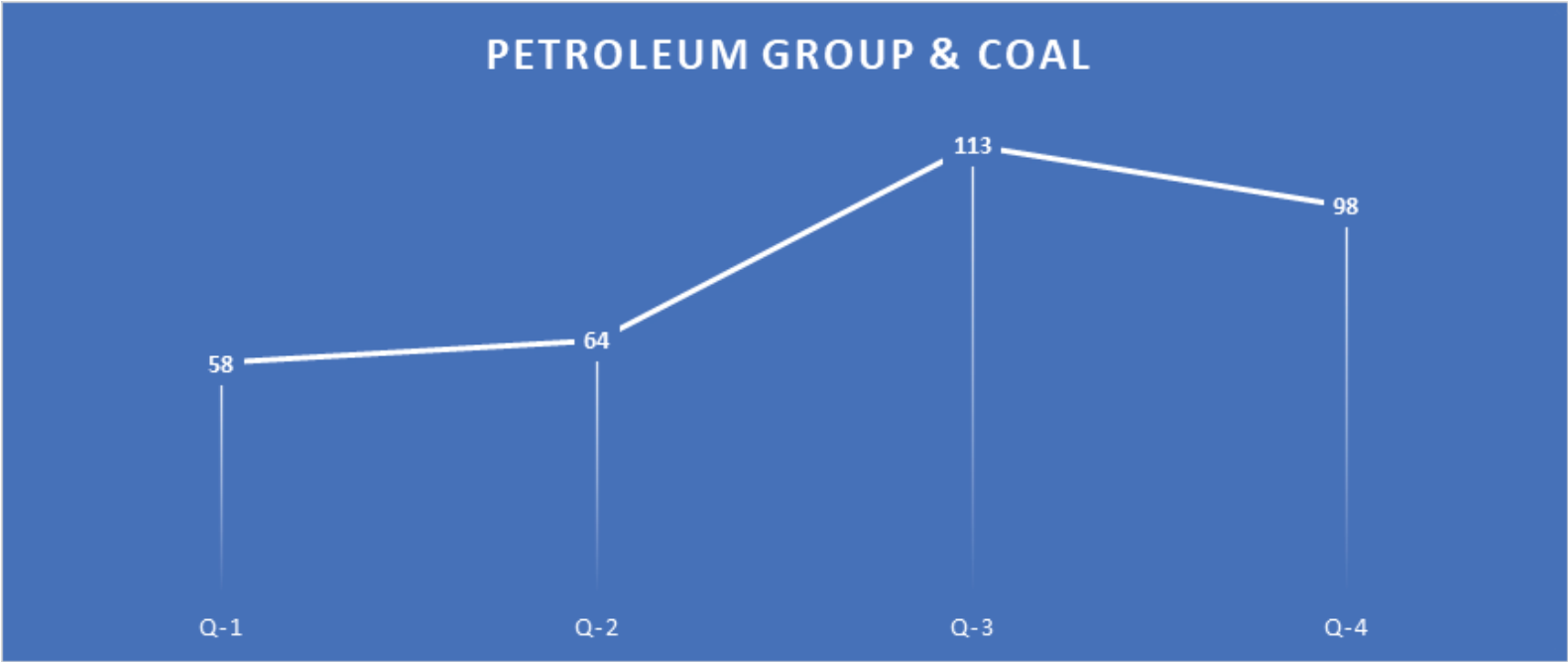
petroleum export basket consists of by-products. Quarterly comparison showed initially increasing trend in first three quarters then followed by a sharp decreasing trend in last quarter during FY 2022.

Table 7: Petroleum Group exports (trade values in USD Million)

SECTORS	FY 2022 V/S FY 2021		
	July-June FY2022	July-June FY2021	% Change
PETROLEUM GROUP & COAL	334	182	83%
PETROLEUM CRUDE	259	107	143%
PETROLEUM PRODUCTS (EXCL TOP NAPHTA)	75	43	76%
PETROLEUM TOP NAPHTA	-	33	-100%
SOLID FUELS (COAL)	-	0	-100%

Source: PBS

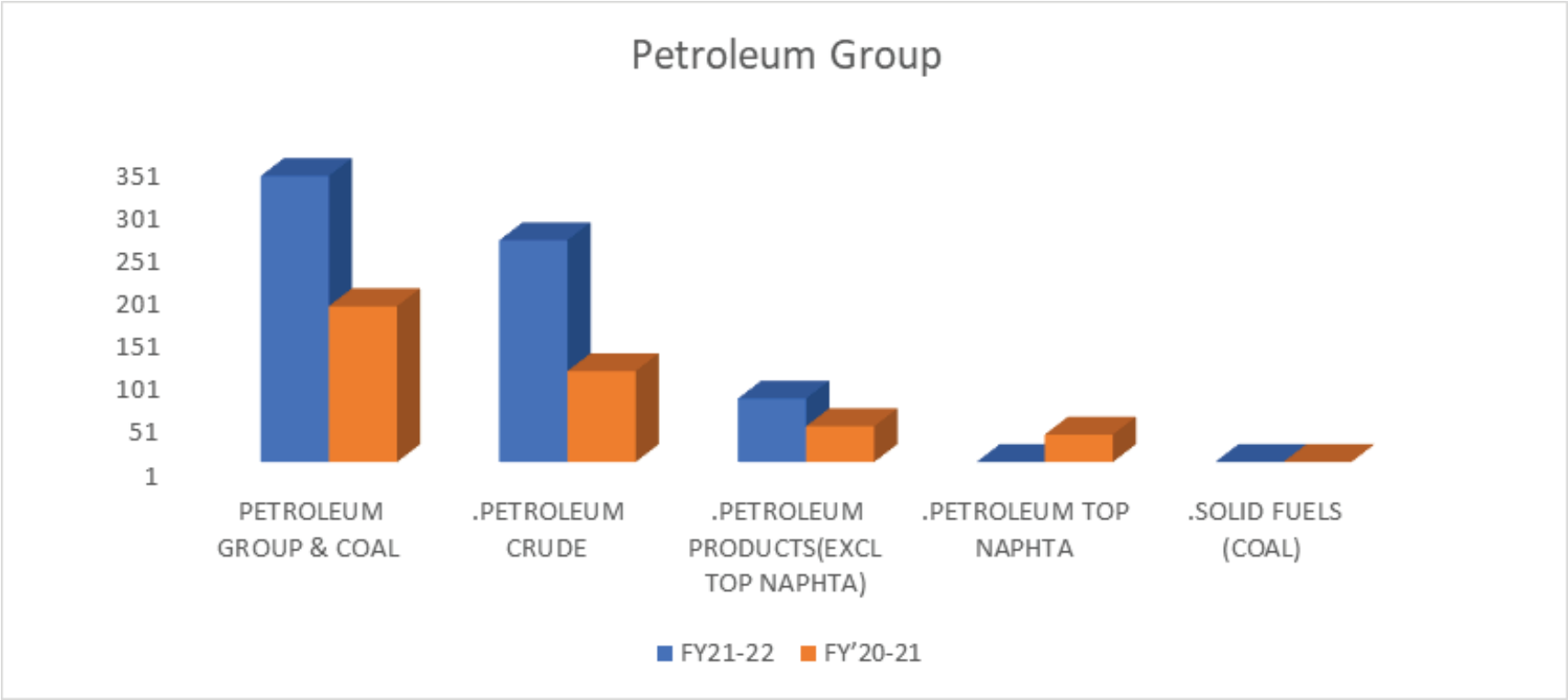
Figure 12: Quarterly Performance of Petroleum Group of Pakistan FY 2022s (USD Million)



Petroleum Products(Excl Top Naphta) sector recovered during FY 2022 at the growth rate of 76% as compared to last year and other petroleum

products such as Crude, Petroleum Top Naphta, and Solid Fuels (Coal) have shown the decline during the FY 2022.

Figure 13: Export performance of Sub sectors of Petroleum Group FY 2021 (USD Million)



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 tons 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 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.

The government of Pakistan has finalized the Pakistan Oil Refinery Policy 2021, which includes significant tax incentives – such as a 20-year income tax holiday for all taxes under the Income Tax Ordinance 2001, no import duties and sales tax on import of crude oil by refineries as of 1 July 2022, for existing refineries investing in upgrades and for new deep-conversion refinery projects. The new policy will apply to existing refineries committing to upgrade or modernize their facilities and to potential investors seeking to set up a world-scale (100,000 bbl. /d and above) deep conversion refinery and petrochemical complex worth US\$10–15bn in Pakistan.

## SECTION – 3

### 3.1 PAKISTAN'S IMPORT PROFILE (GOODS)

The economic growth of Pakistan is highly dependent on its exports. This is because access to foreign exchange enables Pakistan to finance its imports, stabilize its currency devaluation, service its debts, and resolve the issue of balance of payment deficit. However, the trade imbalance that has been continuing for decades cannot be reduced without an effective import substitution strategy. Imports during FY 2022 totaled around USD 80 billion as against USD 56 billion during the corresponding period of last year showing an increase of 42%. Main import sources of Pakistan were China, UAE, Saudi Arabia, Indonesia, USA, Qatar, Kuwait, Japan, South Africa and Thailand.

Unexpected surge has been noticed in the import value during FY 2021-2022. The broad-based surge in global commodity prices, COVID-19 vaccine imports, and demand-side pressures, IMF bailout program, all contributed to the rising imports. Pakistan imports significant amounts of wheat, pulses, and oilseeds from the Russia and Ukraine. Last year, imports from Russia and Ukraine contributed for 77.3 percent of total wheat imports, 19.3 percent of total pulses imports, and 10.4 percent of total oilseed imports into the country. The Russian invasion of Ukraine is to be blamed for this global inflation. Global prices of crude oil and edible oil touched the highest levels as were witnessed during the 2008 peak.

### 3.2 TOP IMPORT SOURCES SHOWING INCREASE (FY2022 V/S FY2021)

Table 8: Top import sources showing increase (trade values in USD million)

Import Sources	JULY-JUNE FY 2022	JULY-JUNE FY2021	% Change
China	20839	15297	36%
United Arab Emirates	8663	5318	63%
Saudi Arabia	5148	2650	94%
Indonesia	4619	3057	51%
United States	3764	2736	38%
Qatar	3582	1963	82%
Kuwait	3081	1543	100%
Japan	2194	1142	92%
South Africa	1836	1185	55%
Thailand	1798	700	157%

Source: PRAL

### 3.3 TOP IMPORT SOURCES SHOWING DECREASE(FY2022 V/S FY2021)

Country-wise statistics have shown those import sources that registered decline in the imports of Pakistan. Table below shows countries showing decline in imports during FY 2022:

Table 9: Top import sources showing decrease (trade values in USD million)

Import Sources	JULY-JUNE FY 2022	JULY-JUNE FY 2021	% Change
Russian Federation	458	776	-41%
Canada	307	611	-50%
Switzerland	235	325	-28%
Austria	151	168	-10%
Finland	90	111	-19%
Hong Kong	44	123	-64%
New Zealand	43	51	-16%
Czech Republic	36	45	-21%
Uzbekistan	33	36	-8%
Greece	27	29	-8%

Source: PRAL

## 3.4 SECTOR-WISE IMPORTS PERFORMANCE

Of the total USD 80 billion imports during FY 2022, imports of the Petroleum Group ranked the highest with imports worth of USD 23,319 million followed by Agriculture & Chemicals Group (USD 14,083 Million), Machinery Group (USD 10,920 Million), Food Group (USD 9,016 Million), Metal Group

(USD 6,525 Million), Textile Group (USD 4,786 Million), Transport Group (USD 4,457 Million), and Miscellaneous Group (USD 1,188 Million). Soaring in import bill during FY 22 has been observed mainly in the term of pricing due to deflation of Pakistani rupees.

Table 10: Top import sectors (trade values in USD million)

SECTORS	JULY-JUNE FY 2022	JULY-JUNE FY 2021	% Change
<b>Grand Total</b>	80,177	56,380	42%
<b>PETROLEUM GROUP</b>	23,319	11,358	105%
<b>MACHINERY GROUP</b>	10,920	10,147	8%
<b>AGRICULTURAL AND OTHER CHEMICALS GROUP</b>	14,083	9,300	51%
<b>FOOD GROUP</b>	9,016	8,348	8%
<b>METAL GROUP</b>	6,525	4,897	33%
<b>TEXTILE GROUP</b>	4,786	3,866	24%
<b>TRANSPORT GROUP</b>	4,457	2,987	49%
<b>MISCELLANEOUS GROUP</b>	1,188	1,218	-2%
<b>ALL OTHER ITEMS</b>	5,883	4,259	38%

## 3.5 PETROLEUM GROUP

The Petroleum Groups imports was USD 23,319 million in FY 2022 which is almost 105% higher than as compared to previous FY 2021. All import item in the Petroleum Group Increased including Petroleum Products (USD 12,069 Million), Petroleum Crude (USD 5,599 Million), Natural Gas Liquefied (USD 4,990 Million), and Petroleum Gas Liquefied (USD 6,61 Million) while Others Item decrease (USD 0.281 Million).

Pakistan's economy is growing and this growth is demanding higher energy consumption and thus putting a huge pressure over countries limited energy recourses. Oil, Natural gas and hydro are the three primary energy resources of the country which are being exploited for fulfilling energy demands of the economy. Due to limited reserves of oil and gas, the country needs to import large quantity of oil and oil related products from Middle East especially from Saudi Arabia.



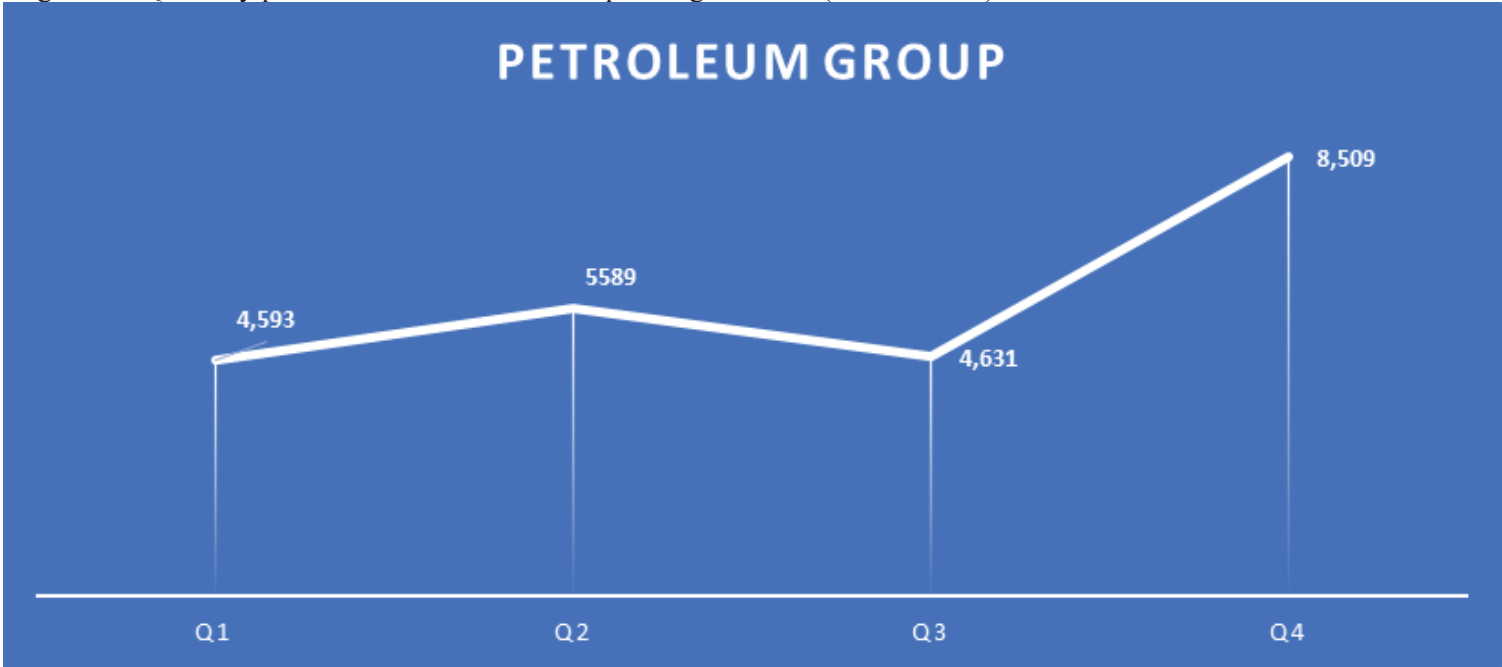
Table 11: Petroleum import sector (trade values in USD million)

SECTORS	YOY 2022 V/S YOY 2021		
	July-June FY21/22	July-June FY'20/21	% Change
PETROLEUM GROUP	23,319	11,358	105%
PETROLEUM PRODUCTS	12,069	5,160	134%
PETROLEUM CRUDE	5,599	3,107	80%
NATURAL GAS, LIQUIFIED	4,990	2,617	91%
PETROLEUM GAS, LIQUIFIED	661	473	40%
OTHERS	0.281	0.343	-18%
			Source: PBS

Pakistan’s energy sector is heavily dependent on imported fuel (Oil and LNG) and will continue to rely on imports of both for the next 10-15 years. Pakistan remains a net importer of refined oil due to low capacity of domestic refineries to process crude oil. The continuing increase in import bill of oil is triggering trade deficit and may cause uneasiness on the current account. The unprecedented increase has been noticed during the Q4 FY2022 due to the decision taken by current government to increase the oil price which was locked by previous government. The current government took this decision due to IMF restriction to increase Petroleum products prices to unlock the IMF funding’s.

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. Moreover, it has been observed that Pakistan gas production is falling. From 4,259 mmcf/d (million cubic feet per day) in FY12, it has declined by 20% to 3,388 mmcf/d in FY22 due to natural depletion and absence of sizeable discovery.

Figure 14: Quarterly performance Petroleum Group during FY 2022 (USD Million)

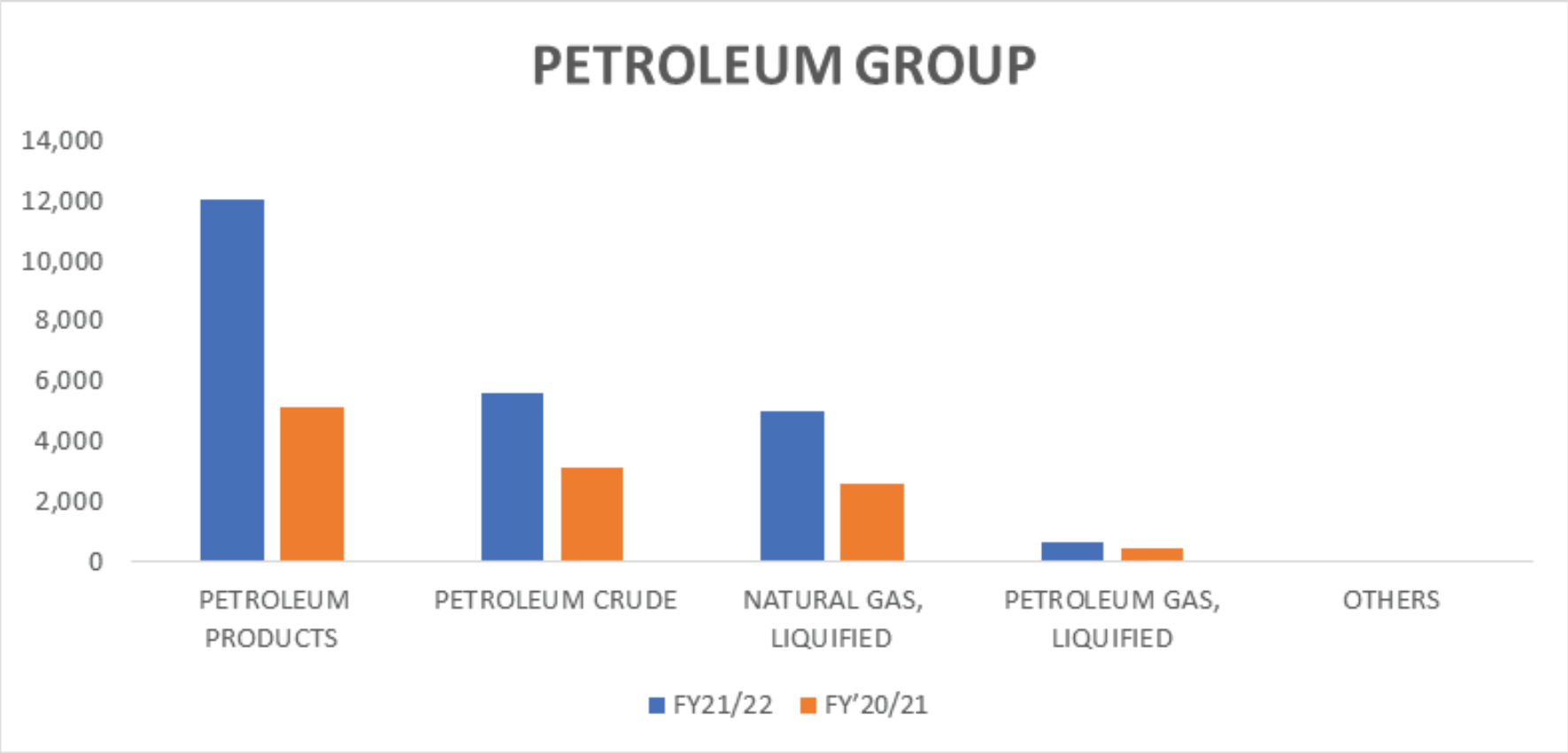


Pakistan’s oil import showing overall increasing trend in all quarters except Q3 FY 2022. Quarterly comparison showed that import payments in Q4 FY2022 has shown growth of 40% in April-June

FY2022 as compared to Q3 of Jan-March FY2022. 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%. The

abnormal growth pattern is due internationally high energy prices, inflation and rupee depreciation.

Figure 15: Import of Sub Sectors of Petroleum Sector (USD Million)



Source: PBS

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 has urged the current government to pass the increase in international oil prices on to domestic consumers. 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. The top five increasing product within petroleum group HS code are 2710.1210, 2709.0000, 2711.1100, 2710.1931, and 2701.1200 depicted that mainly the increased imports of petroleum groups due to high price. In fact, it has been noticed that quantity of HS code 2711.1100, 2710.1931, and 2701.1200 is showing negative trends with -77%, -94%, -24%

### 3.6 MACHINERY GROUP

Machinery Group is the vital engine of growth for successful industrial and manufacturing sector development of Pakistan. It is commonly known phenomena that increased investment in machinery item leads to increase in domestic good production and increased capital inflow from the sales revenue earned from domestic goods. Pakistan's local machinery manufacturing sector is relatively small in size and a majority of the demand for machinery

emanating from large industries such as Construction, Textile, and Energy etc. are met through imports. Imports of machinery have grown consistently in recent years and stood at USD 10.9 billion in FY 2022. Demand for locally produced machinery is low as imported machinery has more advance in technology and quality. During FY22, machinery imports accounted for 14% of the country's total import bill.

Table 12: Machinery import sector (trade values in USD million)

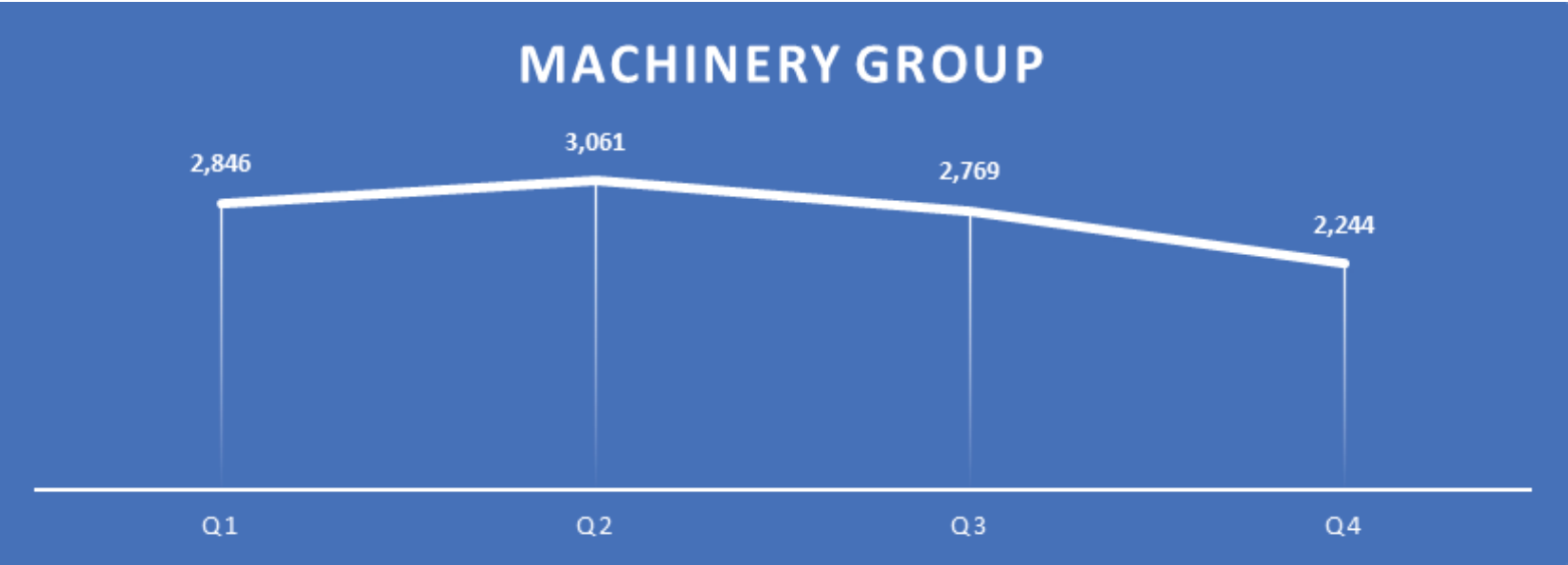
SUB-SECTORS	FY 2022 V/S FY 2021		
	July-June FY2022	July-June FY 2021	% Change
<b>MACHINERY GROUP</b>	10,920	10,147	8%
<b>POWER GENERATING MACHINERY</b>	1,471	1,912	-23%
<b>OFFICE MACHINE INCL.DATA PROC EQUIP</b>	589	460	28%
<b>TEXTILE MACHINERY</b>	764	592	29%
<b>CONSTRUCTION &amp; MINING MACHINERY</b>	175	141	24%
<b>ELECTRICAL MACHINERY &amp; APPARATUS</b>	1,930	1,664	16%
<b>TELE COM</b>	2,685	2,593	4%
<b>A. MOBILE PHONE</b>	1,979	2,065	-4%
<b>B. OTHER APPARATUS</b>	706	528	34%
<b>AGRICULTURAL MACHINERY &amp; IMPLEMENTS</b>	112	95	18%
<b>OTHER MACHINERY</b>	3,193	2,688	19%

Source: PBS

All items in the machinery groups showing increasing trend in FY22 as compared to FY21 except power generating machinery. The highest growth observed in textile machinery with an increase of 29% in the FY22 as compared to FY21. The soaring imports in the machinery group was a sign of creating new jobs and increased economic activity in the country. Moreover, SBP introduced Temporary Economic Refinance Facility (TERF) which offered discounted rates of borrowing for new plants, expansion and BMR activities in the aftermath of COVID-19. Due to these investments and import of machinery increased during FY 2022. Moreover, the Government has given various incentives, such as sales tax and custom duty exemptions on imported machinery for the Special Technology Zones and Export Processing Zones to encourage investments and new ventures.

The first two quarters of FY 2022 registered increase in the import of Machinery however, last two quarters (Q3-Q4) showed significant decline in the import of Machinery. Over the Q4 (April-June) FY 2022, the import performance of Machinery group has registered a decrease of 40% as compared to same period last year of FY 2021.

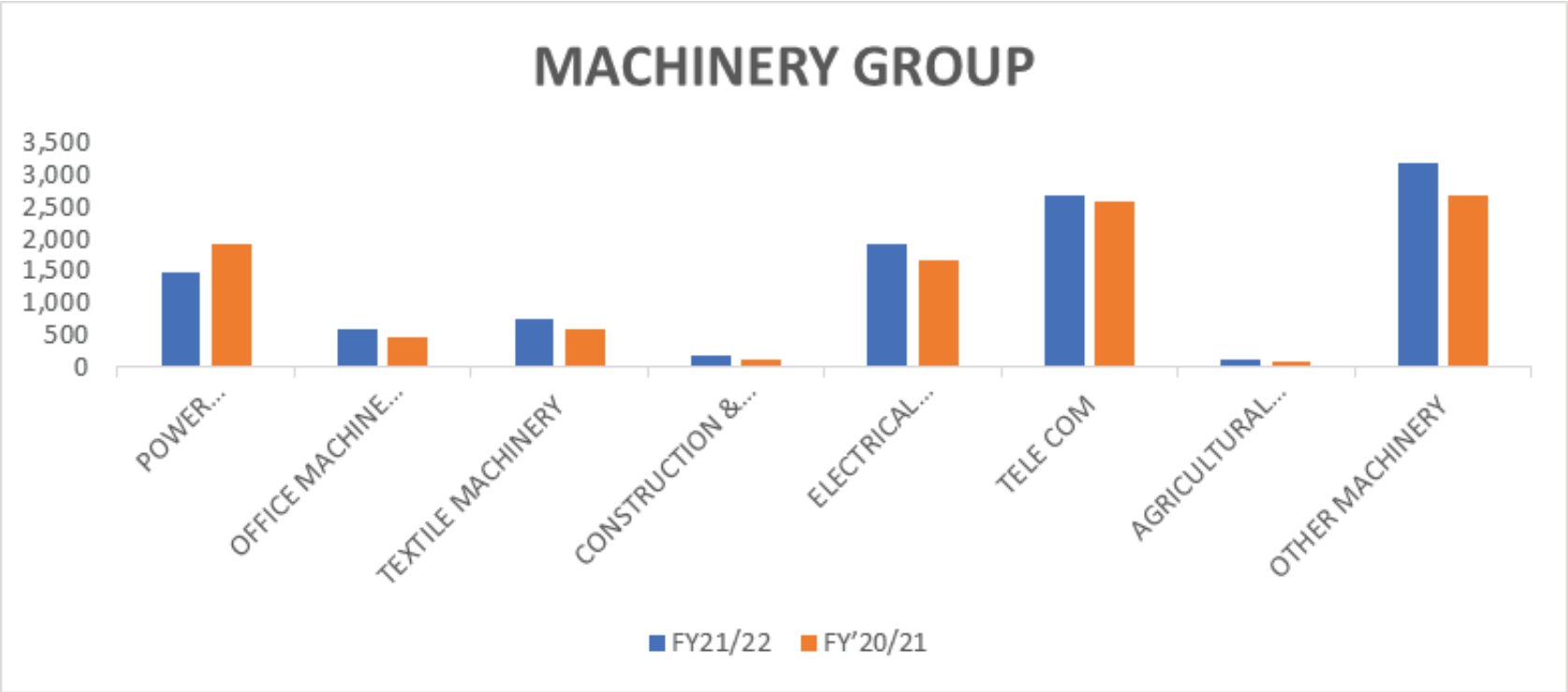
Figure 16: Quarterly Import of Machinery Group FY 2022 (USD Million)



Majority imported items of Machinery Group registered significant increase including, Office Machine Incl. Data Proc Equip (USD 5,89 million), Textile Machinery (USD 7,64 million), Construction & Mining Machinery (USD 1,75 million), Electrical Machinery & Apparatus (USD 1,930 million), Telecom (USD 2,685 million), Agricultural Machinery & Implements (USD 1,12 million), and others machinery item (USD 3,193 million). While Power Generating Machinery showing negative trend with a value of (1,471 USD million). The top five increasing products within machinery group are HS code

8517.1211, 8541.4000, 8517.6290, 8414.3010, and 8402.1190 depicted that mainly the increased imports of machinery groups due to change in both prices and quantity imported. The quantity of HS code 8517.1211, 8414.3010, and 8402.1190 is showing positive trend with 1%, and 87%, respectively. The Hs code 8541.4000, 8517.6290 with -21%, and -134% decline is quantity which represented the major contributing role of prices in the import bill of machinery items. Pakistan mainly importing machinery item from China, United States, Japan, Germany and Thailand.

Figure 17: Import of Sub Sector of Machinery Group FY 2022 USD Million)



Source: PBS

## Telecom Machinery- Mobile Phones

Telecom was the first sector in the import of Machinery bill during FY 2022 which accounts for 25% of total machinery imports and stands at USD 2,685 million. Although import of Mobile phone was showing registered decrease of 4% as compared to same period last year of FY21. But overall telecom industry imports soaring trend in 2022.

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

## Electrical Machinery and Apparatus

Electrical machinery accounts for 18% of total machinery imports and stood at USD 1,930 million during FY 2022. The top soaring products HS code in electric machinery items includes 8517.1211, 8541.4000, 8517.6290, 8504.4090, and 8502.3900 depicted that the increased imports of electric machinery due to soaring prices. Importantly, it has been noticed that quantity of HS code 8541.4000, 8517.6290, 8504.4090 and 8502.3900 is showing negative trends with -21%, -134%, -25% and -78%, respectively.

Moreover, the Government has introduced incentives for various sectors such as the construction sector, the technology sector as well as export-oriented sectors which are likely to boost investments and thus increase demand for machinery. In addition, the introduction of Temporary Economic Refinance Facility (TERF) at discounted rates for the purpose of investments and BMR activities is also likely to have a positive impact on demand for machinery.

## Power Generation Machinery

Another large segment was power generating machinery, which accounts for 13% of total machinery imports. During FY 2022, this segment had the negative import of 23%. The imports of power Generating Machinery in terms of USD in FY 2022 were 1,417 million as compared to USD 1,913 million in FY 2021. 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.

## Textile Machinery

Import of Textile Machinery has been registered significant increase of 29% from USD 592 in FY 2021 million to USD 7,64 million in FY 2022. The top increasing products with HS code in textile machinery includes 8446.3000, 8445.2000, 8447.9010, 8445.1100, and 8445.1300 depicted that the increased imports of textile machinery due to both prices and quantity of items. Pakistan mainly importing textile machine from China, France, Belgium and Germany.

This indicates capacity expansion as well as technology up gradation in the Pakistan Textile Industry. The main reason of increase in imports were the enhancement in exports of Textile and clothing sector. The sector operated at 100% capacity and completed export orders fetched during FY 2022. Another main reason includes that Textile Sector allowed to import Machinery & Equipment without paying duties & taxes, if it is not manufactured locally. For the purpose of this Part the expression “excluding those manufactured locally” means the goods which are not included in the list of locally manufactured goods specified in General Order issued by the Federal Board of Revenue or as the case may be, certified as such by the Engineering Development Board.

## Construction and Mining Machinery

Pakistan imported worth of USD 175 million Construction Machinery during FY 2022 and registered increase of 24%. Construction Machinery includes bulldozers, excavators, cranes, graders and drilling machines. The construction sector is an important engine of employment and economic activity generating Industry, offering job opportunities to millions of skilled and un-skilled labour forces. More than 40 allied industries depended on construction industry.

The majority of the construction revenue earned from the award of government contracts ranging from buildings of highways to infrastructure etc. With the launch of CPEC, Pakistan's construction sector has picked up the pace. In addition, the relief packages and subsidies provided by the government have also pushed for further growth in the industry.

Construction of residential housing units and buildings is also a major mover of the sector, specifically in the rural areas. As per the central bank, there is a shortfall of 12 million housing units in the country.



## Agriculture Machinery

Agricultural machinery comprises of chaff cutters, sugarcane machinery and wheat thrashers. It also includes tractors, cultivators, ploughs, harvesters, threshers and many other types of machinery employed by the agriculture industry in order to assist in various processes such as cultivating, planting and harvesting.

Pakistan imported worth of USD 112 million of Agriculture Machinery in FY 2022 with 18% growth as compared to FY21. During 2021-22, total tractor production reached to 41,871 compared to 36,900 produced last year, a 13.5 percent higher than same period last year.v

## 3.7 AGRICULTURE AND CHEMICAL GROUP

Pakistan's agriculture sector plays a central role in the economy and absorbs 37% of labor force. During FY2022, the agriculture sector recorded a remarkable growth of 4.40 percent and surpassed the target of 3.5 percent and last year's growth of 3.48 percent. It is also an important source of foreign exchange earnings and stimulates growth in other

sectors. Pakistan is mainly the exporter of agriculture production but the major contribution of agriculture and chemical imports is medical product. The total imports of agriculture and chemical groups items in FY 2022 was USD 14,083 million which is almost 51 % higher as compared to previous FY 2021.

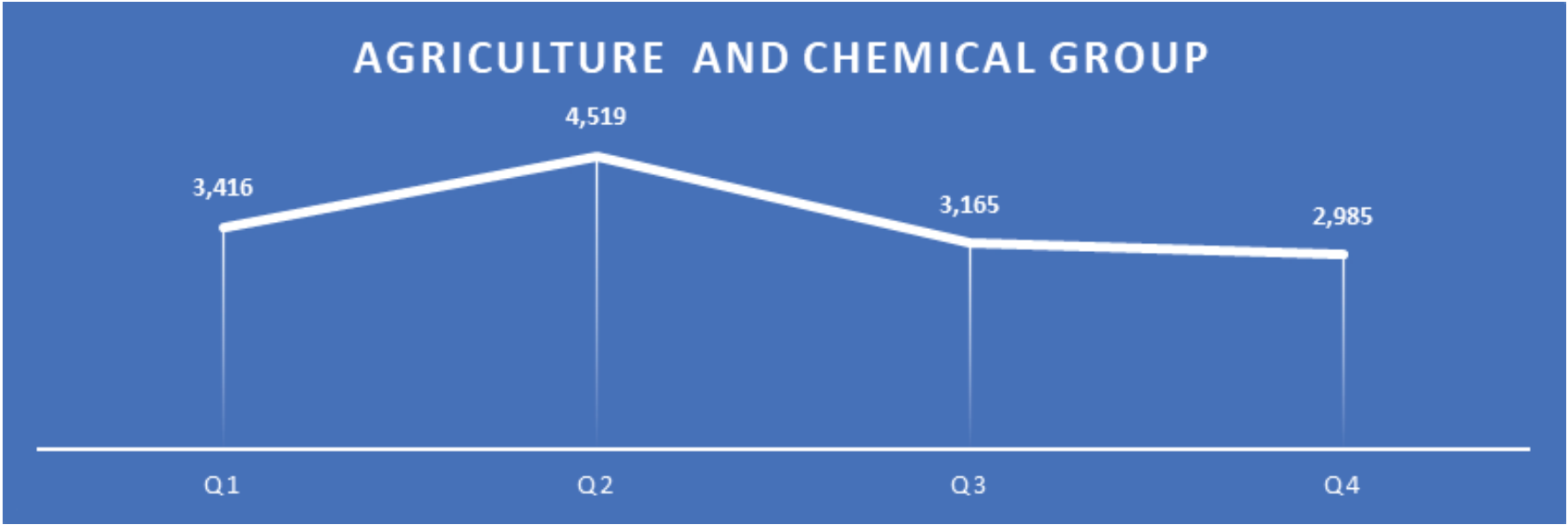
Table 13: Agriculture and Chemical import sector (trade values in USD million)

FY 2022 V/S FY 2021			
SUB-SECTORS	July-June FY 2022	July-June FY 2021	% Change
<b>AGRICULTURAL AND OTHER CHEMICALS GROUP</b>	14,083	9,300	51%
<b>FERTILIZER MANUFACTURED</b>	846	719	18%
<b>INSECTICIDES</b>	202	189	7%
<b>PLASTIC MATERIALS</b>	3,136	2,473	27%
<b>MEDICINAL PRODUCTS</b>	4,063	1,390	192%
<b>OTHERS</b>	5,837	4,529	29%

Import of Agriculture and Chemical Group drastically increased in first and second quarter. But showing sluggish trend during Q3 and Q4 of FY 22. During Q2 FY22, the imports have increased 32% as compared to the Q1 FY 222. All imported items of Agriculture and Chemical Group registered surge including Fertilized Manufactured (USD 8,46 million), Insecticides (USD 2,02 million), Plastic Materials (USD 3,136 million), Medical product (USD 4,063 million), and others (USD 5,837 million). It is pertinent to mention that some major

fertilizer production units of Pakistan are playing an important role in fulfilling the demand for fertilizer including inorganic fertilizers (DAP, CAN, NP, UREA). Pakistan's average DAP annual off take is around 2,000 kt per year. This is supplied through 800 kt of local production and 1,200 kt of import. As per current exchange rates, it is valued around \$1.2 billion per year. Government's decision to regulate di-ammonium phosphate (DAP) import by making the Trading Corporation of Pakistan's (TCP) approval necessary in this regard.

Figure 18: Quarterly import of Agriculture and Chemical Group FY 2022(USD Million)



### Medicinal Products

The import of Medicinal products increased by 192% from USD 1,390 million in FY 2021 to USD 4,063 in FY 2022. The import surge in medicinal products is due to import of vaccine from China, Russia and other countries. The soaring trend in the medicinal product is due to the on-going pandemic situation. The country, which launched its COVID-19 vaccination campaign, administered over one million doses of vaccine in a day. Moreover, Pakistan imposed a 17% sales tax on the import of Active Pharmaceutical Ingredients in January 2022. So, the soaring trend in the medicinal product could be change in prices, quantity and new government regulation.

### Insecticides

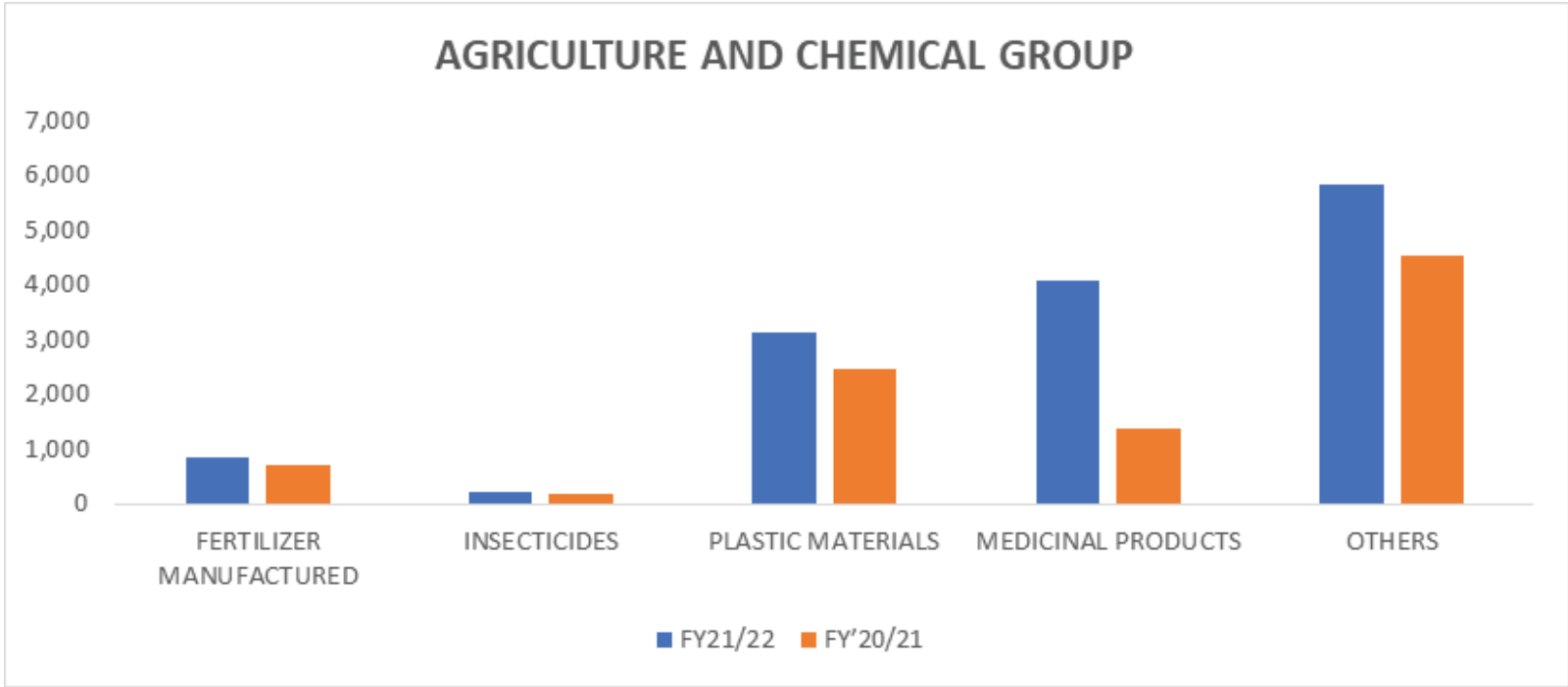
Insecticides imports has increased 7% in FY 2022 as compared to FY 2021. Pakistan largely depends upon imports to meet the local demand of the pesticides industry. Pesticides import can be divided into two categories, pesticides products -manufactured pesticides and pesticide active ingredients. Total pesticides imports were recorded at USD 2,02 million in FY 2022. A quantity of 100

thousand tons arrived through import from China. Currently, China is the single largest exporter of pesticides to Pakistan as it accounts for more than 90% of the total pesticides' products and PAIs imports. Significant reliance on a single country increases the risk of supply chain disruptions. The risk is further amplified by the nature of the products, as prior registration and approval is required for the import of each pesticide's product.

### Plastic Materials

Plastic materials have shown increase of 27% during FY 2022as compared to of FY 2021. Pakistan imported USD 3,136worth of Plastic material during reported period. The top five raw material items within plastic group HS code are 3902.1000, 3901.1000, 3901.2000, 3902.3000, and 3907.2000 depicted that mainly the increased imports of plastic material increased to soaring in term of quantity and prices

Figure 19: Import of sub-sectors of Agriculture and Chemical Group FY 2022 (USD Million)



Fertilizer

Fertilizer requirements in the country are met from both domestic production and imports. Major fertilizer production units are playing an important role in fulfilling the demand for fertilizer. Some major kinds of inorganic fertilizers (DAP, CAN, NP, UREA) are b used in the production of major crops

consumption includes 80 per cent of its use for the wheat crop alone in October and November. Of 2.2m tones, 1.5m tones are imported each year by a total of 11 main exporters, while nearly 700,000 tons of DPA are locally manufactured by the Fauji Fertilizers Bin Qasim Limited (FFBL) with the

on a large scale. Pakistan Imports of Fertilizers was USD 846 Million during FY 2022 registered an increase of 18%. Pakistan is facing the risk of di-ammonium phosphate (DAP) shortage during FY 22. Country’s total DAP consumption per annum is about 2.2 million tons or 44m bags. The total

import of raw material (phosphoric acid). No policy was formulated to introduce the DAP price-regulating model. None of the importers were taken into confidence before making this important decision.

FOOD GROUP

Pakistan’s food import bill grew by 8% during FY 2022 mainly due to bridge the shortfall in domestic production of agriculture produce. Year on Year comparison shows that Pakistan imported food products worth of USD 9,016 million during FY

2022 as against USD 8,348 million during FY 2021. As a result of the increase in food imports, trade deficit is widening as the overall import bill of the country has been on the rise mainly due to an increase in the import bill of eatables.

Table 14: Food Group (trade values in USD million)

FY 2022 V/S FY 2021			
SUB-SECTORS	July-June FY 2022	July-June FY 2021	% Change
<b>FOOD GROUP</b>	9,016	8,348	8%
<b>MILK, CREAM &amp; MILK FOOD FOR INFANTS</b>	162	192	-15%
<b>WHEAT UNMILLED</b>	795	983	-19%
<b>DRY FRUITS &amp; NUTS</b>	65	78	-17%
<b>TEA</b>	626	581	8%
<b>SPICES</b>	216	225	-4%
<b>SOYABEAN OIL</b>	197	96	106%
<b>PALM OIL</b>	3,549	2,669	33%
<b>SUGAR</b>	192	129	49%
<b>PULSES (LEGUMINOUS VEGETABLES)</b>	611	710	-14%
<b>ALL OTHERS FOOD ITEMS</b>	2,601	2,687	-3%

Source: PBS

Quarterly comparisons show asymmetric through the FY 22. depicted a sharp increasing trend during Q2, while Q3 and Q4 has shown negative trend. Imports in Q2 of FY 22 have increased by USD 2435 million from the import of Q1 FY22, an overall increase of 3% has been witnessed. During Q3 and

Q4 of FY showing decreasing trend in the import of Food group.

Figure 20: Quarterly Imports of Food items FY 2022 (USD Million)



Imports of Food Group has shown increasing trend in few products including Tea (USD 580 million), Soybean Oil (USD 197 million), Sugar (USD 192 million) and Palm Oil (USD 3,549 million). Edible oil import witnessed a substantial increase.

Within the food group import, few products showing decreasing trend including Milk, Cream & Milk Food for Infants (USD 162 million), Wheat Unmilled (USD 795 million), Dry Fruits & nuts (USD 65 million), Spices (USD 216 million), and Pulses (USD 611).

## Palm Oil

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 106% and 33% in FY 2022 as compared to FY21. Three increasing codes in Palm oil are 1511.9020, 1511.9030, and 1511.9010. It has been noticed that Palm oil imports increased due to high prices and even the quantity of HS code 1511.9030, and 1511.9010 reduced -24% and -14%.

The Soybean oil HS code 1507.1000 showing soaring trend both in prices (108%) and quantity (23%).

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.

## Sugar

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%. Pakistan is currently imported Sugar amounting to USD 192 million in FY 2022. Four increasing products in sugar are 1701.9910, 1701.9990, 1701.1400, and 1701.9930.

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.



## Tea

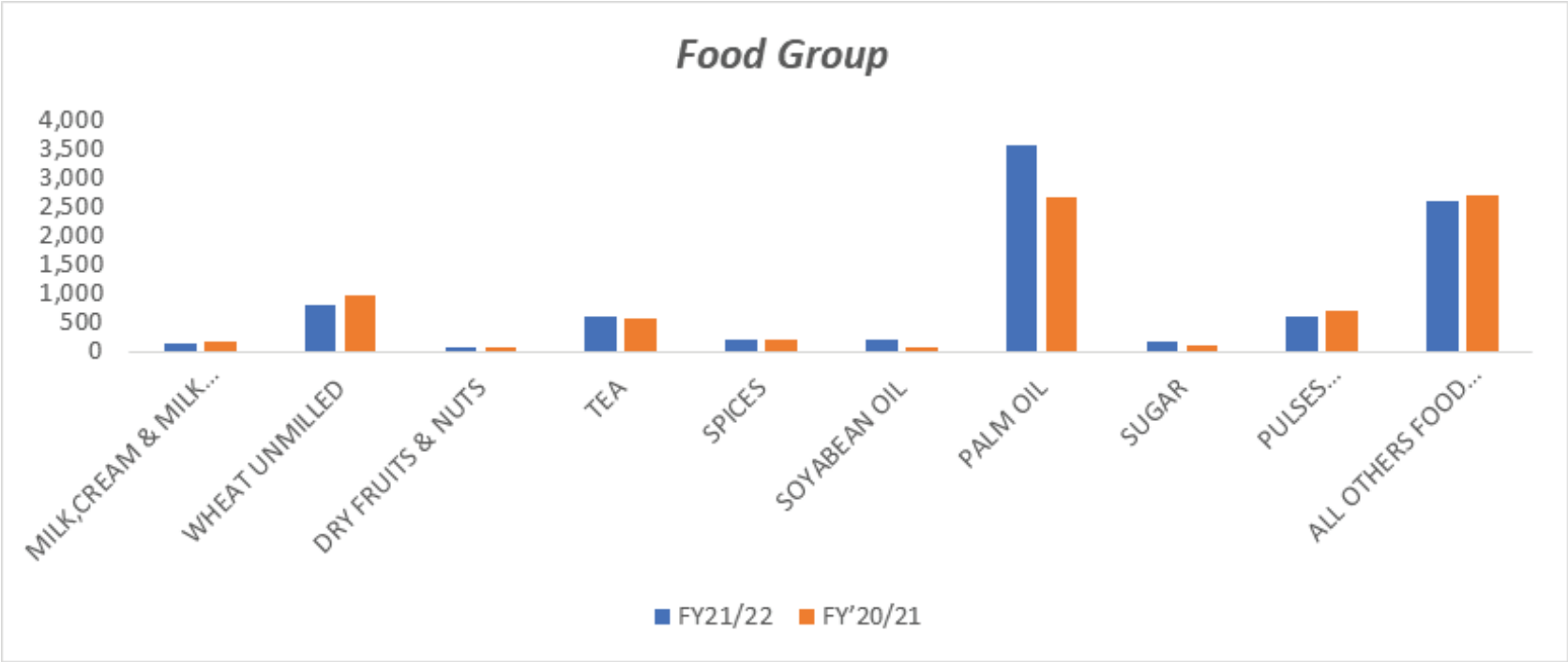
Pakistan, one of the biggest importers of tea in the world. Year on year comparison shows that import of tea posted growth of 8%. In FY 22, Pakistan was the leading tea importing country in the world, with imports valued at approximately 6,26 million U.S. dollars. Pakistan imports Tea primarily from Kenya, Vietnam, Rwanda, Tanzania, and Burundi. The growth is mainly due to increasing consumption of tea in Pakistan and domestically low production. PAKISTAN AGRICULTURAL RESEARCH COUNCIL mentioned in their report that Pakistan has huge potential to become self-sufficient in the

tea sector. If we plant tea on an additional 2,000 hectares of land offered by the government and invested by private companies.

## Wheat, Dry Fruits & other food items

Within the food group import, few products showing decreasing trend in FY 22 including Milk, Cream & Milk Food for Infants -15%, Wheat Unmilled -19%, Dry Fruits & nuts -17%, Spices -4%, and Pulses -14%. The reduction in the import of these food products showing that increasing the domestic production which is a good sign.

Figure 21: Imports of Sub Sectors of Food Group FY 2022 (USD Million)



## 3.8 METAL GROUP

The metal group imports have shown an overall increase of 33% in FY 2022 as compared to the same period FY 2021. Imports during reported period

stood at USD 6,525 million as against USD 4,897 million. All other sub sectors in the Metal Group have shown growth during FY 2022.

Table 15: Metal sector (trade values in USD million)

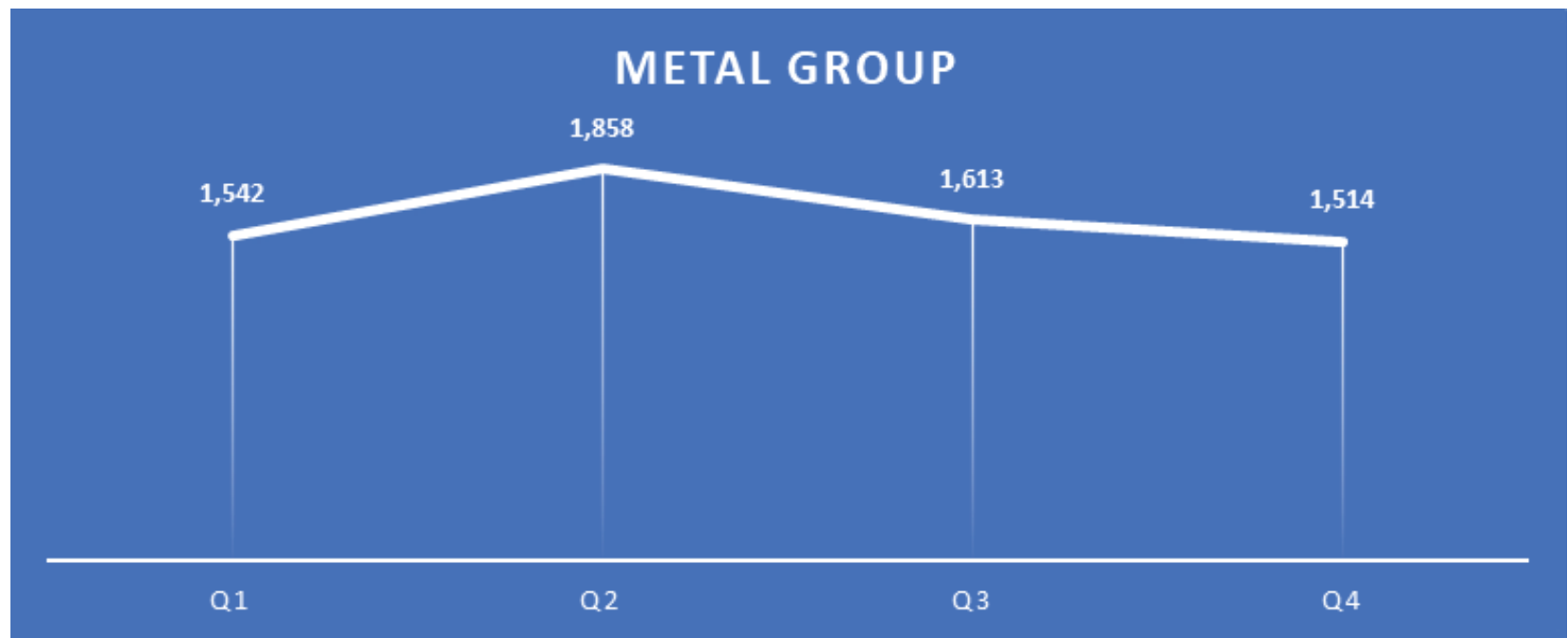
FY 2022 V/S FY 2021			
SUB-SECTORS	July-June FY 2022	July-June FY 2021	% Change
METAL GROUP	6,525	4,897	33%
GOLD	22.62	8.97	152%
IRON AND STEEL SCRAP	2,305	1,858	24%
IRON AND STEEL	2,937	1,960	50%
ALUMINIUM WROUGHT & WORKED	261	175	49%
ALL OTHER METALS & ARTICALS	1,000	895	12%

Source: PBS

The Gold (USD 22.62 million), Iron and steel scrap (USD 2,305 million), Iron and steel (USD 2,937 million), Aluminum wrought & worked (USD 261 million), and others Metals item (USD 1,000 million) in FY2022. Government announced a special incentive package for the

construction. Iron and steel are basic raw material of the construction industry. Metal group has increasing trend in the first two quarters of financial year FY2022. Then Q3 and Q4 has shown negative trend.

Figure 22: Quarterly imports of Metal Group FY 2022 (USD Million)



Source: Author’s calculation based on PBS data

Gold

Import of Gold registered an increase of 152% during FY 2022 from USD 23 million to USD 9 million. Pakistan imports Gold primarily from: United Arab Emirates, United States, and United Kingdom. We have imported 7108.1390 products 34.23 KGs during FY 2022 which is not imported in FY21. The soaring import of gold is due to two main reason 1) depreciate in the value of money and increase in the quantity of gold imported. All Pakistan Sarafa Gems and Jewelers Association (APSGJA) reports that the latest price increase was announced following a fresh depreciation of the rupee against the dollar. In terms of quantity, Pakistan imported 287 kilograms of gold during the during (July–April FY 22) as compared to the imports of 115 kilograms last year

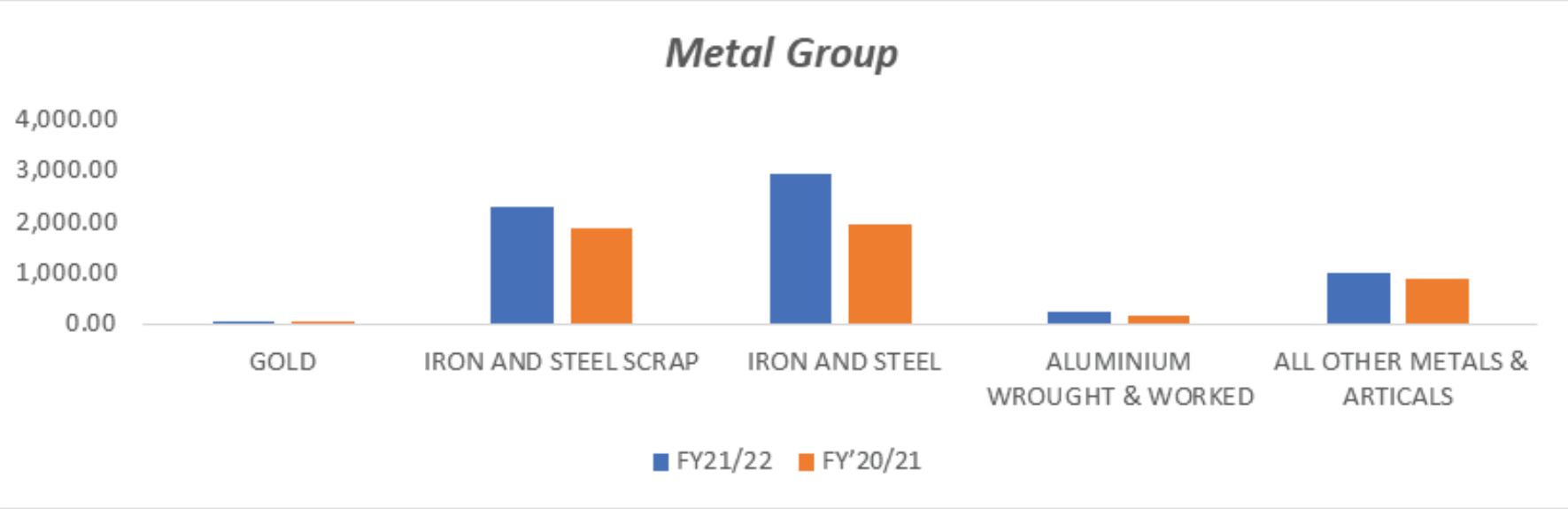
Iron and Steel

Iron and Steel Industry plays a pivotal role in the progress of an economy. With its permanent nature and recycling capabilities, the demand for steel continues to grow in significant industries such as infrastructure, construction, automotive, appliances, manufacturing and others. Iron and steel imports surged during FY 2021 by 50%. The Pakistan scrap market has grown in prominence this year, as a result of the global Covid-19 pandemic. Iron and steel are raw materials used in the construction industry. The surge in imports shows higher local demand of the products that used in the local construction industry. Large scale manufacturing posted double digit growth which reflects increased industrial activity. Three increasing products in Iron and steel scrap are 7204.1090, 7204.3000, and 7204.4910. It has been noticed that these HS codes increases in term of import volume and import quantity. The quantity of HS code 7204.1090, 7204.3000, and 7204.4910 increased 320%, 25% and 13%. Iron and steel imports surged during FY 2022 by 24%. Pakistan is the world’s fourth-largest steel

scrap importer, according to figures from the Bureau of International Recycling (BIR). Pakistan is the second-largest buyer of UK-origin steel scrap. The pandemic created a shortage of scrap material in markets around the world, including the UK, where

for the past six months scrap collection has fallen. Additionally, the domestic steel demand in Pakistan is growing as a result of continuing renewals and additions to infrastructure following investment from China.

Figure 23: Imports OF Sub Sectors of Metal Group FY 2022 (USD Million)



### 3.9 TEXTILES GROUP

Textile is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, dyeing and

finishing, made-ups and garments. Year on year comparison shows that Pakistan imported Textile Group worth of USD 4,786 million during FY 2021 as against USD 3,866 million during FY2020 showing an increase of 24%.

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

SUB-SECTORS	FY 2022 V/S FY 2021		
	July-June FY21/22	July-June FY'20/21	% Change
TEXTILE GROUP	4,786	3,866	24%
RAW COTTON	1,828	1,480	24%
SYNTHETIC FIBRE	743	629	18%
SYNTHETIC & ARTIFICIAL SILK YARN	879	656	34%
WORN CLOTHING	433	310	40%
OTHR TEXTILE ITEMS	903	792	14%

Source: PBS

Quarterly comparasion shows that the textile imports depicted a sharp surgeduring Q1, Q2,

Q4 quarters, while Q3 has shown slightly negative trend.

Figure 24: Quarterly Imports of Metal Group FY 2022 (USD Million)



Source: Author’s Calculation based on PBS data

### Raw Cotton

Pakistan is the fifth largest cotton producing country with tremendous potential in further improvement in its world share. But still unable to meet its own domestic demand. In FY 2022, import of raw cotton has increased by 24% as against same period of FY 2021. Pakistan, which produced the highest ever output of around 15 million bales of cotton in 2014-15, now continuously faces crop decline, forcing the country to look to the international market to meet the textile sector’s requirements.

As the harvesting season draws to a close, the country’s ginneries received 7.3 million bales of cotton, up from last year’s 5.3 million bales, according to fortnightly data released on January 1, 2022, by the Pakistan Cotton Ginners’ Association (PCGA). The short production and high demand have almost doubled the prices of cotton from last year. Cotton prices in the US market and India have also increased due to supply concerns.

Increase in the import of Raw Cotton (5201) noticed from USA, Brazil, Turkey, Tanzania. The cotton crop has lost its competitiveness relative 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 fibers can be damaging for the sustainability of local textile industry.

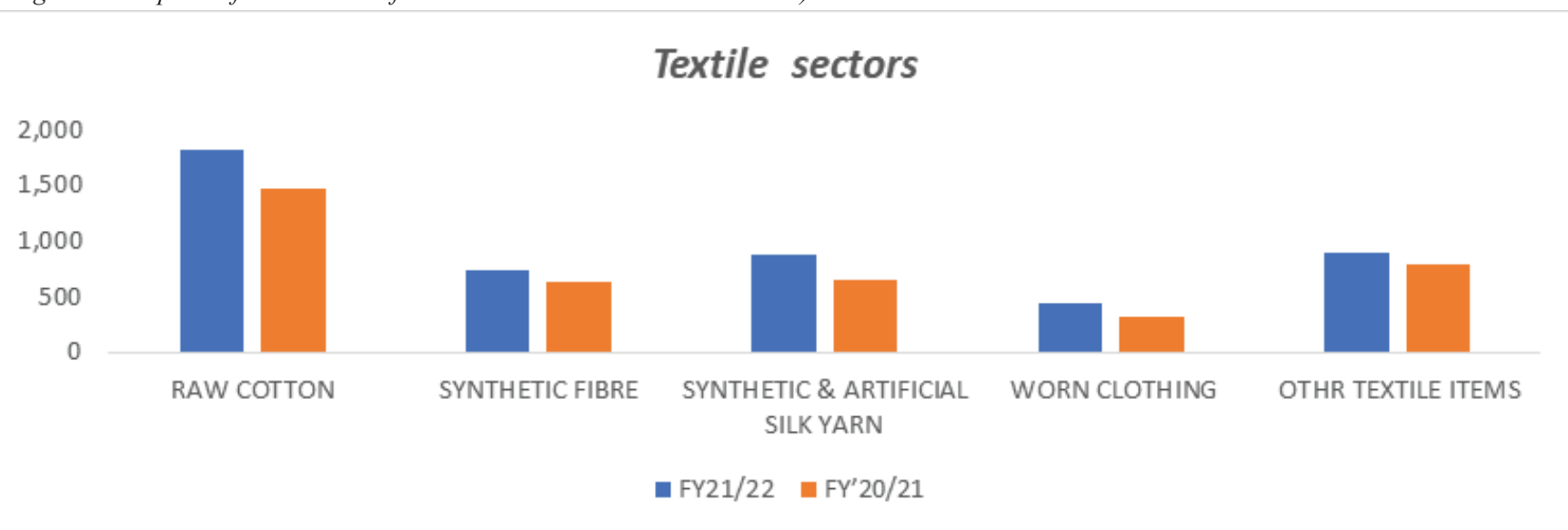
### Worn Clothing

Import of worn clothing increased by 40% during FY 2022. The Pakistan’s import of worn clothing has sharply increased lead to rising inflation and poverty. Pakistani traders import secondhand clothes mainly from the US, Europe, Japan, Australia, China and Korea.

### Synthetic Fiber and Synthetic & Artificial Silk Yarn

An increase of 18% and 34% have been registered in the import Synthetic Fiber and Synthetic & Artificial Silk Yarn respectively. Pakistan produced and export world class Cotton products globally. Textile consumer preferences are shifting from cotton-based apparel to synthetic man-made apparel. In the world market, consumption of man-made or synthetic fibers against natural fibers has shifted to a ratio of 70:30, with synthetic fibers having the lions share – a decade ago it was 30:70. If Pakistan wanted to be the global player of textile, Pakistan to rethink about the import duties on synthetic fibers.

Figure 25: Imports of Sub Sectors of Textile sectors FY 2022 USD Million)



Source: PBS

## 3.10 TRANSPORT GROUP

The import of transport group has shown significant increase of 49% in FY 2022 as compared to same period last year. Pakistan spends a handsome amount on bringing in auto parts from abroad for the auto

making every year. However, the imports of completely and semi-knocked down (CKD) kits for the local assembly of cars surged to an all-time high of over USD 1.7 billion in FY 2022.

Table 17: Transport group imports (trade values in USD million)

SUB-SECTORS	FY 2022 V/S FY 2021		
	July-June FY2022	July-June FY2021	% Change
<b>TRANSPORT GROUP</b>	4,457	2,987	49%
<b>ROAD MOTOR VEH. (BUILD UNIT, CKD/SKD)</b>	3,685	2,458	50%
<b>19.1 CBU</b>	616	387	59%
<b>A. BUSES, TRUCKS &amp; OTH. HEAVY VEHICLES</b>	302	127	137%
<b>B. MOTOR CARS</b>	310	256	21%
<b>C.MOTOR CYCLES</b>	4.17	3.50	19%
<b>19.2 CKD/SKD</b>	2,439	1,583	54%
<b>A. BUSES, TRUCKS &amp; OTH. HEAVY VEHICLES</b>	663	388	71%
<b>B. MOTOR CARS</b>	1,699	1,120	52%
<b>C.MOTOR CYCLES</b>	77	75	2%
<b>19.3 PARTS &amp; ACCESSORIES</b>	527	406	30%
<b>19.4 OTHERS</b>	103	83	25%
<b>AIRCRAFTS, SHIPS AND BOATS</b>	761	514	48%
<b>OTHERS TRANSPORT EQUIPMENTS</b>	10.88	15.54	-30%

Source: PBS

The import bill of completely and semi-knocked down (CKD/SKD) kits of locally assembled cars hit an all-time high of \$1.7 billion in FY22 compared to \$1.11bn in the preceding year, a jump of 52 per cent

owing to escalating demand for vehicles and low localization under a government concessionary package in Auto Policy 2016–2021. To some extent, existing players are also importing CKD/SKD kits



for new models being rolled out with low volume of locally made parts. However, car assemblers claim to have achieved higher localization.

Automobile sector’s output accounts for 3% of the country’s GDP as it employs 500,000 people directly and 2.4 million indirectly, however the auto industry’s monitoring committee has expressed concerns about the sector’s lack of localization which is resulting in more frequent & substantial price hikes by various local assemblers during the last few months. New life in the auto sector while used imported vehicles and locally assembled vehicles by old players also enjoys robust demand.

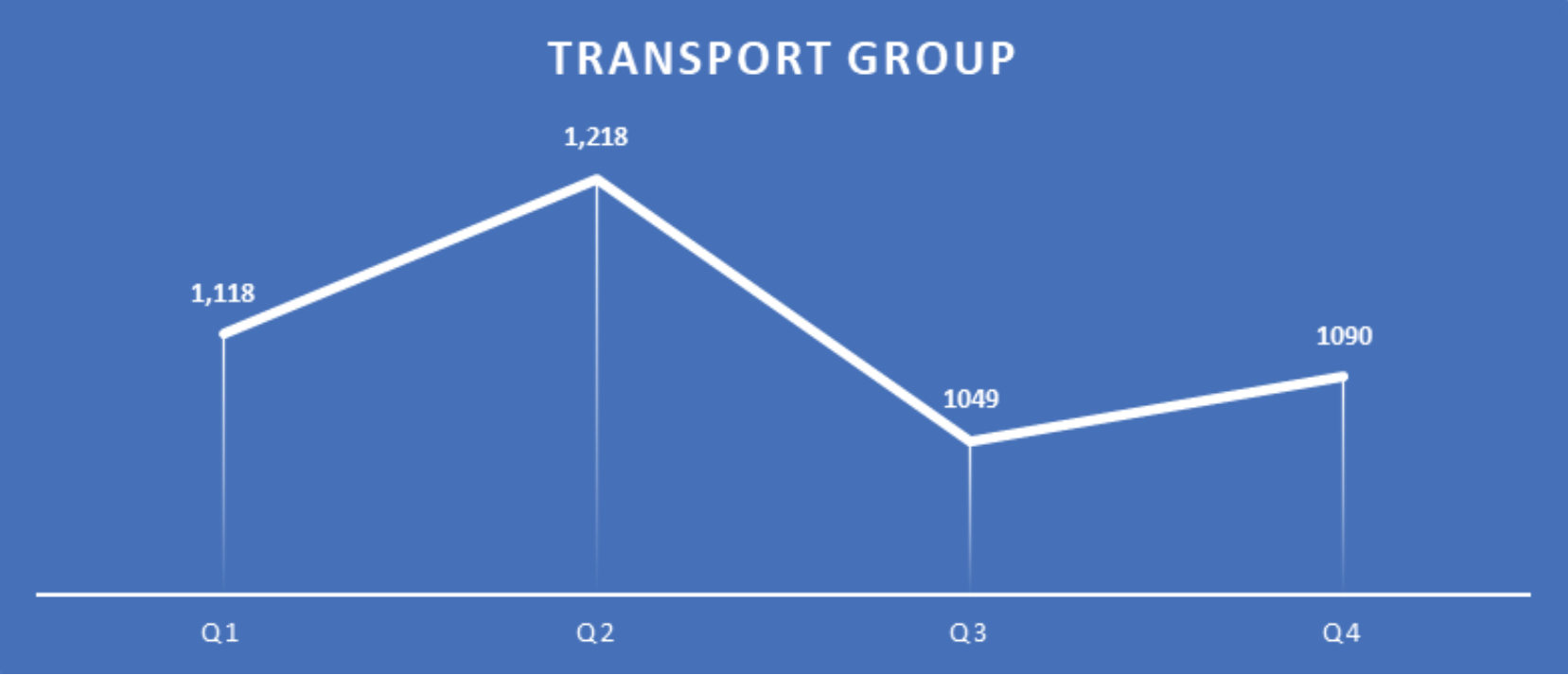
According to Auto Industry Development Committee (AIDC), that the dramatic hike in car prices is due to main cost-pushing factors such as high freight charges, expensive raw materials and adverse rupee-dollar parity. AIDC pointed out that Honda, Toyota, and Suzuki have had footprints in Pakistan for a long time. They have carried out some local value addition by substituting the imported auxiliary parts with the local ones & claim to have

achieved up to 65% localization, yet the prices are too vulnerable on forex fluctuations. However, new entrants have begun rolling out vehicles from their assembly lines with only 5% locally-made parts, which is insufficient to ease the pressure on imports.

The Road Motor Vehicle Build Unit (USD 3,685 million), CKD/SKD (USD 2,439 million), CBU (USD 6,16 million), Part & Accessories (USD 5,27 million), others (USD 1,03 million), Aircrafts, Ships and Boats (USD 7,61 million), and other transport equipment (USD 11 million) in FY2021. Both CBU and CKD transport vehicles have increased by 59% and 54% in FY 2022 as compared to the 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 But later on the uplifted the ban on most products and increased the import volume of transport group.

Figure 26: Quarterly Import of Transport Group FY 2021 (USD Million)



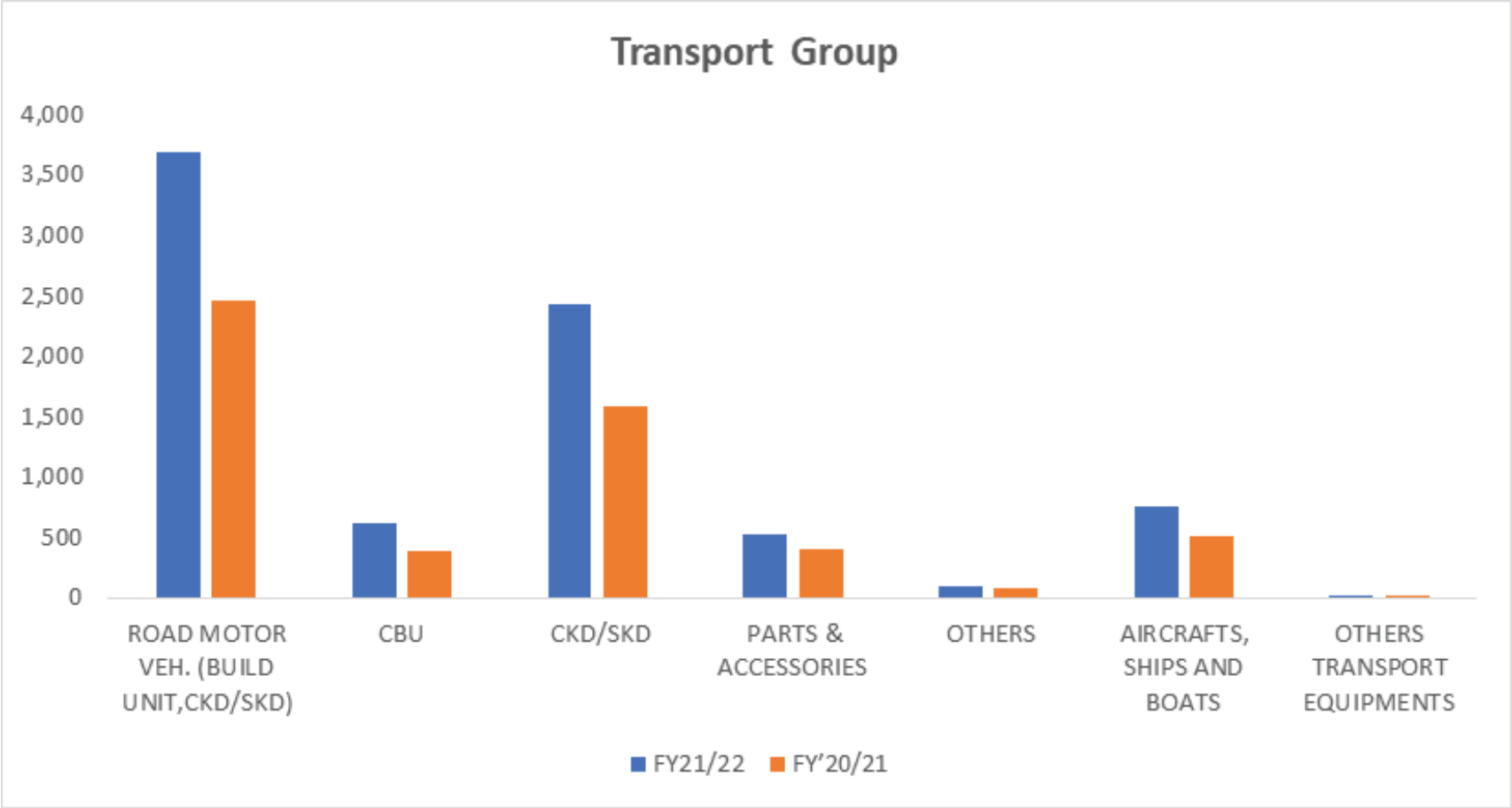
Electric Vehicles

The Government had recently announced new Electric Vehicle (EV) Policy, which would create

competition among auto sector players besides pollution-free environment.

- Customs Duty (CD) on Specific Parts for electric vehicles to attract 1 %
- 10% CD on import of CBUs of EVs

Figure 27: Import of Sub Sectors of Transport Group FY 2022 (USD Million)



### 3.11 MISCELLANEOUS GROUP

The miscellaneous group imports have seen an overall -2% decrease with increase in imports of all sub sectors except rubber tires & tubes. Crude rubber, Wood & cork, jute and paper & paper board all have increased by 10%, 15%, 10% and 14% respectively.

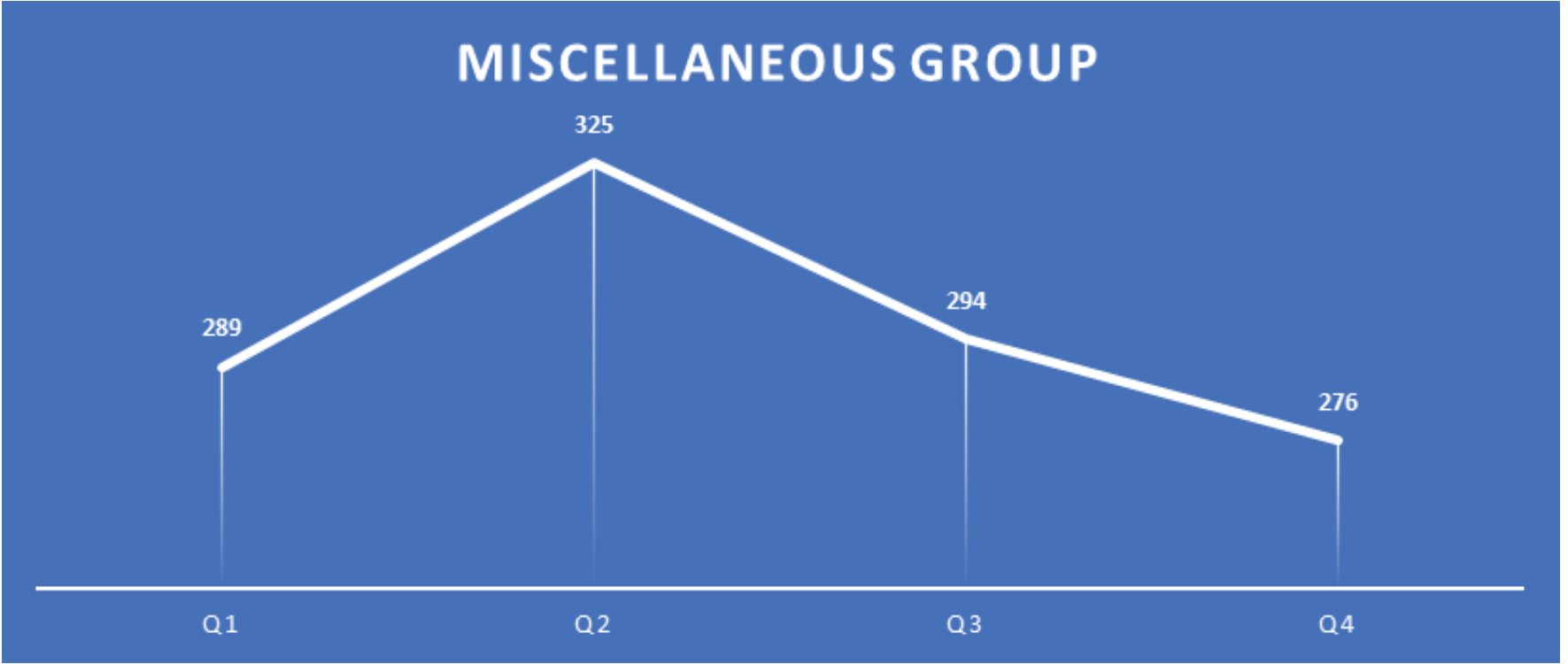
Table 18: Miscellaneous group imports (USD million)

SUB-SECTORS	YOY 2022 V/S YOY 2021		
	July-June FY21/22	July-June FY'20/21	% Change
MISCELLANEOUS GROUP	1,188	1,218	-2%
RUBBER CRUDE INCL. SYNTH/RECLAIMED	255	230	10%
RUBBER TYRES & TUBES	235	375	-37%
WOOD & CORK	135	117	15%
JUTE	58	53	10%
PAPER & PAPER BOARD & MANUF.THEREOF	505	442	14%
ALL OTHERS ITEMS	5,883	4,259	38%

Source: PBS

The Miscellaneous Group of FY 2022 showed positive trend during 2nd quarter, while Q3,Q4 has shown sharply declining trend.

Figure 28: Quarterly Import of Miscellaneous Group



# SECTION – 4

## 4.1 TRADE IN SERVICES

Exports of Services during July–June FY2022 registered positive growth. Trade statistics of Services are based on a balance of payments recorded by State Bank of Pakistan. Export of IT Services has shown remarkable performance like Textile Sector and registered growth of 24% during FY 2022.

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 FY 2020–22 stood around USD 6.9 billion increased by 17% from the previous year exports of USD 5.9 billion in the FY2021.

Table 19: Services exports (trade values in USD million)

SERVICES	FY22	FY21	%Change
<b>Exports of Services</b>	<b>6,968</b>	<b>5,945</b>	<b>17%</b>
1. Manufacturing Services on Physical inputs owned by Others	0	0	-
2. Maintenance and Repair Services n.i.e.	3	3	0%
3. Transport	810	544	49%
4. Travel	541	501	8%
5. Construction	94	116	-19%
6. Insurance and Pension Services	40	47	-15%
7. Financial Services	113	138	-18%
8. Charges for the use of Intellectual Property n.i.e.	13	13	0%
9. Telecommunications, Computer, and Information Services	2,616	2,108	24%
10. Other Business Services	1,645	1,448	14%
11. Personal, Cultural, and Recreational Services	13	11	18%
12. Government Goods and Services n.i.e. <sup>1</sup>	1,080	1,016	6%

Table 20: Services imports (trade values in USD million)

SERVICES	FY22	FY21	% Change
<b>Imports of Services</b>	<b>12,143</b>	<b>8,461</b>	<b>44%</b>
1. Manufacturing Services on Physical input	0	0	-
2. Maintenance and Repair Services n.i.e.	42	48	-13%
3. Transport	6,957	3,279	112%
4. Travel	1,356	752	80%
5. Construction	40	2	1900%
6. Insurance and Pension Services	290	247	17%
7. Financial Services	194	472	-59%
8. Charges for the use of Intellectual Property n.i.e.	209	254	-18%
9. Telecommunications, Computer, and Information	612	530	15%
10. Other Business Services	1,916	2,408	-20%
11. Personal, Cultural, and Recreational Services	1	0	-
12. Government Goods and Services n.i.e.	526	469	12%

Source: PBS

## 4.2 SECTORAL ANALYSES OF TRADE IN SERVICES

The most recent statistics shows that export of services trade registered an increase of 17% in FY 2022. The statistics shows that the export services of Transport, Travel, Telecommunication, and Other Business Services have increased. Transport by 49%, Travel by 8%, Telecommunication by 24%, and Other Business Services by 14%. Meanwhile the export services of Construction, Insurance and Pension Services, and Financial Services have declined. Construction by 19%, Insurance and Pension Services by 15%, and Financial Services by 18%. Pakistan earned USD 2,616 million by providing different information technology (IT) services in various countries during the fiscal year 2022, showing a growth of 24% compared to USD 2,108 million earned during the corresponding period of FY2021.

The import services trade registered an increase of 44% during FY 2022 as compared to previous year. The statistics shows that the import services of Transport, Travel, Construction, Insurance and Pension Services, and Telecommunication have increased. Transport by 112%, Travel by 80%, Construction by 119%, Insurance and Pension Services by 17%, and Telecommunication by 15%. Meanwhile the import services of Maintenance and Repair Services n.i.e., Financial Services, Charges for the use of Intellectual Property, and Other Business have decreased. Maintenance and Repair Services n.i.e. by 13%, Financial Services by 59%, Charges for the use of Intellectual Property by 18%, and Other Business by 20%.

### 4.3 TELECOM SECTOR

The telecom sector is one of the fastest growing segments of Pakistan's economy and is a key driver for growth. There are an estimated more than 100 million cellular users and the sector directly or indirectly employs approximately 1.36 million people. Pakistan exported USD 2.6 billion worth of telecom services (including IT services) to the world in FY 2022. Government introduced several measures in services sector. Few steps are reported below for Telecom sector.

#### i. Measures for introduction of 5G in Pakistan :

Pakistan has targeted to commercially launch the most advance internet 5G by December 2022. The government has set the target of increasing IT exports to \$5 billion by the time it completes its elected five-year tenure in 2023.

Introduction of 5G PTA has unveiled 5G roadmap incorporating the testing of 5G technology and allied services during the FY2022. PTA permitted tests and trials of 5G services under limited environment and on non-commercial basis. Successful trials have been conducted by CMPak, Jazz, Telenor, Ufone and PTCL. During the trials, operators conducted demo test cases including, remote surgery for the first time in Pakistan, Cloud gaming and overview of other 5G technology applications. These were among the first trials of 5G services in any South Asian country, with a recorded download speed of more than 1 Gigabits per second (Gbps). Pakistan was thus recognized as a pioneer of 5G trials in the region. PTA foresees 5G technology operating in a highly heterogeneous environment and providing ubiquitous connectivity for a wide range of devices, new applications and use cases.

#### ii. National Cyber Security Policy (NCSP):

Cyber Security is one of the highest priority areas. Extensive efforts were undertaken to draft Pakistan's first National Cyber Security Policy. The policy aims to develop secure and resilient cyber systems and networks for national cyber security and to protect private, public and critical infrastructure. It will be uploaded on the Ministry of Information Technology & Telecom's website for consultations after requisite approvals have been accorded.

#### iii. National Cloud Policy Draft:

Cloud computing offers a wide variety of potential benefits including reduced costs, improved responsiveness to citizens' needs, increased transparency and enhanced public

<sup>11</sup>Schemes related to Services sector are taken from State Bank of Pakistan for the information of exporters.



service delivery. The policy will, therefore, play an important role in the achievement of the targets set in the Digital Pakistan policy. It constitutes a tool in support of the efforts to promote mass adoption of emerging digital technologies and innovative applications to enable cross-sector socio-economic development and transformation of economic activities, governance models, social interaction and achievement of sustainable development goals. The first draft of National Cloud Policy, prepared in consultation with all relevant stakeholders, is currently being deliberated upon by the Ministry of Information Technology and Telecom. It will be put up for public consultation after the internal deliberation process is complete. Through this policy, the Ministry of Information Technology and Telecom aims to contribute to the government's goal to promote governance through IT enablement at all levels.

#### iv. Right of Way:

Right of Way (RoW) is one of the major impediments towards the growth of the Telecommunication sector of Pakistan. Clause 27-A of the Pakistan Telecommunication (Re-organization) Act, 1996 (Amendment) 2006, as well as Section 7.1 of the Telecommunications Policy 2015 mandate the procurement of RoW as an inherent right of telecom licensees to build networks. Accordingly, the government is considering a policy directive drafted by Ministry of Information Technology & Telecom that has already been deliberated by all stakeholders.

#### v. Local Manufacturing of SIMs/Smart Cards:

Evidence suggests that approximately 07 million SIM cards and 10,000 banking cards are being imported every month as the current import regime incentivizes such imports. A multi-stakeholder 'Committee on Local Manufacturing of SIMs/Smart Cards', constituted by the Prime Minister, is deliberating on the matter to save foreign exchange.

#### vi. National Broadband Policy 2021:

The Telecommunications Policy 2015 was subject to review after 05 years of its launch i.e., January 2021. With the support of the World Bank a comprehensive review of the Policy has been completed and a draft National Broadband Policy 2021 has been formulated keeping in view the global trends and emerging technologies. Once approved, the Policy will be uploaded on Ministry of Information Technology & Telecom's website for consultation.

## B. Infrastructure Development in Unserved and Underserved Areas of the Country:

Through the Universal Service Fund (USF), Ministry of Information Technology & Telecom is committed to minimize the Information and Communication gap between rural and urban communities. Several projects are being designed to connect the unconnected in the unserved and underserved areas of the country.

i. Broadband for Sustainable Development (BSD) Program: It is a flagship program to establish telecommunication infrastructure that provides coverage of Voice and Broadband Internet Services to unserved mauzas across the country. USF has launched various projects to provide telecommunication coverage to approximately 12,000 unserved mauzas with a population of around 15 million across all provinces of Pakistan. More than 8,364 unserved mauzas across the country have already been provided with coverage through USF. In the current Fiscal Year, 203 mauzas have been served by USF under previously running projects, whereas, Rs 46.97 million have been disbursed upon completion of different project milestones.

ii. Next Generation – Broadband for Sustainable Development (BSD) Program: BSD program has now been transformed into NG-BSD program which targets provision of enhanced Broadband Services (at minimum rate of 512 kbps) along with Voice Services to the unserved and underserved mauzas. Projects are gradually being launched in 108 districts approved by the Federal Government.

## 4.4 Information Technology Sector

IT/ITeS Sector is one of the fastest growing sectors of Pakistan contributing about 1% of GDP of Pakistan at about USD 3.5 billion USD. IT exports reached USD 2.12bn in 2020-21 as against USD 1.44bn in the preceding year.

• Pakistan's IT & ITeS-BPO exports at present are estimated to exceed US\$5 billion. The IT & IT' enabled Services (ITeS) export remittances, as reported by SBP, comprising of computer services and call center services despite current global economic challenges thereby demonstrating the resilience of Pakistan's IT sector.

• The domestic market accounts for over US\$1 billion in annual revenue and growing rapidly as ICT adoption in Pakistan is

increasing across verticals. The government considers the startup community, freelancers, developers and IT students as an important pillar of government strategy. As mentioned before, the IT industry is growing at a phenomenal rate, earning valuable foreign exchange for the country, creating high paying jobs, improving nation's productivity and quality of life in general through innovative technology solutions.

#### 4.5 E-Commerce

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 \$28b exports.

Pakistan's first ever e-commerce policy was approved by the Federal Cabinet in October 2019. The policy aims to facilitate holistic growth of e-commerce in Pakistan by creating an enabling environment, reducing cost of doing business and lowering the threshold for enterprises to become part of the ecommerce. The policy outlines targeted interventions in key areas of regulation, payment infrastructure, taxation, consumer protection, logistics, data protection and SME growth among others. According to SBP report, Pakistan's e-commerce market size rose to Rs 96 billion upto Q1-2021 from Rs 71 billion in Q1-2020 with cash on delivery assumed at 60 percent of value, whereas in terms of prepayment it rose from Rs 29 billion to Rs 39 billion during the same period. E-Commerce merchants with prepayment have increased to 2,164 from 1,410 in the past 12 months. E-commerce merchants registered with Banks are increasing i.e., more than 8,600 in number during Q3-2020 while the average order value is decreasing as there is decrease in 1,000 points from 4,000 to 3,000 approximately in the same quarter. Prepayment orders per day have increased to 43,333 orders/day in Q3-2020.

#### 4.6 Transport Services

Transport export has reported at 49% growth during FY 2022 as compare to same period last year. Pakistan exported worth of USD 810 million in FY2022. Transport covers all transport services (sea, air, land, internal waterway, pipeline, space and electricity transmission) performed by residents of one economy for those of another and involving the carriage of passengers, the movement of goods (freight), rental of carriers with crew, and related support and auxiliary services. Also included are postal and courier services. Excluded are freight insurance (included in insurance services); goods procured in ports by nonresident carriers (included in goods); maintenance and repairs on transport equipment (included in maintenance and repair services n.i.e.); and repairs of railway facilities, harbors, and airfield facilities (included in construction).

#### 4.7 Travel Services

Travel services exports for Pakistan was reported USD 541 million during FY 2022. Travel services exports of Pakistan has recorded growth of 8% in FY 2022. It includes services acquired from an economy by non-resident travelers during visits shorter than one year.

#### 4.8 Construction Services

Construction services exports for Pakistan was USD 49 million showing a decline of -19%. Though Pakistan construction services exports fluctuated substantially in recent years due to increasing cost of raw materials and higher inflation.

GOVERNMENT INITIATIVES FOR EXPORT FACILITATION

5.1 EXPORTS FACILITATION MEASURES

Government of Pakistan facilitated export sector through different subsidy schemes during FY 2022. Moreover, sectors are facilitated through energy subsidies – Power & gas. Detail of few schemes are as below:

- 5.1 FBR Schemes
  - 5.1.1 Duty and Tax Remission for Exporter (DTRE) by FBR
  - 5.1.2 Manufacturing Bond
  - 5.1.3 Temporary Importation Scheme
  - 5.1.4 Export Oriented Units (EOUs)
- 5.2 MOC Schemes
  - 5.2.1 Duty Drawback of Local Taxes and Levies (DLTL) by MOC
- 5.3 SBP Schemes
  - 5.3.1 Export Finance Scheme (EFS) by SBP
  - 5.3.2 Temporary Economic Refinance Facility (TERF)
  - 5.3.3 Long Term Finance Scheme (LTFS) by SBP
  - 5.4.3 SBP Rozgar Scheme

5.1 FBR Schemes

5.1.1 Duty and Tax Remission for Exporter (DTRE) scheme involve non-payment of taxes/duties at stage of import on input goods, so, no drawback of duty can be claimed on succeeding exports. DTRE scheme is rendered either on the basis of previous or current contract orders or performance of export. Therefore, it can be utilized by producers, “commercial exporters”, and “indirect exporters”, “contracted vendors of foreign producers or foreign customers. Rupees 38.2 billion were utilized during FY 2022 for 362 exporters.

Table 21: DTRE

Schemes	Years	No. of Scheme Holders	Total Exemption Amount (PKR)
DTRE	2021-2022	362	38.2billion

Source: PRAL

5.1.2 The Manufacturing Bond Rules (MB) 2001 scheme

provide sense of ease to a manufacturer-cum-exporter who already has a license to serve a manufacturing for merchandise imported of tariff duties/taxes cost-free input goods utilized in the manufacturing of final/finished goods for following exports. The input goods foreign imports under the same scheme are not bounded to a specific sector, rather than all sectors of exports can use the scheme facilities.

Table 25: Manufacturing Bond

Schemes	Years	No. of Scheme Holders	Total Exemption Amount (PKR)
Manufacturing Bond	2021-2022	227	41.4 billion

Source: PRAL

5.1.3 Temporary Importation Scheme

exempts from sales tax and customs-duty on temporary importation of input material for consecutive exportation. The input goods incorporate accessories utilized in electronic equipment, kitchen utensils and cutlery, ready-made garments, surgical instruments, textile made ups and footwear’s, aluminum-ware, vacuum flasks, components (subcomponents) for assembly of machinery, games, bicycles, dolls, steel ware, toys, and materials necessary for the manufacture of stationery items and decorative items connote for packing materials and exports. Rupees 31.4 billion were released to 1225 exporters during FY 2022.

Table 24: Temporary Importation

Schemes	Years	No. of Scheme Holders	Total Exemption Amount (PKR)
Temporary Import	2021-2022	1255	31.4 billion

5.1.4 THE EXPORT ORIENTED UNITS (EOUs) RULES

The underlying scheme tries to enhance the growth in Small & Medium Enterprises (SMEs) and allows Export Oriented Units (EOUs) duty exempt import all input material/goods including the capital goods like machinery etc. Regulatory Authority can issue a license to manufacturer cum-exporters in order to operate as EOU can avail this scheme. However, the exporter also needs to obtain an analysis certificate as well. The imported input goods are not limited to a certain sector, rather all exporting sectors can avail this scheme. The scheme



facilities EOUs by allowing 20% sells of their annual production in the local market on payment of duties and taxes, while this provision is further relaxed for engineering units where they can sell up to 50% of their production in the local markets for the first three years and 20% of their production in the subsequent years on payment of duties and taxes.

Table 25: EOIs

Schemes	Years	No. of Scheme Holders	Total Exemption Amount (PKR)
EOUs	2021-2022	224	75.1 billion

## 5.2 MOC Schemes

### 5.2.1 Duty Drawback of Local Taxes and Levies (DLTL)

The facility provides Drawback on Local Taxes and Levies (DLTL) to the exporters of non-textile sector on exports of specific tariff lines at specified rate. Drawback rates vary across tariff lines, and calculated as percentage of realized export proceeds. Two streams of the rates @3% and @4% are specified under this incentive. The scheme covers twenty-two chapters and 1,141 tariff lines in total under PCT. Further bifurcation shows that, 15 chapters and 853 tariff lines are covered under 3% drawback rate, while 9 chapters and 288 tariff lines are covered under 4% drawback rate.

Under the Prime Minister’s Package of incentives for exporters the Federal Government is facilitating exporters of textile sector through provision of duty drawback of taxes collected from export-cum-manufacturers and commercial exporters of textile products. The facility provides duty drawback of taxes to manufacturing cum exporting units and commercial exporters of textile sector on the export of specific tariff lines covered in three categories including Garments, Made-Ups (Home Textile) and Processed Fabrics. Detail of beneficiaries of the schemes are as under during FY 2022:

Table 22: DDT/DLTL

Schemes	Years	No. of Scheme Holders	Total Exemption Amount (PKR)
DLTL (Non Textile)	2021-2022	2316.19	38.2billion
DDT (Textile)	2021-2022	13,620.62	38.3

## 5.3 SBP Schemes

### 5.3.1 Export Facilitation Scheme

Under the EFS, commercial banks after disbursing the loan to the exporter approach the field office of BSC for reimbursement of the same loan. This financing facility is provided for a period of 180 days to direct exporter and up to 120 days for indirect exporter. SBP has formulated IERS keeping in view recent developments relating to introduction of specialized Islamic banking institutions. This scheme is being utilized by the dedicated branches of the commercial banks providing the Islamic banking products and services.

Table 23: EFS and other Schemes

Schemes	Years	No. of Scheme Holders	Total Exemption Amount (PKR)
Export Facilitation Scheme	2021-2022	60	21.8 billion

In order to help exporters in import of machinery and up-grading existing technology, the SBP has introduced LTF-EOP in recent past. The scheme allows eligible financial institutions to provide financing facilities to borrowers on attractive terms and conditions for import of plant, machinery, equipment and accessories by export-oriented units. Field offices of BSC also undertake random on-site verification of export refinance cases and examine the entire documents in their respective jurisdiction. The purpose of this exercise is to verify that the funds availed by the commercial banks from the SBP have been used for the purpose they were disbursed to them and the banks are observing the terms and conditions laid down in the scheme while extending the loan.

### 5.3.2 Temporary Economic Refinance Facility (TERF)

TERF was launched to stimulate investment both new and expansion/Balancing, Modernization and Replacement (BMR) of existing units. Financing under the facility is available for all sectors across the board except power sector. Maximum loan limit per project is Rs 5 billion @5% p.a. As of April 01, 2021 Rs 690 billion has been requested under TERF against which Rs 435.7 billion has been approved. The scheme has been ended in March 31, 2021.

### 5.3.3 SBP Rozgar Scheme

The Scheme aimed at preventing layoff by financing wages and salaries of employees (permanent, contractual, daily wagers as well as outsourced) for six months (April-September 2020) for all kind of businesses except for Government entities, public sector enterprises, autonomous bodies and deposit taking financial institutions. Financing under this scheme was provided @3% p.a. for taxpayers and 5% p.a. for nontax payers. Under this scheme, Government of Pakistan provided 60% risk sharing for SMEs with sales turnover up to Rs 800 million and 40% risk sharing for small corporates with sales turnover up to Rs 2 billion. Under this scheme, more than Rs 212 billion has been disbursed. The scheme helped to prevent layoff of 1,677,806 employees of 2,683 businesses, wherein 382,673 employees of SMEs and small corporates were prevented from layoffs.

### 5.4 Subsidy on Energy

Government started providing energy to textiles, including jute, leather, carpet, surgical and sports goods, electricity at nine cents per unit all-inclusive and RLNG at \$6.5 per MMBTU during FY 2021-22 to reduce the cost of manufacturing and enhance exports.

Finance Division has allocated Rs. 26 billion for continuation of supply of electricity to five export-oriented sectors at US cents 9 per kWh under Federal Budget FY 2021-22. However, Ministry of Energy (Power Division), in its O.M of May 13, 2022 apprised Commerce Division that Rs. 24.948 billion has already been disbursed to five export-oriented sectors till February 2022 against the budgetary allocation, whereas K-Electric's claims amounting to Rs. 4.61 billion.

Approximately 65 percent of total exports are from five export-oriented sectors. Further, such measures including others provided a launching pad to export-oriented sectors and resultantly overall exports attained historical high level of S 31.8 billion during July to June 2021-22 with an increase of approximately 26% as compared to corresponding period of FY 2020-21.

### 5.5 Incentives for IT Sector FY 2022

Government's incentives for IT industry include:

- Zero income tax on IT exports till June 2025
  - Three-year tax holiday for Pakistan Software Export Board registered IT startups
  - 100 percent equity ownership allowed to foreign investors
  - 100 percent repatriation of capital and dividends allowed
  - Tax holiday for venture capital funds till 2024
  - Accelerated depreciation of 30 percent on computer equipment
- Foreign currency account permitted for receipt of export remittances

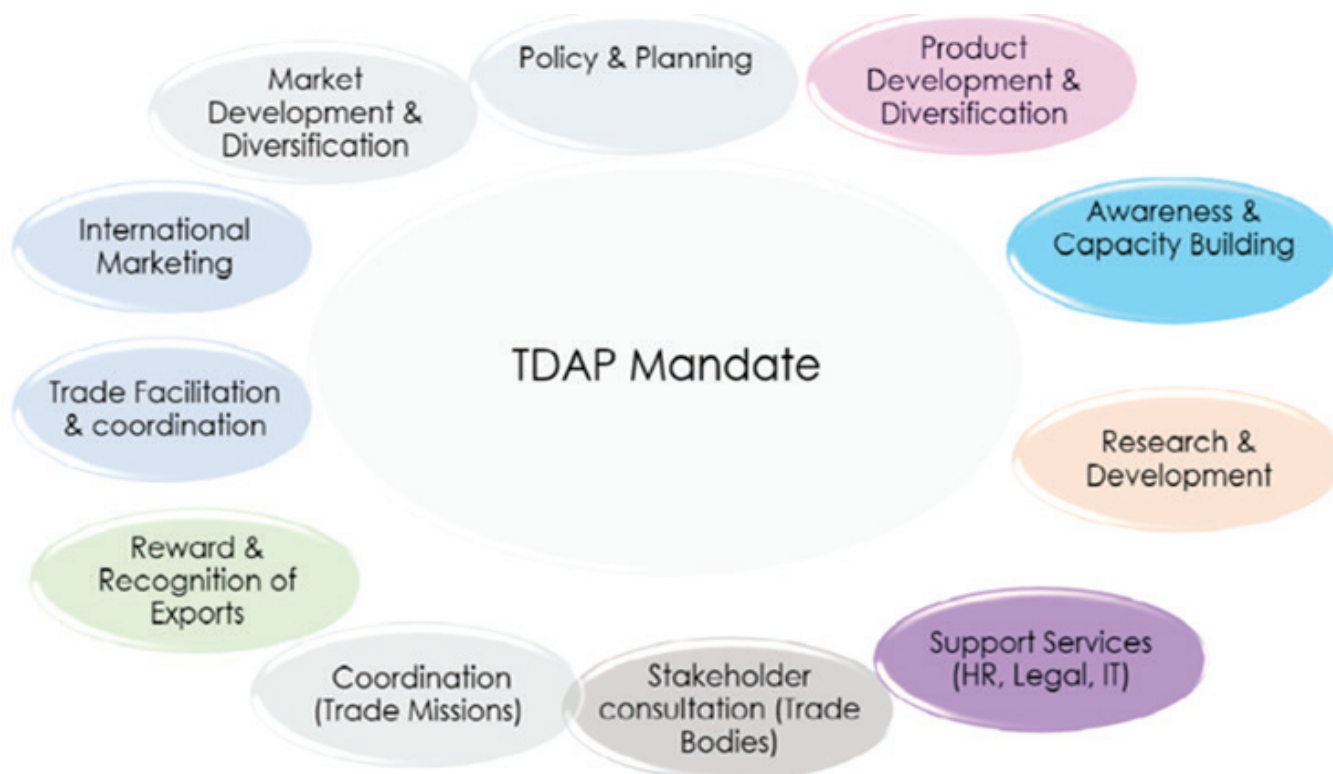


## TDAP ACHIEVEMENTS

### TDAP's Vision & Mission

The Trade Development Authority of Pakistan (TDAP) is mandated to develop and promote export holistically, through focus, synergy, and with collective wisdom and counsel of its stakeholders. In addition to aggressive, innovative and proactive marketing and promotional efforts. It achieves the objective of rapid export growth through interaction and coordination with respective public and private-sector stakeholders, and enhancing value of products and services by broadening the export base of our products; enhancing capability and capacity of the supply base of goods and services; by fostering supportive export culture and facilitation; and by encouraging export oriented foreign investment and joint ventures. TDAP also help improve market access through advising the Government on matters of trade diplomacy and promoting the “business”

image of Pakistan in the key export markets for Pakistani products and services, the world over. TDAP's mission is to achieve a quantum-leap in Pakistani exports. To fulfill such a mission, TDAP employ the right skills and competencies, professional management techniques, advanced international marketing strategy backed by competent market research and trade analysis, supported by use of latest technology. TDAP create a high level of motivation amongst its staff as they see themselves embark on upwardly mobile career paths within a TPO environment. It persuades them to significantly enhance their capabilities and skills, and thus assure their personal growth along well-defined career paths. TDAP strive to achieve a role model status for a TPO in the developing countries.



## 6.1 INITIATIVES TAKEN BY TDAP

TDAP set targets in terms of activities like arranging exporters' participation in international trade fairs, organization of foreign trade delegations, holding of single country exhibitions abroad to showcase Pakistan and its products, holding of mega domestic expositions, etc. We participate in over 120 international trade fairs annually. Similarly, we send and receive around 40 trade delegations annually to/ from all countries of the world based on our strategic plans. TDAP organizes single country exhibitions and road shows in priority countries that include Sri Lanka, Chile, Thailand, Qatar, Kenya, Kazakhstan, India, and some other countries, particularly in Africa, Middle East, and the Central Asia. TDAP works in close collaboration with the Ministry of Commerce and trade bodies, including FPCCI, Regional Chambers, Trade Associations, as well as individual exporters. The objective of this collaborative effort is to produce optimum impact with the available resources through development of synergies and avoidance of unnecessary duplication of effort.

TDAP has taken following initiatives to facilitate exporters during FY 2022

- Trade promotion (Exhibitions and delegations)
- International Market access
- Research and development (Product & market)
- Hybrid Trainings and seminars/webinars
- International cooperation & collaborations

## 6.2 TRADE PROMOTION-INTERNATIONAL & NATIONAL EXHIBITIONS

TDAP has taken various initiatives for export promotion during FY 2022 which includes participation in international exhibitions, and organized exhibitions on national level. EXPO-2020 Expo 2020 was held in Dubai, UAE from 1st October 2021 to 31st March 2022. Trade Development Authority of Pakistan (TDAP) was nominated as the Responsible National Authority by the Prime Minister to organize Pakistan's participation in the World Expo. It was the first instance of Pakistan's participation in any World Expo on such large scale. During the course of 6 months, Pakistan Pavilion managed to attract close to 1.4 million visitors. The pavilion was instrumental in projecting a soft image of the country that exceeded expectations of many and impressed the audience with its diversified inner journey, impeccable cuisine and attractive

events. As many as 301 events were arranged by Pakistan Pavilion during Expo 2020 focusing on areas like Business, Investment, Entertainment, and Culture etc.

As many as 112 MoU's worth approximately 16 billion\$ were signed from the platform of Pakistan Pavilion. These MoU's were signed by various Federal, provincial and private organizations/entities. Pakistan Pavilion also had dynamic presence on print/electronic media and social media.

### 1st Engineering & Healthcare Show

TDAP organized the first ever engineering & Healthcare Show in Lahore from 25 – 27 February 2022. Around 170 companies, from all engineering and pharmaceutical sectors, participated in the event. More than 300 delegates from Africa and Central Asian Republics (CARs) were attended the event. EHCS 2022 was a flagship sector specific trade event of the government of Pakistan where buyers from African and CAR's countries were invited to visit Pakistan and meet their business partners in the country and see for themselves the whole range of Engineering and Healthcare sector being offered by Pakistan to meet their procurement needs.

Pakistan's leading exporters had showcased their range of products by putting up their stalls at Expo Centre Lahore primarily related to Pharmaceutical, Surgical, Agricultural Machinery, Construction, automotive/auto parts, sports goods, mobile devices, chemicals and others. Expo Pakistan's primary focus is on displaying all the major exportable merchandise products under one roof. Special theme was developed with a motto of showcasing the true potential of our Engineering sector especially to African and CARs countries to emphasize that Engineering & Healthcare sector binds all Pakistan and its overall contribution in the economy of Pakistan in terms of employment generation and a source of major foreign exchange earner. Furthermore, special representation of value-added sector like Plastic, Furniture, Surgical Instruments, Agri-Machinery, Mobile Phones etc. All respective associations encouraged their members to participate in the event. Like previous mega events, TDAP provided and arranged special meeting places for Federation of Pakistan Chamber of Commerce & Industry (FPCCI) and Lahore Chamber of Commerce and Industry (LCCI), Sialkot Chamber of Commerce and Industry (SCCI), Gujranwala Chamber of Commerce and Industry (GCCl). Pakistan Trade & Tourism stall was also established showcasing that Pakistan is rich in its tourist destinations offering a diverse range of choices for different types of tourists. Pakistan is home to one of the oldest civilizations in the world, has innumerable locations of scenic beauty, world's highest mountains, many religious and historic places, unique arts and crafts and a rich culture and heritage.

### Highlights:

- TDAP had arranged three seminars executed by Pakistan Single Window (PSW), State Bank of Pakistan (SBP) and Board of Investment (BOI) during 1st Engineering & Healthcare Show.
- A total of 2087 Business meetings took place between domestic exhibitors and international buyers.
- 31 country delegations held high profile meetings with the Adviser to Prime Minister for Commerce & Investment, Secretary Commerce, C.E. TDAP and Secretary TDAP as well as with the Trade Promotion Organizations.
- 14 meetings of domestic chambers with foreign chambers were organized.
- The reported outcome of business deals which have materialized so far amounts to approximately USD 47 million, based on which it is expected that the actual business generated may exceed USD 150 million.
- Overall, 9 MOUs were signed in the pharmaceutical sector

### 10th Wexnet

After the successful conclusion of the 9th edition of Wexnet in 2015 at Lahore Expo Centre (LEC), the 10th Edition of Wexnet 2022 was held from 17th March – 18th March 2022 at Expo Centre Lahore. Wexnet is the largest exhibition platform for women entrepreneurs in Pakistan, which provides women with the unique opportunity to showcase their products, develop network linkages, form mutually-beneficial partnerships/collaborations, share their experiences and improve overall female participation, all under one roof. 291 exhibitors with more than 300 stalls participated in the event, which attracted around 10,000 visitors. Through local marketing efforts, involving telephonic, electronic, print, social media and face to face contact, Wexnet 2022 was marketed to a vast audience across Pakistan. As the focus of the event was to showcase women-owned businesses in Pakistan, local women chambers were encouraged to participate. Frequent follow-ups with Chambers like Federation of Pakistan Chambers of Commerce and Industry (FPCCI), Lahore Chamber of Commerce and Industry (LCCI), Women Chambers of Karachi, Lahore, Multan, Sialkot, Islamabad, Rawalpindi, Faisalabad, Bahawalpur, Layyah etc. were made to ensure participation for Wexnet 2022.

### Highlights:

During the event, a MoU was signed with Walled City of Lahore Authority (WCLA) to promote cultural and heritage tourism. In addition to arranging joint seminars/webinars and workshops

for the promotion of tourism, the MoU also aims to bring onboard the local artisans of the Walled City of Lahore on international E-Commerce platforms. Three awareness sessions were arranged;

- Samba Bank Awareness Session
- Vceela Awareness Session
- Pakistan Trade Portal Awareness Session

Trade Development Authority of Pakistan, in collaboration with USAID SMEA and International Trade Centre (ITC), organized Trainings on Digital Marketing and Market Intelligence Tools respectively for women entrepreneurs.

### Expo Hyderabad 2022 on Handicrafts and Glass Bangles

TDAP, Hyderabad organized this mega trade show on 6th and 7th March, 2022. Prior to the show, TDAP Hyderabad made earnest efforts to ensure participation from Karachi and this region. 25 companies were selected from Karachi and 30 companies were taken from this region. Also, TDAP designed Pavilions for the universities like NUML, Agriculture University, Tando Jam, and Sindh University etc. A range of products were displayed. The stalls were equipped with Handmade Jewelry, Ajrak, cloths with Bloc Print, embroidery, natural dye, Sussi, Khussa, and Thari Clothing. Further, Bed sheets, table runners, culturally designed home decors, Nasarpur Pottery and Hala Pottery and handicrafts added beauty to the show. Besides, a variety of bangles was showcased. Also, the young students exhibited excellent paintings. TDAP Hyderabad conducted B2B meetings especially between the companies from Karachi and the regional companies. They vow to work together to promote the privileged artisans of Sindh.

### 2nd Pakistan – Africa Trade Development Conference (PATDC) & Single Country Exhibition

Ministry of Commerce launched Look Africa Policy in 2017 In order to diversify products and markets. Trade Development Authority of Pakistan (TDAP) has established 'Look Africa Policy Desk' and an enhanced level of subsidy is being offered to exporters for participation in international exhibitions and delegations in the Africa region. Under the policy, Ministry of Commerce and TDAP organized Pakistan's first ever 'Pakistan Africa Trade Development Conference in Nairobi, Kenya, on 30th –31st January 2020 which was attended by delegates from 26 African countries. The 2nd edition of the Pakistan-Africa Trade Development Conference was held in Lagos, Nigeria from 23rd–25th November 2021. The conference was attended by senior government officials from Pakistan, Nigeria and other ECOWAS countries. It also included a 2-day single country exhibition in which 100 companies from Pakistan participated in the SCE with more than 50 delegates from western Africa (ECOWAS bloc) attending the event. More than 14 MoUs worth over US\$ 30 million were signed during the event.



The 2nd PATDC Nigeria that aimed to explore the potential of the biggest market of Africa-Nigeria and engage other African countries, was visited by more than 7000 visitors and generated business worth US\$ 32 million. It also sensitized Pakistani exporters about the potential and regulatory framework of the Africa region. In addition, the visit further strengthened G2G relations between Pakistan, Nigeria and ECOWAS countries. It is expected that exports to ECOWAS region would increase fivefold in the next 3-5 years.

### Highlights:

- In the 2nd PATDC there were around 210 businessmen from Pakistan and more than 100 exhibitor companies. The focus of the 2nd PATDC was on ECOWAS and delegates from around 10 countries were invited to attend the event.
- The 2nd Pakistan Africa Trade Development Conference and Pakistan Single Country Exhibition was one of the major interventions in the Nigerian market by Pakistan under Look Africa Policy of Ministry of Commerce, Government of Pakistan. The event helped generate business linkages, gave market information to Pakistani companies, generate huge business and further strengthen official relations between the Pakistan and Nigeria as well as ECOWAS countries.
- More than 4500 B2B meetings were facilitated through B2B portal and physical fixtures, as well as on-site arrangement based on data provided by TIA Lagos and TIA Senegal and highest numbers of meeting took place between pharmaceutical companies, followed by food, textiles, agricultural machinery, electrical, engineering, and other sectors.
- The event generated business worth USD 32 million. The biggest deals were fetched by the food sector, followed by pharma, agricultural machinery, and sports sectors.
- During the event, 33 MoUs were signed between Pakistani Exporters and African buyers. Maximum number of MoUs were signed from Pharmaceutical, followed by food, sports and other sectors. More than 60 MoUs are under process.

## 6.3 CONFERENCES & BUSINESS FORUMS

### Pakistan – Uzbekistan Business Forum, 15-16th July 2021, Tashkent, Uzbekistan

Ministry of Commerce in collaboration with TDAP organized the Pakistan – Uzbekistan Business Forum (PUBF) in Tashkent, Uzbekistan, from 15th to 16th July, 2021. The Conference was followed by B2B Matchmaking exercise on 15th July, 2021 between businessmen of both countries. Product officers from TDAP coordinated with the businessmen of Pakistan and Uzbek buyers for successful interactions on 15th July, 2021 and subsequently follow up meetings and visits/ MoUs on 16th and 17th July, 2021.

TDAP arranged business delegation comprising of more than 100 Pakistani businessmen including leading business representatives from Textile, Fruit and vegetables, Pharmaceuticals Engineering, Tourism, Construction, Chemicals, and IT etc. Moreover, representatives from leading trade bodies like FPCCI, FCCI, GCCI, Sarhad Chamber of Commerce & Industry, APTMA, REAP and APFVEA, were part of Pakistani delegation.

Uzbekistan is one of the important prospective export destinations for Pakistan. Pakistan has signed Transit Trade Agreement with Uzbekistan. Uzbekistan has a potential to be used a regional hub for expansion of Pakistan's exports in different sectors to capture market of Eastern Europe through Russia. It recently got GSP plus status which provides best opportunity for Pakistan to initiate joint ventures.

### Highlights:

- Several MOUs were signed and exchanged among the business delegates from Pakistan & Uzbek side during the conference. These include MoUs in field of development of Namangan Region, Fertilizers, Auto Disposable Syringes & University student exchange.
- More than 2000 business meetings took place and approximate US\$ 50 million agreements/deals were signed during the business forum. Other discussions are going on to finalize business deals
- 14 MOUs were signed on 15th and 16th July, 2021. Other business deals are in process to finalize.

### Mango Promotion by TDAP:

TDAP dispatched mangoes to 30 Pakistan's missions abroad across the globe to be displayed, testing / tasting, gifting to dignitaries, diplomats, business communities i.e., importers and trades in connection with mango promotion campaign. Mango festivals and testing events were also arranged in connection with the mango promotion campaign. In follow up of the promotion campaigns, b2b meetings/webinars are being arranged with interested parties. As per TDAP's Mango Diplomacy, 1000 kg of Mangoes were distributed by TDAP for product promotion. The Mango boxes were presented to the President, Prime Minister, Deputy Prime Minister, Ministry of Foreign Trade, Chamber of Commerce Protocol, and Uzbek Dignitaries. Mangoes were also served to Uzbek businessmen during lunch held on 15th July, 2021.

## **Pakistan – Tajikistan Business Forum, 15–16th September, Dushanbe, Tajikistan**

TDAP arranged business delegation comprising of 58 Pakistani companies including leading business representatives from textile, fruit and vegetables, pharmaceuticals, tourism, construction, mining, and logistics, etc. Moreover, representatives from leading trade bodies such as FPCCI, QCCI, CCCI and SCCI were part of the Pakistani delegation. More than 100 Tajik business persons attended the event. More than 800 business interactions took place between Pakistani exporters and Tajik buyers. Several MOUs and contracts were signed and exchanged among the business delegates from Pakistan and Tajik side during the conference. These include MOUs/ contracts in the fields of pharmaceutical, mining, construction, food, textile, and logistics.

### **Highlights:**

- More than 25 MoUs and contracts on the first visit of the delegates is a healthy sign for building of economic ties between the two nations. Great potential has been witnessed in pharmaceutical, logistics, food, textile and mining sector.
- Tajikistan is a small market in terms of demand and consumption patterns. Its total population is smaller than the population of major cities of Pakistan. Tapping a smaller market may not enhance Pakistan's exports to a great level, however, it can offer opportunity for market diversification and an entrance point to other Central Asian Republics and East Europe. Trade environment, such as visa facilitation, establishment of banking channels, conclusion of transit trade agreement, etc. between the two countries should be improved on priority basis.

## **Impact of China-Pakistan Free Trade Agreement (CPFTA) on bilateral trade**

The Phase-I of CPFTA was signed on 24th November 2006 and became operational in November 2007. The Phase-II of CPFTA was concluded in April 2019 in China. Under Phase-II Pakistan has secured enhanced and deeper cooperation on products of its export. In order to enhance trade outreach through Free Trade Agreement Phase II, TDAP planned to organize a research conference on the “impact of China-Pakistan Free Trade Agreement (CPFTA) on trade and investment”. The purpose of this initiative was to bring the academia, businessmen and exporters of Pakistan under one roof to explore ways to enhance trade and investment and remove trade barriers. Trade Development Authority of Pakistan in collaboration with China Study Centre, Institute of Business Administration (IBA), and Karachi & Policy Advisory Board of Federation of Pakistan Chamber of Commerce & Industry organized a Conference on “Impact of China-Pakistan Free Trade Agreement (CPFTA) on Bilateral Trade and Investment” on June 30, 2022 at PC Hotel, Karachi.

Trade Associations, Research Institutes, stakeholders, and relevant exporters participated and attended the conference. An informative consultative session on the same was the part of this conference wherein renowned economists, academicians, leading exporters shared their views on efficacy of CPFTA.

### **Highlights:**

- First ever research conference organized by TDAP with more than 160 persons from associations, universities and export companies attended the conference and seven research articles were presented during the conference.
- MoU signed between Trade Development Authority and Policy Advisory Board of FPCCI during the event for research collaboration.

## **Pakistan – Turkey Business Forum, Ankara/Istanbul, Turkey**

As part of the VVIP visit to Turkey on 31st May – 2nd June 2022, a business delegation accompanied the Prime Minister of Pakistan to Ankara on May 31st and June 1st, 2022. During this time in Ankara, following two Business Events took place:

1. Turkey Pakistan Business Forum – Networking B2B Reception followed by a Working Dinner hosted by TOBB (Turkish Union of Chambers of Commerce and Commodity Exchanges) – May 31, 2022;

2. Turkey Pakistan Business Council Meeting – Investors’ Meet and B2B Session hosted by Turkey Pakistan Business Council of DEIK (Foreign Economic Relations Board) – June 01, 2022.

The above events were co-hosted by Ministry of Commerce, Pakistan and TDAP in close collaboration with TOBB and DEIK. More than 109 businesspersons from over 60 Turkish companies and 40 Pakistani businessmen including Reps from Provincial Governments participated and had semi-formal Business-to-Business interactions during the session. The Turkish Companies met with their counterpart Pakistani companies and exchanged information for further cooperation in several fields. Special interest was seen from the Turkish Side in the Pakistani ICT, Construction, Finance, Logistics and Cement & Chemicals sectors. TDAP will follow up on the outcomes of these meetings.

### **Participation in International Exhibitions**

The ABP 2021-22 included 77 international exhibitions. TDAP participated in 35 international exhibitions in the year 2021-22. Some of the exhibitions were postponed or cancelled due to resurgence of Covid-19 in Europe and other parts of the world. Some of the exhibitions were shifted to online mode, which was not well-taken up by Pakistani companies – there was some participation in free online fairs, but for paid events, there was no participation. The 38 exhibitions covered all the major markets and there was special interest in African exhibitions.



## **Anuga Trade Fair- Cologne, Germany**

The 36th Anuga trade fair was held from 09th to 13th of October, 2021 at Cologne, Germany. It's the world's leading food fair for the retail trade and the food service and catering market and takes place every other year. The leading global trade fair for food and beverages once again demonstrated that trade fairs of these dimensions are possible again. The event also held in hybrid form which went very well. A total of 4,643 exhibitors from 98 countries. These included 400 companies from Germany and 4,243 exhibitors from abroad who presented the entire global product range of food and beverages. The share of foreign exhibitors was 92 percent. More than 70,000 trade visitors from 169 countries visited the fair. The foreign share was 76 percent.

Pakistan participated in Anuga Fair with 36 companies in total while India was with 61 companies. Out of 36 exhibitors, 14 displayed their products at individual stands distributed evenly across all exhibition halls according to their product category. 22 exhibitors participated under the umbrella of the Trade Development Authority of Pakistan at a country pavilion.

### **Highlights:**

- Out of the 22 companies, 7 companies booked order worth US\$ 2.14 million at the spot, while 12 companies are expecting orders worth US\$11.65 million.
- Valuable contacts could be established during the fair which will hopefully materialize into business at a later date.

## **Food Africa 2021**

Food Africa is considered to be the continent's largest International Trade Exhibition specialized in the Food and beverages. The exhibition combines an innovative format of showcasing, networking, and matchmaking opportunities. It's considered as a unique platform to access the Egyptian market, and Africa's booming agriculture industry. Food Africa is a portal to connect with major F&B partners in Egypt and Africa.

The sixth edition of Food Africa 2021 exhibition was held under the auspices of Ministry of Trade and Industry and Ministry of Supply and Internal Trade. Egypt's Minister of Trade and Industry Nevine Gamea from 12th to 14th December, 2021 at Cairo Egypt. Total 366 exhibitors included 146 foreign exhibitors participated in the event. Pakistan had 13 business representatives.

## **Foodex Saudi 2022**

Foodex Saudi Exhibition held in Jeddah from 28th Feb – 3rd March 2022 at Jeddah Center for Events & Forums. Foodex Saudi is the prime event of the region to focus on food sector participated by international suppliers at a platform to meet with Saudi buyers, predominantly of Western Region, which is the Commercial Hub of the Kingdom. TDAP had approved the participation in Foodex Saudi exhibition in its calendar of events. This was the 8th edition of the exhibition focusing on Saudi Arabian food and beverages industry organized by M/s Sunaidi Exhibitions Company. Pakistan has been a permanent and important participant in the exhibition among many others from different countries of the world. Pakistan was well sought by visitors and Saudi based distributors.

This year 8 Pakistani companies participated in the Foodex exhibition with 9 stalls, sponsored by the TDAP. Participating companies displayed their products including bakery products, ready to cook products like parathas, rolls and BBQs, confectionary items, pop corns and candies, juices and beverages and rice etc. Pakistan pavilion has remained a focused in the exhibition and was visited by the number of buyers, import houses, prominent businessmen, press and electronic media representatives. A networking session for B2B meeting was also arranged on 2nd March 2022 hosted by the Commercial Section with the aim to provide an additional opportunity for Pakistani exhibitors to meet local buyers in an exclusive business friendly environment.

## **Gulfood 2022**

The 27th edition of gulfood- Gulfood 2022 was held at Dubai World Trade Center from 13th to 17th February, 2022. This event was the world's largest food and beverages sourcing event. Over 4000 companies from 120 countries participated in the event. Gulfood exhibition provides a decent platform to Pakistani firms in order to engage potential buyers from across the world, in addition to local market.

More than 90 exhibitors from Pakistan participated in the event. Out of total, 45 firms participated with the assistance of TDAP. Products exhibited by Pakistani firms included rice, confectionary, sweet & bakery items, spices, herbal products and chicken. Pakistani exhibitors experienced a decent flow of visitors. They had ample opportunity interact with buyers and potential partners.

## **International Food & Drinks 2022**

International Food and Drinks Event is the UK's leading event for the food and drinks sector with a legacy of over 40 years. The IFE remains the largest and most successful product sourcing platform for larger buyers from the various sectors which includes retail, wholesale, distribution, import & export, and food service sectors. This year, the IFE also catered hotels, restaurant & catering industry, and food manufacturing sector. The Event was held at Excel, London from 21st – 23rd March 2022 after a gap of two years due to Covid-19 pandemic.

The event witnessed a huge footfall of more than 30,000, with participants from more than 100 countries and 1500 companies. This year, TDAP participated in the event with five companies. Trade & Economic Wing London branded Pakistan Pavilion with the “Emerging Pakistan” theme which successfully highlighted branded and displayed the soft image of Pakistan.

In general, the show was highly successful in generating many businesses leads for the participating exhibitors. Exhibitors managed to secure business deals with the British buyers.

## **FOODEX Japan 2022**

Foodex is Japan's largest food fair organized from 8th to 11th March; and, as Pakistani companies/exporters could not participate due to pandemic related travel restrictions, Trade Mission in Tokyo with the support of TDAP setup Pakistan Pavilion. Japanese companies importing food items from Pakistan were invited to display their products at Emerging Pakistan Booth. The pavilion comprised of two booths one sponsored by TDAP and the other by Washing Trading. On TDAP's space two major companies Al-Falah Trading and JCC Foods displayed their products and distributed samples of food items and information about Pakistani food products. In addition, salt and dates samples sent earlier by TDAP were also displayed. More than 1500 visitors had interaction with the companies promoting Pakistani products at Pakistan Pavilion. There was a strong interest shown by various associations and leading chain stores such as COSTCO, AEON, MASHIRO, ATAGO, WATARI and MATSUDA.

## **Food & Beverage West Africa 2021**

Food sector has identified as one of the potential areas for exports as Pakistan has global presence, competitive advantage, known brands with international presences, dependable supply channels and quality R&D in food industry. On recommendations of Commercial Section, Trade Development Authority of Pakistan (TDAP) included Food West Africa in calendar for 2020-21. The event scheduled from 1st – 3rd September, 2021 in Land Mark Centre Victoria Island, Lagos, Nigeria. Eleven Pakistani companies participated successfully in the event. Interestingly 80 percent of the Pakistani companies visited West Africa for the first time. It clearly indicates that this region is completely out of focus. However, with the support of TDAP, Pakistan secured the biggest National Pavilion of the Food and Beverages West Africa 2021 Edition and gained a lot of attention from the buyers and visitors.

## **World Tobacco Middle East Expo 2021**

WT Exhibition 2021 held in Dubai, UAE. Trade Development Authority of Pakistan participated in World tobacco Middle East expo 2021 on 26-27th October, where the participants exhibited Tobacco and related products. Approximately, 150 companies participated in the Exhibition and there were only two stalls held by Pakistani Companies. World Tobacco Middle East Expo is a Global Tobacco Exhibition which brings together the whole industry to discuss, discover and debate the latest products and innovations. Falcon Tobacco company participated through TDAP.

## **Morocco Medical and Dental Expo 2022**

Morocco Medical and dental Expo was held in El Jadida from 19th to 22nd May, 2022 at Mohamed VI Exhibition center. Morocco Medical and Dental Expo is considered as the largest African event that brings together health and professionals not only from Morocco but also internationally. The event has become the largest internationally recognized platform in the health sector in Africa. More than 250 companies participated in the event with exhibitors from 15 countries and more than 9000 visitors. TDAP's participation in Morocco Medical and dental Expo is part of the initiative of look Africa plan of Ministry of Commerce, focusing enhanced marketing activities in Africa. During the event more than 66 conferences were organized.

## **Medica, Dusseldorf Exhibition 2021**

Medica Dusseldorf Exhibition is the number one specialized exhibition for the suppliers of the Medical & Surgical Instruments around the globe. The event is the largest medical trade fair in the world. The event, serves as a platform for connecting the manufacturers, suppliers, distributors especially but not limited to Imaging and diagnostics / medical equipment and devices, Laboratory equipment, Surgical Instruments, Diagnostic tests, Physiotherapy / orthopedic technology, Disposables and consumables etc. More than 1500 exhibitors participated by showcasing 18,300 brands in the event and represented 63 countries. In 2021 Pakistan participated in Medica Dusseldorf exhibition with eleven companies.

## **Automechanika Istanbul 2022**

The most prominent meeting platform for the Auto Industry Sector "Automechanika Trade Show" was held from June 2-5, 2022 at TÜYAP Fair Convention and Congress Center, Istanbul, Turkey. Automechanika Istanbul, the world's 3rd largest automotive fair organized by the collaboration of Messe Frankfurt Istanbul and Deutsche Messe brought together over 900 exhibitors from 35 countries with the professionals of the industry. Pakistan has been participating in the event for many years. In the Automechanika Istanbul, 2022. Pakistan has been participating in the event for many years. In the Automechanika Istanbul, 2022, total 11 companies participated from Pakistani side nine companies participated under the TDAP's country pavilion and two companies participated privately from Pakistan.

## **Automechanika Johannesburg 2022**

The Automechanika Johannesburg 7th -10th June, 2022 is a trade fair for the automotive aftermarket, organized by Messe Frankfurt and staged at Expo Centre, Nasrec. There were in excess of 600 exhibitors from 28 countries. Four Pakistani companies were selected to participate in the show. There was exhibitor of Super Horns for trucks, engine coolants, air, oil fuel and cabin filters manufacturers. Tyre sector of Pakistan was represented by Service tyre. Metaline Industries represented the manufacturers the sheet metal stamped parts and components.

## **Beautyworld Middle East 2021**

The 25th edition of beautyworld Middle East exhibition was held from 5-7 October, 2021 at Dubai World Trade Centre. The show hosted over 891 exhibitors from 53 countries, featuring 17 national pavilions. The beauty and wellness industries may be extensive and ever-expanding, but beautyworld Middle East has room for it all. More than 31 thousand visitors from 116 countries attended the event. The Trade Development Authority of Pakistan (TDAP) and Trade Mission, Dubai facilitated participation of fourteen Pakistani firms that showcased their products in a customized Pakistan Pavilion.

## **Webinars / online B2Bs by Product Officers**

The Product Officers at TDAP made the most of the changing tools of trade promotion available to them vis-à-vis online videoconferencing tools and the proliferation of apps like Zoom, Teams etc. In all, more than 200 webinars were conducted by Product Officers and regional offices. These related to topics such as domestic information dissemination and training webinars, international markets opportunities and market entry tactics in collaboration with Trade & Investment Officers posted abroad. As a follow up of such webinars, the Product Officers were able to conduct around 80 online B2B meetings between buyers from around the world and Pakistani exporters. Some of the B2Bs also resulted in delegation of buyers visiting Pakistan and having face-to-face meetings with local businesses and site visits.

## **Pakistan Trade Portal**

Pakistan Trade Portal is an initiative of TDAP to fulfill the need of Pakistan's Businesses to have a free of cost, cross border business to business matchmaking portal. The portal shall enlist sellers and verify them through various measures. The portal shall help international buyers to make instant sourcing decisions as the portal provides photos, videos, FOB prices, instant quotation, online meeting platforms and above all TDAP's support and verification of the sellers and their products. The portal shall also help TDAP and Ministry of Commerce to take policy decisions keeping in view the live data of traffic and interest of the buyers region wise. So far, more than 300 companies selling around 8,000 products have been listed with TDAP portal.



## 7.1 FUTURE TRADE OUTLOOK

Pakistan has played its part in the global trade recovery as total exports have been increased by 26% during July-June FY2022 with the corresponding period in FY2021. Textile group has shown remarkable performance with 26% growth. The sector has earned export revenue of USD 19.3 billion during FY 2022. The share of Textile Sector was 61% in total exports of Pakistan during reported period was followed by Food group (USD 5.4 billion) with 28% share and 23% growth rate, Other Manufactures group (USD 4.1 billion) with 76% contribution and 18% growth rate in total export of the country. Petroleum and Coal group (USD 334 million) has shown 83% growth in the export value as compare to same period last FY 2021.

On the import front, Pakistani recorded an increase in value of imports by 42% Petroleum Group ranked the highest with imports worth of USD 23,319 million followed by Agriculture & Chemicals Group (USD 14,083 Million), Machinery Group (USD 10,920 Million), Food Group (USD 9,016 Million), Metal Group (USD 6,525 Million), Textile Group (USD 4,786 Million), Transport Group (USD 4,457 Million), and Miscellaneous Group (USD 1,188 Million). Soaring in import bill during FY 22 has been observed mainly in the term of pricing due to deflation of Pakistani rupees.

For the FY 2022, though economic recovery is underway, the export volume increased during FY 22, and the economy is almost recovered. But the worldwide inflation, as well as a significant increase in freight, charges making international trade more costly. Pakistan is likely to see a big jump in food and energy import bill in the next year due to heavy flood. 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.





**TRADE DEVELOPMENT AUTHORITY OF PAKISTAN | MINISTRY OF COMMERCE**

FTC Buidling, Block - A, Shahrah-e-Faisal, Karachi, - Pakistan

Tel: +92-21-99206487-90

UAN: 111-444-111

URL: [www.tdap.gov.pk](http://www.tdap.gov.pk)

 /tdapofficial

 /tdap\_official

