PAKISTAN TRADE PERSPECTIVE

Quarterly Trade Analysis

July-September (1st Quarter): FY 2023-24

Trade Development Authority of Pakistan
Ministry of Commerce

ACKNOWLEDGEMENTS

TEAM MEMBERS

TEAM LEADER	**AFSHAN UROOS**
ASSISTANT MANAGER	MS. ASIMA SIDDIQUE
RESEARCH ASSOCIATE	MS. MARYAM YOUNUS

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For any queries or feedback regarding this publication, please contact at afshan.uroos@tdap.gov.pk.

CONTENTS

LIST OF ABBREVIATIONS

B/L	BILL OF LADING
CAGR	COMPOUND ANNUAL GROWTH RATE
CBU	COMPLETE BUILD-UP
CKD	COMPLETELY KNOCKED DOWN
COVID	CORONA VIRUS DISEASE
DLTL	DRAWBACK OF LOCAL TAXES & LEVIES
EBOPS	EXTENDED BALANCE OF PAYMENT SYSTEM
ECC	ECONOMIC COORDINATION COMMITTEE
EFS	EXPORT FINANCE SCHEME
FASTER	FULLY AUTOMATED SALES TAX E-REFUND
FY	FISCAL YEAR (JULY - JUNE)
GAIN	GLOBAL AGRICULTURAL INFORMATION NETWORK
GDP	GROSS DOMESTIC PRODUCT
G2G	GOVERNMENT-TO-GOVERNMENT
IT	INFORMATION TECHNOLOGY
ITES	IT ENABLED SERVICES
L/C	LETTER OF CREDIT
LNG	LIQUEFIED NATURAL GAS
LPG	LIQUEFIED PETROLEUM GAS
LSM	LARGE-SCALE MANUFACTURING
LSMI	LARGE-SCALE MANUFACTURING INDEX
LTFF	LONG-TERM FINANCING FACILITY
MMBTU	1 MILLION BTU (BRITISH THERMAL UNIT)
MMCFD	MILLION CUBIC FEET PER DAY
OD	OFFICIAL DELEGATION
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
Q1	FIRST QUARTER OF FISCAL YEAR (JULY - SEPTEMBER)
Q4	FOURTH QUARTER OF FISCAL YEAR (APRIL- JUNE)
QoQ	QUARTER-ON-QUARTER
SBP	STATE BANK OF PAKISTAN
SKD	SEMI KNOCKED DOWN
STPF	STRATEGIC TRADE POLICY FRAMEWORK
TCP	TRADING CORPORATION OF PAKISTAN
TDAP	TRADE DEVELOPMENT AUTHORITY OF PAKISTAN
TERF	TEMPORARY ECONOMIC REFINANCE FACILITY
USDA	US DEPARTMENT OF AGRICULTURE
YoY	YEAR-ON-YEAR

WORLD ECONOMIC AND TRADE REVIEW

(July-September 2023)

The global economy continues to recover slowly from the blows of the pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis. In retrospect, the resilience has been remarkable. Despite the disruption in energy and food markets caused by the war, and the unprecedented tightening of global monetary conditions to combat decades-high inflation, the global economy has slowed, but not stalled. Yet growth remains slow and uneven, with growing global divergences.

According to our latest projections, global growth will slow from 3.5 percent in 2022 to 3 percent this year and 2.9 percent next year, a 0.1 percentage point downgrade for 2024 from our July projections. This remains well below the historical average. Headline inflation continues to decelerate, from 9.2 percent in 2022, on a year-over-year basis, to 5.9 percent this year and 4.8 percent in 2024. Core inflation, excluding food and energy prices, is also projected to decline, albeit more gradually than headline inflation, to 4.5 percent in 2024.

As a result, projections are increasingly consistent with a "soft landing" scenario, bringing inflation down without a major downturn in activity, especially in the United States, where the forecast increase in unemployment is very modest, from 3.6 to 3.9 percent by 2025. But important divergences are appearing. The slowdown is more pronounced in advanced economies than in emerging market and developing ones.

Within advanced economies, the US surprised on the upside, with resilient consumption and investment, while euro area activity was revised downward. Many emerging market economies proved quite resilient and surprised on the upside, with the notable exception of China, facing growing headwinds from its real estate crisis and weakening confidence. Three global forces are at play. First, the recovery in services is almost complete. Over the past year, strong demand for services supported service-oriented economies—including important tourism destinations such as France and Spain—relative to manufacturing powerhouses such as China and Germany. High demand for labor-intensive services also translated into tighter labor markets, and higher and more persistent services inflation. But services activity is now weakening alongside a persistent manufacturing slowdown, suggesting services inflation will decrease in 2024 and labor markets and activity will soften.

Second, part of the slowdown is the result of the tighter monetary policy necessary to bring inflation down. This is starting to bite, but the transmission is uneven across countries. Tighter credit conditions are weighing on housing markets, investment, and activity, more so in countries with a higher share of adjustable-rate mortgages or where households are less willing, or able, to dip into their savings. Firm bankruptcies have increased in the US and the euro area, although from historically low levels. Countries are also at different points in their hiking cycles: advanced economies (except Japan) are near the peak, while some emerging market economies, such as Brazil and Chile, have already started easing.

Third, inflation and activity are shaped by the incidence of last year's commodity price shock. Economies heavily dependent on Russian energy imports experienced a steeper increase in energy prices and a sharper slowdown. Some of our recent work shows that the pass-through from higher energy prices played a large role in driving core inflation upward in the euro area, unlike in the United States, where core inflation pressures reflect instead a tight labor market.

Despite signs of softening, labor markets in advanced economies remain buoyant, with historically low unemployment rates helping to support activity. So far, there is scant evidence of a "wage-price spiral," and real wages remain below pre-pandemic levels. Further, many countries experienced a sharp—and welcome—compression in the wage distribution. Some of this compression reflects the higher amenity value of flexible and remote work schedules for high earners, reducing wage pressures for that group.

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PAKISTAN ECONOMIC OUTLOOK

(July-September 2023)

Pakistan's strong post-pandemic recovery came to a halt in fiscal year (FY) 2023 with the delayed withdrawal of COVID-19-era policy stimulus leaving large accumulated economic imbalances. Pressures on domestic prices, external and fiscal balances, the exchange rate, and foreign exchange reserves mounted amid surging world commodity prices, global monetary tightening, recent catastrophic flooding, and domestic political uncertainty. The approval of the International Monetary Fund (IMF) Stand-By Arrangement (SBA) in July 2023 unlocked new external financing and averted a balance of payments crisis.

Economic activity slowed sharply in FY23 with contractions in both industry and services sectors and muted growth in the agriculture sector. Overall, real gross domestic product (GDP) is estimated to have declined by 0.6 percent in FY23 after growing by 6.1 percent in FY22 and 5.8 percent in FY21. Floods caused heavy damage to crops and livestock, while difficulties securing critical inputs, including fertilizers, further slowed agriculture output growth. Supply chain disruptions due to import restrictions and flood impacts, high fuel and borrowing costs, political uncertainty, and weak demand affected industry and service sector activity, and dampened private investment.

Headline inflation rose to a multi-decade high in FY23, averaging 29.2 percent year-onyear (y-o-y) compared to 12.2 percent in FY22. Main drivers included flood-related disruptions to agricultural production and supply chains, energy tariff and petroleum price adjustments, and depreciation of the Rupee. In response to rising inflation, the State Bank of Pakistan (SBP) continued to hike the policy rate, increasing it by a cumulative 825 basis points (bps) to reach 22.0 percent in FY23. Despite this, monetary policy remained accommodative with negative real interest rates.

Careful economic management—including exchange rate flexibility, fiscal restraint, and maintaining implementation of the FY24 budget and the IMF-SBA—will be required to ensure macroeconomic stability this fiscal year. Even with these measures, the current economic trajectory is not sustainable without further fiscal adjustment and other reforms. The foreign exchange position continues to erode, despite the new IMF program, rollovers, refinancing, and new inflows from official creditors.

Real GDP growth is projected to reach only 1.7 percent in FY24 and 2.3 percent in FY25. The agriculture sector is expected to recover on the back of higher production of important crops, including cotton and rice. The CAD is expected to widen to 1.4 percent of GDP in FY24 and further to 1.5 percent in FY25, primarily on account of higher imports. The phased and gradual easing of import restrictions is expected to lift imports, in part due to pent-up demand from the previous fiscal year. Inflows of critical imported inputs will also support major export-oriented sectors, include textiles. Growth in imports is expected to exceed growth in exports, leading to a wider trade deficit.

With the slight recovery in revenue partly due to the resumption of growth and imports, and continuation of expenditure restraint, the primary deficit is expected to remain modest, declining to 0.4 percent of GDP in FY24 and further to 0.3 percent in FY25. However, the weaker currency and high domestic policy rates will increase interest payments. Subsequently, the fiscal deficit will decline only marginally to reach 7.7 percent in FY24 and inching down to 7.6 percent in FY25. By end-FY24, total public debt, including guaranteed debt, is projected to decline to 72.4 percent of GDP and further to 70.3 percent by end-FY25.

Under the current policy framework, Pakistan faces sluggish growth and extremely high macroeconomic risks, even assuming effective implementation of the SBA and a stable political environment. External financing from official creditors and private flows will be critical to strengthening the foreign exchange position, stabilizing local currency, and mitigating inflationary pressures. Gradual and progressive easing of import and capital restrictions will enable some revival of economic activity. Confidence will remain low with growth insufficient to support significant poverty reduction, while soft levels of investment will dampen output as well as future growth potential. A more robust recovery will require an ambitious medium-term reform agenda backed by strong political ownership and commitment. This would include reforms to increase revenues (including from closing exemptions and tapping increased revenue from agriculture, retail, and property), rationalize expenditures (including through reducing wasteful and regressive subsidy spending), and restore private sector confidence (including through business regulatory reform and reforms to state-owned enterprises [SOEs]).

Overall fiscal management will also need to be strengthened through improved inter-government coordination within the framework of the 18th Constitutional Amendment and the 7th National Finance Commission (NFC) Award

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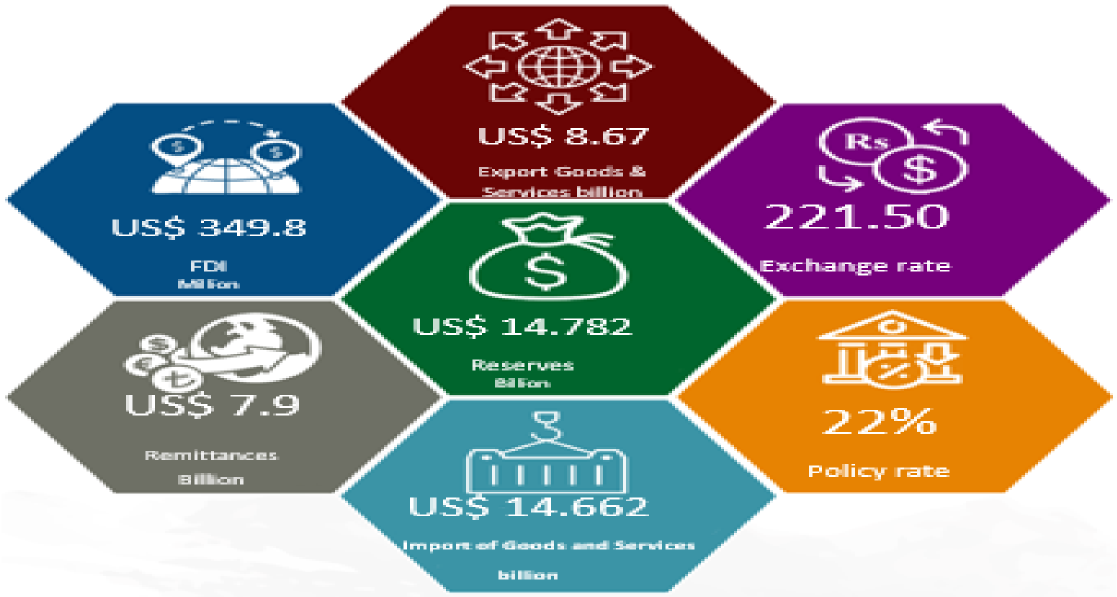
PAKISTAN'S ECONOMIC INDICATORS

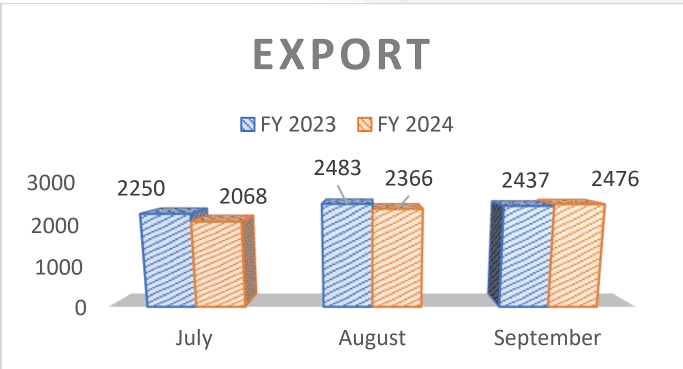
(Q1: July-September FY 2023-24)

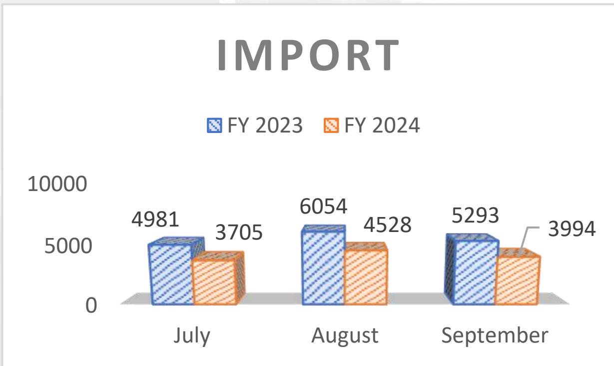


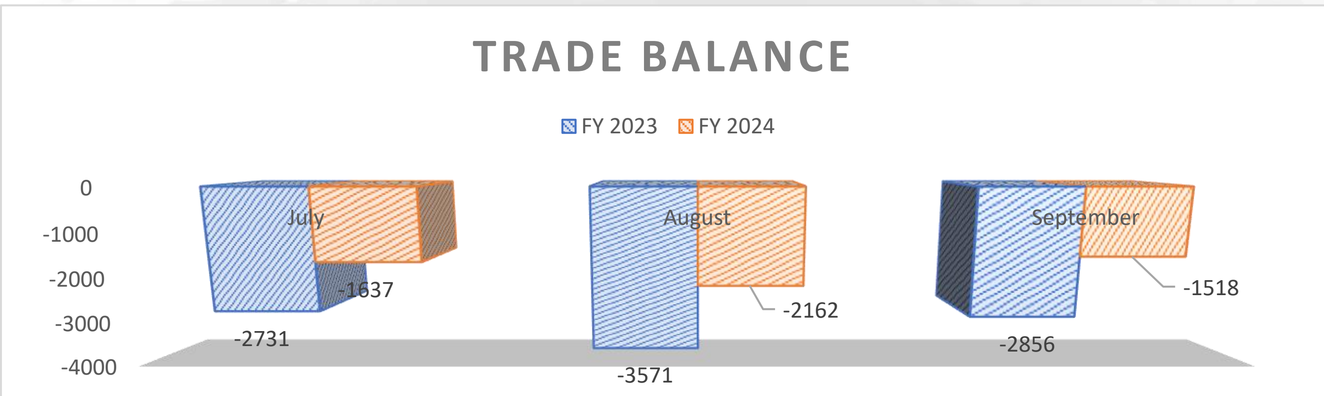
PAKISTAN'S TRADE OUTLOOK

(Quarterly Comparison of FY 2024 Vs. FY 2023)

Trade Values (in USD Million)





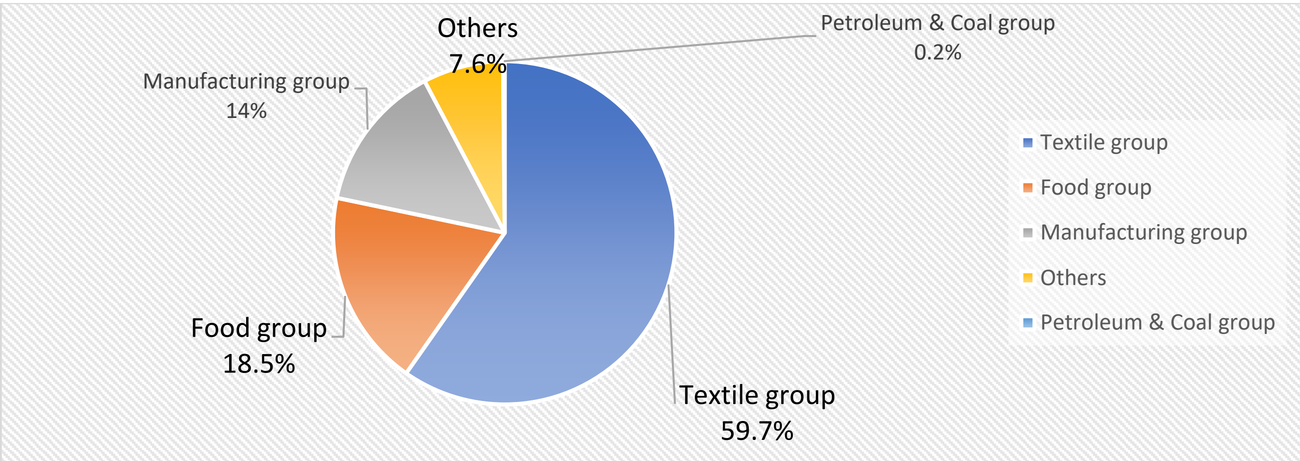


PAKISTAN'S EXPORT PROFILE (Goods)

Exports of the country declined to USD 6.91 billion by 3.63% during Q1 (July-September) of year FY2023-24 as compared with USD 7.17 billion of the same quarter of the last FY2022-23. On the other hand, the country's imports plunged down by 25.12% with value of USD 4.1 billion, to USD 12.2 billion during the period under review as compared with $16.3 billion of the Q1 of FY2022-23. Therefore, the trade deficit of the country contracted to USD 5.3 billion during the Q1 of FY 2023-24, as compared to USD 9.15 billion during the same period of the last fiscal year.

Pakistan's major export sectors are Textile and Clothing, Agro Products, Manufacturing and Engineering goods. Textile products accounted by far for the largest share of exports (59.7%), followed by Agro and Food sector (18.5%), manufacturing group 14% and petroleum group (0.02%). ***(Figure-1)***

Figure 1: Sector-wise Share (Q1 FY 2023-24)



From the last year, Pakistan is experiencing massive financial crisis. Additionally, the government also limited imports due to rapidly declining foreign reserves and a depreciating rupee, reducing the overall production potential of the industrial sector and further exacerbated the economic slowdown in Pakistan. Pakistan has witnessed the highest inflation rate of about 38 percent in recent period.

Moreover, Major export destinations recorded sluggish growth and decline in the export value due to low global demand for Pakistani products. Pakistan faced issues of exchange rate fluctuation, currency crises and political instability. Exporters have tried to maximize benefits from the movement in Pakistani rupee against the US dollar and taken advantage of the shift in government policies. When the exchange rate fluctuates, it causes a spike in domestic inflation, first in terms of producer prices and subsequently in consumer prices. The government faced severe challenges on the economic front.

Country-wise exports trends have shown that the United States and China are remained the top destinations for Pakistani exports followed by United Kingdom, Spain and Netherlands. During July-September FY 2023-24, most of the export destinations recorded sluggish growth and decline in the export value mainly because of internal and external factors raising fears about the closure of industrial units, especially textile, and clothing furthermore, exchange rate fluctuation, currency crises and political instability. The exports to partner countries showing increase and decrease have been detailed as follows:

Top Export Partners Showing Increase (Q1 FY'24 V/S FY'23)

Table 1: Top Export Destinations Showing Increase

Export Destinations	July-Sep FY'24	July-Sep FY'23	% Change
China	729.7	415.6	75.6%
United Kingdom	509.5	499.1	2.1%
Spain	374.5	351.1	6.7%
Saudi Arabia	149.6	119.4	25.3%
Viet Nam	99.5	74.6	33.4%
Poland	94.1	85.1	10.6%
Malaysia	90.1	64.2	40.4%
Turkey	88.4	66.7	32.6%
Korea (South)	44.8	41.7	7.5%
Qatar	44.1	39.5	11.6%

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

Country wise statistics have shown that major export destinations registered substantial growth during Q1 FY 2023-24. China, United Kingdom, Spain, Saudi Arabia, Viet Nam, Poland, Malaysia, Turkey, and South Korea have shown growth as compared to same period last year. Pakistan exported mainly Textile and its products to major export destinations. Textile Sector has shown decline of 9.95% in Q1 FY'2023-24.

Export to China showed a significant increase of 75.6%. The exported value jumped from 415.6 to 729.7 million USD in current quarter as compared with the same period of previous year. Major exported commodities during the Q1 of FY 2023-24 were Cotton yarn (HS code-5205) worth of 148 million USD, Copper, refined, and copper alloys, unwrought (HS code-7403) 99.6 million USD, Other oil seeds and oleaginous fruits (HS code-1207) 21 million, Iron ores and concentrates (HS code-2601) 12.7 million USD, Unwrought aluminum (HS code-7601) 7.9 million USD, Crustaceans (HS code-0306) 6.4 million USD. Commodities wise increase was reports as follows. Cotton yarn showed growth by 156%, Copper, refined, and copper alloys, unwrought 68%, other oil seeds and oleaginous fruits 337% and Iron ores and concentrates 118%.

After China major climb was reported in the exports to Malaysia by 40.4%. Exported value was raised from 64.2 to 90.1 USD million. Main exported commodities during the Q1 of FY 2023-24 were Maize or corn (HS code-1005) worth of 24 million USD, Onions, shallots, garlic, leeks and other (HS code-0703) 4.8 million USD, Rice (HS code-1006) 3.3 million USD , Bedlinen, table linen, toilet linen and kitchen linen (HS code-6302) 3.2 million USD, Crustaceans (HS code-0306) 2.1 million USD and Slag, dross, scalings and other waste from the manufacture of iron or steel (HS code-2619) 1.9 million USD. Commodities wise increase was reports as followed Maize or corn exports showed growth by 171%, Onions, shallots, garlic, leeks and other 7,018%, Rice and Bedlinen exports showed a decline of -65 and -1.9% while Crustaceans exports reported increase of 26.6%.

Top Export Partners Showing Decrease (Q1 FY'24 V/S FY'23)

Table 2: Top Export Destinations Showing Decrease

Export Destinations	July-Sep FY'24	July-Sep FY'23	% Change
United States	1,309.4	1,462.5	-10.5%
Netherlands	357.2	385.4	-7.3%
Germany	350.0	468.2	-25.3%
United Arab Emirates	299.7	320.3	-6.4%
Italy	244.2	264.8	-7.8%
Afghanistan	201.3	226.3	-11.1%
Bangladesh	164.9	212.2	-22.3%
Belgium	158.5	187.1	-15.3%
France	115.1	134.0	-14.1%
Canada	88.7	101.6	-12.7%

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

The above table shows Pakistan's export to the countries registered negative growth in Q1 of FY'2023-24. Pakistan's economy is affected by recent political and economic uncertainty. However, it is expected that the country may regularize its multilateral trade in few months. United states is on the top this list followed by Netherlands, Germany, United States of Emirates, Italy, Afghanistan, Bangladesh, Belgium, France and Canada.

Pakistan is mainly exporting textile products to United States and all the top textile products exports have been declined during the current quarter as compared to the same quarter of the previous year. Pakistan's exports to Germany also showed a massive decline of 25.3%. Where major decline also reported in textile and leather products export

Sector-wise export performance

During 1st Quarter (Q1) July-September (FY '2023-24), Food and other items groups have shown notable increase as compared to the same quarter of the last fiscal year. Textile group which is the main contributing group in Pakistan's exports, its exports decreased by 9.95%. The sector exported goods worth USD 4.12 billion during Q1 of FY 2023-24 while in the Q1 of last fiscal year it was reported to be USD 4.58 billion. Food group exports reached USD 1.28 billion from USD 1.07 billion with a significant increase of 18.88%. Manufacturing group exports remained stable with a minimal decline of 0.99 and stand at USD 967 million from USD 977 million. Manufacturing group exports reached to USD 967 million from USD 917 million with 5.99% increase. Petroleum and coal group exports showed a significant decline of 82.82% as the exported value dropped from 65 million to 11 million. While the other items group showed an increase of 12.07% as in Q1 of FY 2023-24 the exported value was USD 523 million and in the Q1 of last fiscal year the volume stood at USD 467 million.

All the sectors have shown positive but minimal increase in exports during the Q1 of FY 2023-24 when compared with the Q4 of FY 2022-23. Major contributing textile sector's exports have increased by 2.54%. The sector has earned export revenue of USD 4.12 billion during Q1 of FY 2023-24 while in the Q4 of last fiscal year it was reported to be USD 4.02 billion. Food group exports reached USD 1.28 billion from USD 1.20 billion with 5.99% increase. Manufacturing group exports reached to USD 967 million from USD 917 million with 5.99% increase. Manufacturing group exports reached to USD 967 million from USD 917 million with 5.99% increase. Petroleum and coal group exports reached USD 11 million from USD 4 million with 153.3% increase. While the Other items group showed a decline of 2.76% as in Q1 of FY 2023-24 the exported value was USD 523 million and in the Q4 of last fiscal year the volume was USD 538 million. Overall change between Q1 of current fiscal year versus Q4 of last fiscal year was 3.24%. This is giving the indication of the economic recovery.

Table 3: Sector-wise Exports (July September FY 2023-24)

SECTORS	Q1 2024 v/s Q1 2023			Q1 2024 V/S Q4 2023		
	July-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
Total	**6,910**	**7,170**	**-3.6%**	**6,910**	**6,693**	**3.2%**
Textile Group	4,128	4,584	-9.9%	4,128	4,025	2.5%
Food Group	1,281	1,077	18.8%	1,281	1,208	5.9%
Other Manufactures Group	967	977	-0.9%	967	917	5.5%
All Other Items	523	467	12.1%	523	538	-2.7%
Petroleum Group & Coal	11	65	82.8%	11	4	153%

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

Economic recovery in Pakistan can be attributed to various factors. One key factor is government policies aimed at stabilizing the economy. These policies might include fiscal measures such as tax reforms, subsidies, and infrastructure spending. Additionally, monetary policies, like interest rate adjustments, can also play a role in stimulating economic activity. External factors, such as favorable global economic conditions and international investments, can contribute to a country's economic recovery. Trade agreements and partnerships can boost exports and attract foreign direct investment. Improvements in key economic indicators, like GDP growth, employment rates, and inflation control, are often signs of economic recovery. Structural reforms addressing issues like corruption, bureaucracy, and ease of doing business can create a more conducive environment for economic growth. Social and political stability can instill confidence in businesses and investors, encouraging economic activities. Lastly, advancements in technology and innovation can lead to increased productivity and competitiveness in the global market.

Main commodities exported during July-September, FY 2023-24 were Knitwear (USD 1.11 billion), Readymade garments (USD 809 million), Bed wear (USD 702 million), Cotton (USD 475 million), Rice (USD 406 million), Chemicals and pharmaceutical products (USD 370 million), Cotton yarn (USD 315 million), All other Food items (USD 298 million), and Oil seeds, nuts and kernels (USD 186 million).

Top commodities including Knitwear, Readymade garments, Bed wear, and

Cotton exports showed a notable decline of more than 10% while rice export remained approximately the same when compared with the same period of last fiscal year. A considerable rise reported of 405.8% and 748.54% in the exports of Oil seeds, nuts and kernels during both quarters, Q1 and Q4 of FY 2022-23 when compared with the current quarter. Also other commodities like Chemicals and phama products, cotton yarn, meat, fruits and fish showed positive growth.

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

Top Export Commodities Showing Increase (Q1: July-Sep FY 2024)

Table 4: Top Export Commodities Showing Increase

SUB-SECTORS	July-Sep FY'24	July-Sep FY'23	% Change	July-Sept FY'24	April-June FY'23	% change
RICE	406	402	1%	406	551	-26.2%
CHEMICALS AND PHARM.PRO	370	344	7.5%	370	315	17.6%
COTTON YARN	315	236	33.5%	315	271	16.3%
ALL OTHER FOOD ITEMS	298	276	7.6%	298	193	54.2%
TOWELS	244	237	2.9%	244	254	-4%
OIL SEEDS, NUTS AND KERNALS	186	37	405%	186	22	748%
MEAT AND MEAT PREPARATIO	113	94	20.1%	113	125	-9.6%
SURGICAL GOODS & MEDICAL	109	108	0.88%	109	112	-2.4%
FRUITS	89	79	12.4%	89	57	55.6%
FISH & FISH PREPARATIONS	83	80	3.7%	83	141	-41.2%

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

Top Export Commodities Showing Decrease (Q1: July-sep FY 2024)

Table 5: Top Export Commodities Showing Decrease

SUB-SECTORS	July-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
KNITWEAR	1,112	1,321	-15.83%	1,112	1,046	6.25%
READYMADE GARMENTS	809	912	-11.21%	809	835	-3.04%
BED WEAR	702	780	-10.02%	702	660	6.31%
COTTON CLOTH	475	581	-18.15%	475	484	-1.81%
OTHER TEXTILE MATERIALS	172	182	-5.25%	172	166	3.53%
MADEUP ARTICLES(EXCL.TOW	170	180	-5.41%	170	158	8.015
LEATHER MANUFACTURES	146	159	-8.32%	146	135	7.94%

SPORTS GOODS	91	102	-10.82%	91	99	-7.64%
ART,SILK & SYNTHETIC TEXTIL	83	108	-23.08%	83	103	-18.99%

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

Sector-wise Export analyses

Textile Group

Pakistan's textile industry is the largest manufacturing industry. Pakistan is the 8th largest exporter of textile products in Asia. It is 4th largest producer and 3rd largest consumer of cotton. It comprises 46% of the total manufacturing sector and provides employment to 45% of the total labor force. The textile sector in Pakistan has an overwhelming impact on the economy, contributing 3/5th to the country's exports. It is deemed as one of the most important sectors for Pakistan's trade. It is a significant contributor to the country's exports, fetching more than USD 4 billion from abroad during Q1 FY 2023-24. The major exports of the sectors include knitwear, readymade garments, fabrics, weaved apparel, twisting, and processing sectors. Despite global economic slowdown and declining consumer demand, exports of Textile sector had shown remarkable performance in the past few years but in response of recent political and economic instability the continues negative impact has been observes which is also reflecting on the current quarter as well, in Q1 FY2023-24 the exports are affected due to economic and political instability. The recent increase in gas prices, up to 193%, has added to the challenges faced by textile manufacturers and exporters, making the country less competitive among regional textile exporters and jeopardising textile exports. Majority of sub groups of Textile and Clothing have shown negative growth except Raw Cotton, Yarn, Cotton Carded, and Towels during the reported period.

Table 6: Textiles Group Exports

SUB-SECTORS	Q1 2024 v/s Q1 2023			Q1 2024 V/S Q4 2023		
	Jul-Sep FY'24	July-Sep FY'23	% Change	Jul-Sep FY'24	April-June FY'23	% Change
TEXTILE GROUP	**4,128**	**4,584**	**-9.95%**	**4,128**	**4,025**	**2.54%**
RAW COTTON	7	6	12.07%	7	0	1276.5%
COTTON YARN	315	236	33.5%	315	271	16.3%
COTTON CLOTH	475	581	-18.15%	475	484	-1.81%
COTTON CARDED OR COMBED	0	0	113.15%	0	0	284.75%
YARN OTHER THAN COTTON Y	10	12	-14.50%	10	12	-17.16%
KNITWEAR	1,112	1,321	-15.83%	1,112	1,046	6.25%
BED WEAR	702	780	-10.02%	702	660	6.31%
TOWELS	244	237	2.89%	244	254	-4.0%
TENTS,CANVAS & TARPULIN	27	30	-8.24%	27	35	-22.36%
READYMADE GARMENTS	809	912	-11.21%	809	835	-3.04%
ART,SILK & SYNTHETIC TEXTIL	83	108	-23.08%	83	103	-18.99%
MADEUP ARTICLES(EXCL.TOW	170	180	-5.41%	170	158	8.01%

OTHER TEXTILE MATERIALS	172	182	-5.25%	172	166	3.53%

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

The textile group registered a decrease of 9.95% during Q1 (July-September) FY 2023-24 as compared to same period of last year. The exports of textile sector during July-September 2023 totaled USD 4.12 billion as against USD 4.58 billion during the corresponding period of last year. Most of the products have reported negative growth during Q1 FY2023-24 including Cotton cloth, yarn, Knitwear, Bed wear, Tent, canvas and tarpaulin, readymade garments synthetic textile, made-up articles and other textile materials.

Quarter to quarter comparison of exports of textile sector has recorded positive growth of 2.54% in Q1 (July-September) FY 2023-24 as against Q4 (April-June) FY 2022-23. The overall some products are showing negative growth during reported period. This decline can be attributed to the global recession, resulting in lower export orders, combined with a challenging domestic environment. In addition, the government's restrictions on the import of materials have increased the cost of manufacturing, making it "unviable" to operate and export. Pakistan's Ease of Doing Business Ranking was 108th and has likely fallen further. According to a recent global survey conducted by the World Trade Organization on textile manufacturing countries in Asia, India, China, and Vietnam rank in the top three for cheap manufacturing costs. Bangladesh is sixth, and Sri Lanka is tenth, while Pakistan is missing from the list due to the daily increasing cost of manufacturing amid instability in the local currency and economic indicators. In conclusion, the textile industry in Pakistan is facing significant challenges and the government needs to take urgent action to support the industry.

Cotton is the main raw material of Pakistan's textile sector which contributes about 60 percent to the overall exports of the country. Pakistan's cotton producers have made a remarkable comeback after suffering massive losses due to last year's monsoon floods. Cotton production in Pakistan has seen an impressive 83% increase in the FY 2023-24 season, with a total of 6.79 million bales, offering relief to the country's foreign exchange reserves, which have been under significant pressure due to the need for cotton imports. The favourable weather conditions, unlike the previous year when excessive rain and flooding caused low cotton production, have enabled healthy cotton flower growth during the current production season. A significant improvement from the less than 5 million bales produced in the previous season. However, this production level still falls short of the government's target of 11.5 million bales for the year. The increase in cotton production will save the country approximately $1 billion in imports.

As expected at previous stage, Pakistan textile and apparel exports were in negative growth in current quarter amid the reduction of export value for consecutive several months, which means the benefit of the orders that were transferred from China to South Asia basically diminished. The markets including Europe faced large pressure of destocking apparel, and the slip of consumer's procurement capability made apparel orders continue to shrink. The exports of yarn knitted wear and beddings in Pakistan were slack.

The textile industry has long been the backbone of Pakistan's economy, and among its key segments, readymade garments have emerged as a significant contributor. The readymade garments industry has rapidly grown to become one of the most important small-scale sectors in Pakistan. Its growth has been propelled by the increasing demand for fashionable and affordable clothing both domestically and internationally. Additionally, this sector has proven to be a remarkable source of employment, providing livelihood opportunities to a large workforce with relatively low capital investment. Recognizing the importance of the readymade garments industry, the Pakistani government has actively supported its growth through various institutes and policies. These initiatives focus on skill development, capacity building, and creating an enabling environment for the industry to thrive.

Pakistan has successfully established itself as a major player in the global textile industry, and its readymade garments segment accounts for about 20% of the country's total textile exports. Particularly the United States, has been the largest market for Pakistan's readymade garments. Spain, United Kingdom, and Germany are also significant markets for Pakistani exports. However, to diversify its export destinations, Pakistan should explore emerging markets in Asia, Africa, and the Middle East. The knitwear and garment industry in Pakistan has immense potential for significant growth if it focuses on value addition, product diversification, and innovation. Rising gas prices and withdrawal of concessionary tariffs on gas have placed the industry under strain, impacting its ability to sustain growth. Regionally competitive energy tariff (RCET) would help increase the export of textile products. Comparative analysis between Pakistan and Bangladesh reveals the key reason behind Bangladesh's success in higher textile exports is value addition. Traditionally, Pakistan has focused on home textile market worth around $80 billion, inadvertently neglecting the potential of the garments market. Bangladesh and Vietnam strategically shifted their focus to garments, with Bangladesh boasting over 4,000 garment units compared to Pakistan's count of fewer than 1,000 units.

The decline in exports can be partially attributed to reduced demand from key export destinations such as the United States, the United Kingdom, the Netherlands, Spain, and Germany. This reduced demand resulted from the withdrawal of concessions on gas and RLNG supplies, impacting not only the knitwear sector, but also the garment industry as a whole. Pakistan's knitwear and garment export industry faces stiff competition from Bangladesh, a major player in the global market. To maintain market share and competitiveness, Pakistan must address these challenges effectively. Adverse consequences of escalating gas prices and the removal of concessions on gas tariffs, which have a negative impact on the textile sector. The excessive costs incurred in production make the sector unsustainable, placing a heavy burden on export-oriented industries. The sector continues to face hurdles in the domestic economy, including elevated gas and electricity tariffs, delays in input clearance, and higher finance rates. Nevertheless, the prospect of promising cotton production in the upcoming year offers some relief to local textile manufacturers.

Textile sector plays a significant role in supporting the economy of Pakistan and continue to be in the spotlight owing to country’s dependence on foreign exchange. Pakistani Rupee (PKR) devaluation against the US dollar gave textile exporters a competitive advantage over its competitors in terms of pricing. Despite the establishment of a Special Investment Facilitation Council, the textile sector has been unexpectedly excluded. While the initiative identifies key sectors to revitalise the economy, its impact might be delayed for years, leaving the textile industry grappling with continued losses. Furthermore, approximately 20% of the textile and clothing sector’s installed capacity was adversely affected during the last 16 months (APTMA).

The decline in the exports volume is concerning for the economy, which is heavily dependent on exports to generate much-needed foreign exchange, as it deals with low reserves. Although forex reserves held by the State Bank of Pakistan (SBP) have improved significantly, currently trading at $7.6 billion (as per SBP on Sep, 2023) amid inflows from the International Monetary

Fund (IMF) and bilateral partners including Saudi Arabia and UAE, reserves remain under pressure on account of external debt servicing.

In a promising turn of events, Pakistan's textile sector is poised for a positive growth trajectory marked by a noteworthy export rebound and significant policy interventions. The textile and clothing sector's effective production capacity now exceeded $25 billion, after the investments exceeding $5 billion in recent years. "Policy initiatives are expected to facilitate the realisation of the sector's full potential."

The successful implementation of the Regionally Competitive Energy Tariffs (RCET) had led to textile and clothing exports reaching $19.5 billion in FY2022. "However, exports plummeted to $16 billion in FY2023 after the RCET was discontinued. The government was set to unveil a comprehensive plan aimed at reinvigorating more than 1,600 textile industries that had remained dormant for the past 16 months. The government showed optimism about the imminent announcement of a strategic framework to bolster the textile industry's competitiveness on the global stage. The framework was "meticulously crafted" and encompassed provisions for regional competitive energy pricing, working capital support, expedited refund payments, enhanced market access, and diversification of product offerings. The framework had the potential to "unleash the country's full production capacity" and help the textile industry achieve its export target of $50 billion by 2028. There is a need that stakeholders work together to implement the framework effectively. The textile sector's woes extend throughout the entire value chain, encompassing various stages, including ginning, weaving, spinning, processing, and garment manufacturing. Some industries also operate at reduced production levels, further underscoring the sector's need for revitalization.

Presently, Pakistan boasts 6,300 registered textile and clothing manufacturing companies, along with over 1,800 associations of persons in this category. Of these, 2,000 are registered as textile and clothing exporters with the Ministry of Commerce. Under the proposed plan, the commerce ministry envisions Pakistan's overall exports reaching an impressive $80 billion within the next five years. The policy also places a strong emphasis on non-traditional sectors, such as pharmaceuticals, minerals, gems and marble, while seeking to diversify markets, particularly in the Central Asian countries and Africa.

AGRO-FOODS GROUP EXPORTS

The agriculture sector of Pakistan plays a vital role in the country's economy. It contributes 19% to the GDP and provides employment to around 38 % of the labour force. It is also a significant source of foreign exchange earnings and provides raw-material to other industries that accelerates economic growth of the country. [1]

The Agro Food Sector of Pakistan contributed 18.5 percent to the national export in the Q1 FY 2023-24. The current structure of Agro-based exports mainly consists of Rice, Meat, Fruit and Vegetable, Tobacco, Spices, horticulture and livestock with inconsistent exports of sugar and wheat. During Q1 FY2023-24, the agriculture sector recorded a significant increase of 18.88% which resulted rise of exported value from USD 1.07 billion to USD 1.28 billion as compared with the same period of previous year. The major agricultural exports include rice, fruits, vegetables,

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

cotton yarn, raw cotton, fish, and fish preparations. The growth in agricultural exports was driven by improved productivity, better prices, and increased demand in the global market. Pakistan has also invested in modernizing its agriculture sector by adopting new technologies, enhancing water management, improving seed quality, expanding cultivated land for high-value crops, strengthening linkages between processors and growers, and providing incentives for agro-processing.

Pakistan has semi-industrialized economy and consists 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 culturable waste, densely populated forests and rangelands[2]. 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. The agriculture sector not only meets domestic demand for food but also contributes significantly to the country's export earnings.

Table 7: Food Group Exports

SUB-SECTORS	Q1 2024 v/s Q1 2023			Q1 2024 V/S Q4 2023		
	Jul-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	Apr-June FY'23	% Change
FOOD GROUP	**1,281**	**1,077**	**18.8%**	**1,281**	**1,208**	**5.99%**
RICE	406	402	0.98%	406	551	-26.2%
a) BASMATI	159	132	20.4%	159	194	-18.2%
b) OTHERS	248	271	-8.5%	248	357	-30.5%
FISH & FISH PREPARATIONS	83	80	3.7%	83	141	-41.2%
FRUITS	89	79	12.4%	89	57	55.6%
VEGETABLES	51	74	-30.3%	51	65	-20.6%
LEGUMINOUS VEGETABLES (PU	0	0	78.7%	0	-	-
TOBACCO	10	15	-36.7%	10	13	-22.1%
WHEAT	-	-	-	-	-	-
SPICES	24	19	23.5%	24	21	14.2%
OIL SEEDS, NUTS AND KERNALS	186	37	405%	186	22	748%
SUGAR	21	0	-	21	21	-1.8%
MEAT AND MEAT PREPARATIO	113	94	20%	113	125	-9.6%
ALL OTHER FOOD ITEMS	298	276	7.6%	298	193	54.2%

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

The exports of Food Sector were recorded USD 1.281 billion and registered an increase of 18.88% in Q1 July-September FY 2023-24 as against the same period last year. Majority of the commodities of Food sector have shown significant growth in exports during Q1 FY 2023-24 except Vegetables, Tobacco and other

[2] Fact related to production are taken from FAO reports

rice where declined have reported by 30.35%, 36.7% and 8.5% respectively. Increase in the exports was reported for Rice (0.98%), Basmati rice (20.48%), Fish and its preparation 3.75%, Fruits (3.75%), Spices (23.51%) and Oil seeds (405.8%) and Meat (20.05%) during the current quarter when compared with the same period of last year.

Quarter to Quarter comparasion show that the export of Food sector recorded a rise of 5.99% during Q1 (July-September) FY 2023-24 as against Q4 (April-June) FY 2022-23. The decline has been noticed in the exports of Rice, Fish,Tobacco, and sugar. The positive growth was recorded for the following sub-sectors, exports of Fruits by 55.59%, spices 14.27%, Oil seeds 748.5% and other food item 54.22%.

The US Department of Agriculture (USDA) has projected that Pakistan's rice exports will jump by over 40% to 4.8 million tons in the current fiscal year, signalling that exporters will fetch an additional $1 billion. On the other hand, the bumper wheat harvest and a turnaround in cotton output lessen the reliance on imports, reducing the need for foreign exchange significantly in fiscal year 2023-24. The agriculture sector is anticipated to play a pivotal role in reviving economic growth to the targeted 3.5% in FY2023-24.

Among the major crops grown in Pakistan, rice, sugarcane, and cotton are important for both domestic consumption and export. Rice is the second most important staple food crop after wheat and occupies about 10% of the total cropped area. Pakistan produces different varieties of rice, including basmati, famous for its aroma and quality. Pakistan is expected to produce a record 9 million tons of rice during the fiscal year 2023-24, compared to 5.5 million tons produced during FY 2022-23. Experts believe that better weather conditions will play a key role in this record production. Pakistan exported 595 thousand tons of rice worth $406 million in Q1 of FY 2023-24, making it one of the largest rice exporter in the world.

In 2022 India exported over 22 million tons of rice to the entire world. As the single largest exporter of white rice in the world, India control's a massive 40% of the global market for rice providing different kinds of rice that many other countries in the world are heavily dependent on for their caloric intake. And this year the Indian government has put a ban on the export of all kinds of rice except the aromatic and high-end Basmati variety. The ban comes in response to soaring rice prices in India and a general food inflation crisis that has been brewing in the country. As a result, the international rice market suddenly finds itself short on more than 10 million tons of rice. With a global food crisis already about to reach crescendo because of the Russia-Ukraine war, rice importing countries and international organizations are suddenly faced with a concerning question: how will this massive shortfall of rice be met?

India might be the largest exporter of rice with Thailand at a distant second place, Pakistan is number four on the list of largest rice exporting countries in the list with Vietnam in the middle at number three. China, Philippines, and Nigeria are primary buyers of rice. Meanwhile, nations such as Indonesia and Bangladesh, often termed "swing buyers", increase their imports when facing domestic supply deficits. Rice consumption is not only high in Africa but also on the rise. For countries like Cuba and Panama, rice is a principal energy source. Thailand, Vietnam and Pakistan are keen to boost sales since demand for their crops has been rising after India's ban. According to initial reports there is a major role for Pakistan to play in this crisis. Pakistan, recovering from last year's devastating floods, could export 4.5 million to 5.0 million tons according to an official with the Rice Exporters Association of Pakistan (REAP). But already REAP is worried that since food inflation is already pretty high in Pakistan, the government might not be so keen on exporting rice since it will become expensive on the global market. It must be remembered here that

Pakistan has the opportunity to take some of the Indian market away not in the long-term but just this year in particular. India is facing high food inflation for the same reason that the rest of the world is: the Russia-Ukraine war. Next year, if India is not facing similar food inflation, they will be back to take their place as the biggest rice exporter in the world. Pakistan cannot come near fulfilling the world's rice demand. The total shortfall from India's decision to ban the export of varieties other than Basmati (which is a big seller) has caused a 10 million ton shortage. Pakistan's overall production was only 5.5 million tons last year. But that was a bad year because of lasting damage and water logging from the 2021 floods. This year the country is expecting a harvest of over 9 million tons which could mean exports of 4.5 million to 5 million tons if half the total production is exported.

Sugarcane is grown on about 13% of the cropped area and is used for sugar production as well as ethanol and other by-products. Pakistan produced 67.1 million tons of sugarcane in 2020-21, making it the fifth-largest sugarcane producer in the world. However, due to a low sugar recovery rate and high cost of production, Pakistan has to import sugar to meet its domestic demand. Sugar production in 2023-24 is forecasted at 7.05 million tons, 3% above the 2022-23 estimate. The marginal increase is due to expectations for a recovery in cane area harvested compared to the flood-damaged 2022-23 crop. Cotton is the most important cash crop and a major source of raw material for the textile industry, accounting for about 60% of total exports. Pakistan produced 4.8 million tons of cotton in 2020-21, making it the fifth-largest cotton producer in the world. However, due to low yield per hectare and high pest infestation, Pakistan has to import cotton to meet its domestic demand. Cotton production is forecasted to rebound 36% to 5.3 million bales in 2023-24. After the flood-damaged 2022-23 crop, yields should return to trend, while better returns from competing crops will limit area expansion.

Pakistan is manly exporting a sesame seed which is 99% of its total oil seeds exports. Out of total export, over 80% exported to China. Pakistan's sesame seed exports witnessed an upward trend during FY 2023 and FY 2024 owing to China-Pakistan Free Trade Agreement and good prices in the Chinese market. Pakistan's sesame seed exports to China surged to $148 million during the Q1 of FY2023-24, showing a growth of 405.8% on a quarter-on-quarter (QoQ) basis. In FY 2022, China imported USD 131 million and in FY 2023 USD 69.9 million worth of sesame seeds.
Sesame is regarded as an important oilseed crop. It is known as the queen of oil crops due to its high-quality oil and high protein content. Its oil content ranges from 50% to 58%. It is cultivated in hot, dry climates for its oil and protein-rich seeds. Other than raw food and confectionery, sesame seeds are used in sweets, bakery products, soap, perfumes, vegetable oil, and carbon paper. "Normally, there is a trend of cultivating traditional crops like wheat and rice. But now Pakistani farmers are getting awareness about high-end and high-price products like sesame seed. Hopefully, Pakistan will be the top sesame seed exporter to China in future. In the past, we sold most of our sesame to the Middle East before China allowed us to enter its market. The Chinese market offers a wide range of opportunities for Pakistani sesame exporters. The Chinese market has two major benefits. The first is that it offers competitive prices compared to our domestic market. Secondly, the market is huge; if someone receives an order, it is typically quite difficult for one exporter to fulfill. Pakistan exports 80% of the total production of sesame seeds crop. Currently, China, Turkey, Saudi Arabia and Korea are the big buyers of Pakistan's sesame, but other countries are gaining market share due to an increase in hulled exports. China's imports of sesame account for almost one-third of the world's production. Since 2020, its import exceeded 1 million

tons for three consecutive years, providing a huge market for Pakistani producers. Pakistan's sesame production is also catching up. During recent years, the use of hybrid varieties has greatly increased sesame harvests from a mere 36,000 tons during 2019 to over 150,000 tons during 2022 despite the devastating floods. The increase is mainly thanks to hybrid variety, with higher demand and better quality when compared to farm variety, the size of which has been reduced by 50%.

Pakistan has great potential for exporting fruits and vegetables, but the lack of efficient logistics infrastructure and difficulties in international shipments lead to high trade costs. These challenges reduce the competitiveness of Pakistan's fruits and vegetables in the international market. The deficiency of underdeveloped cold chain systems results in significant physical and quality losses for perishable fresh fruits and vegetables. A robust cold chain infrastructure is essential for ensuring safe transportation of these products from farms to packing houses, processing plants, and eventually export exit points. Inefficient technology and machinery are prevalent in existing cold storage units. The absence of adequate warehouse and cold storage facilities at major border points creates a serious obstacle, causing most fresh product to be sold in local markets and discarded quickly. A notable shift in consumer behavior is observed towards environmentally conscious choices, including the preference for organic fresh fruits and vegetables. To support this trend, it is imperative to promote significant investments in cutting-edge post-harvest services and storage facilities. This includes the establishment of temperature-controlled storage facilities in key production regions.

The top destinations for Pakistan's fruit exports in Q1 of FY 2023-24 were the United Arab Emirates, United Kingdom, Kazakhstan, Afghanistan, Oman and Germany. The top destinations for Pakistan's vegetable exports in Q1 of FY2023-24 were the Malaysia, Sri Lanka, United Arab Emirates, Qatar, Oman and Afghanistan.

Pakistan exported about $500 million worth of seafood during the fiscal year 2022-23, a record high during a financial year. However, the country is still far behind its actual potential of $1 billion worth of seafood exports, as suggested by various studies. The export of fish and fish products experienced a growth of 3.75 percent, reaching $83.06 million. Comparing the current quarter export with the Q4 of FY 2023 have shown different picture where export declined by 41.2%. This increase can be attributed to the diversification of fishery products, such as cuttlefish, and the easing of Qatar's prohibition on Pakistani seafood imports. Pakistan still confronts gigantic challenges in seafood exports, especially the one related to the ban imposed by the United States on Pakistani shrimp exports due to non-compliance with Turtle Excluder Device (TED) regulations. This ban by the US Food and Drug Administration (FDA) was imposed in 2017.

This ban has been in place for six consecutive years, hampering the country's seafood industry. Pakistan's seafood export sector also faces a similar ban from the European Union, which was enforced in 2007. Though partial bans have been lifted for a few companies, Pakistan still faces significant restrictions.

There are over 300 seafood processing establishments under the Pakistan Fish Inspection and Quality Control Act 1997, which are operating in the seafood export sector. Aquaculture is one of the fastest growing sectors in the world. However, in Pakistan, it received attention during recent years, and the government has now established several fish hatcheries and training facilities for fish farmers. Pakistan has the lowest level of aquaculture fish production among the Asian countries. The quality of its seafood exports is affected by several constraints in the value chain for processing, such as insufficient storage capacity, improper handling of fish catches, inadequate compliance with SPS measures, and lack of modern machinery for processing.

According to Fisheries Development Board, the legal framework needs to be established to regulate aquaculture production and import/ export as well as infrastructure development. To promote high value species, hatcheries need to be established under the government domain initially and later technology be transferred to the private sector and then public hatcheries would serve as research and development centers.

The fish markets should be established as common facility centers under public-private partnership. Cold chain infrastructure and feed mills need to be established for which the government may provide financial incentives. A regular program of training and capacity building for public and private sector stakeholders is needed to improve the seafood exports. This program should be provided by the Fisheries Development Board, which should also establish training and demonstration centers on a permanent basis.

There is a need to establish an aquaculture development fund for providing matching grants and interest free loans to selected projects in the public and private sector with targeted output in the next 30 years. With these interventions, Pakistan can meet the growing demand of seafood products in the coming years, and can achieve the mark of $1 billion worth of seafood exports.

Pakistan is one of the largest meat producers in the world. The country's extensive cattle and goat farming are supported by the availability of pastures in Northern Areas, Cholistan, and Thar, along with natural animal rearing capabilities, meat-producing breeds, and favorable climatic conditions. Primary meat exports are directed to six GCC countries, Vietnam, Afghanistan, Indonesia, and China. Over the past decade, the country has become one of the fastest-growing meat exporters, capitalizing on its competitive advantage to supply meat to the Gulf Cooperation Council (GCC) countries. The exports of meat and meat by-products from Pakistan increased by over 25 percent to USD 427 million during the last fiscal year, while these exports increased by USD 20 percent to $113 million during the first three months of the current fiscal year. This increase is driven by the exploration of new markets in countries like Jordan, Egypt, and Uzbekistan.

The Organic Meat Company Limited (TOMCL) has successfully become the first and only company from Pakistan to secure approvals from GACC (General Administration of Customs of the People's Republic of China) to export cooked/ heat-treated frozen beef to China. The scope of cooked/ heat-treated frozen beef export from Pakistan to China was significantly high. The demand for beef from China stood significantly higher than what Pakistan was exporting in "raw form". China alone consumes 23% of the world's total beef production, while Pakistan provides (exports) only 0.5% of the world's consumption. Pakistan's beef is far above than a lot of countries in terms of quality and secondly it is cheaper too. Pakistan is a viable export partner of China when seen in the context of proximity and logistics. The completion of China's Belt and Road Initiative will provide the best corridor for export of beef and other things soon. There are 15 private slaughter houses in Pakistan. They are engaged in exporting meat to different countries including the UAE, Saudi Arabia, Oman and Bahrain. The Annual Report 2023 says the company is expanding its export market in the UAE. Additionally, several enterprises are registering to export meat to Gulf nations, including the United Arab Emirates and Saudi Arabia.

Pakistan needs to enhance safety standards and remove competitive constraints to increase its market presence and expand its share in the global meat market. Pakistan is endowed with one of the largest livestock populations in the world, holding immense export potential for meat products, but it is yet to be derived. In order to unlock this tremendous potential and move up the global value chain through greater product and market diversification, this sector will need to work collectively to achieve the necessary structural improvements at all stages of the value chain, starting at the farm level. The industry faces challenges concerning animal sourcing, low carcass yields, and prevalence of foot and mouth disease (FMD), which restrict exports to a few geographical destinations. This high concentration of Pakistan's export basket in terms of products and markets leaves the industry exposed to the product-and partner-specific shocks. Other concerns such as the lack of traceability of livestock and incapacity of a number of meat processors to comply with quality and food safety requirements, which result in restricted access to the Pakistani meat in the most importing countries, have to be tackled extensively.

Pakistan's agriculture sector is characterized by low mechanization, outdated technology, and weak extension services. According to a report by the U.S. Department of Commerce, only about 50% of farmers use tractors, while less than 10% use other farm machinery such as harvesters, planters, and sprayers. The use of modern inputs such as improved seeds, fertilizers, and pesticides is also low compared to other countries. Moreover, due to a lack of access to credit, information, and markets, many farmers are unable to adopt new technologies and practices that can enhance their productivity and income. Pakistan needs to implement sustained macro-fiscal and structural reforms, improve its competitiveness and productivity, and diversify its agricultural exports. Pakistan has huge potential to increase its exports of rice, sugarcane, and cotton products by diversifying its markets, enhancing its quality standards, branding its products, and complying with international trade regulations and requirements. For example, Pakistan can tap into the lucrative markets of China, Turkey, Qatar, Kenya, Afghanistan, UAE, and Saudi Arabia for its rice exports by offering different varieties (such as basmati, irri-6, parboiled, etc.), meeting their quality specifications (such as moisture content, broken percentage,

etc.), and ensuring timely delivery. Similarly, Pakistan can increase its exports of sugar by improving its milling efficiency, reducing its cost of production, and exploring new markets in Africa and Asia. Moreover, Pakistan can boost its exports of cotton products by upgrading its textile industry, improving its compliance with environmental and social standards, and taking advantage of preferential trade agreements with various countries.

In a notable uptick for Pakistan's agricultural sector, domestic banks provided a staggering Rs1.78 trillion (equivalent to 97.6% of the set target of Rs.1.82 trillion) in financing for farming during the recently concluded fiscal year 2023. This marks a 25% increase from the loans extended in the previous fiscal year FY22. However, while this surge in disbursement is welcome news, farmers find the amount falling far short of their requirements, amounting to less than half of what they deem necessary.

Despite the commendable increase in loan disbursement during FY 2023, State Bank of Pakistan (SBP) acknowledged the challenges faced by banks, including the aftermath of the 2022 floods, rising input costs, and recent monetary tightening. SBP highlighted that its initiatives such as the Champion Bank Model and Agriculture Credit Scoring Model played pivotal roles in extending agriculture financing, especially in underserved areas. The Prime Minister's Kissan Package, introduced to revive agriculture financing in flood-affected regions, offered various measures including waiver of markup on outstanding small loans, interest-free loans for small farmers, and risk coverage for banks. However, farmers continue to stress the need for greater funding to match the expanding requirements of the agriculture sector.

OTHER MANUFACTURING GROUP EXPORTS

The manufacturing industries transforming 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 13 to 16 % per annum in the overall GDP in the country. As a whole, the manufacturing sector employs 16% of the labor force.

The share of other Manufacturing sectors in the exports of Pakistan was 14% during Q1 of FY 2023-24. 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 negative growth of 0.99% during Q1 FY 2022-23 as compared to the same period of last year. Pakistan exported a worth of USD 967 billion manufactured and Engineering Goods during Q1 of FY 2023-24. Majority of the commodities have shown negative growth except Canvas footwear (230.8%), surgical goods (0.88%), Onyx (6.31%), Chemical and Pharmaceutical products (7.53%), Plastic material (25.12%), Transport equipment (68.85%), Electric machine (32.87%), Industrial machinery (12.12%), Jewelry (11.48%), Cement (43.85%), Guar (11.91%) and other items (12.07%) during reported period as compared to the same period last year.

Quarter to Quarter comparasion show that the export of Agro Food sector recorded increase of 5.5% during Q1 (July-September) FY 2023-24 as against Q4 (April-June) FY 2022-23. The decline was noticed in overall sector except Gloves (0.92%), Leather (7.94%), leather garments (18.42%), Footwear (2.88%), Leather footwear (5.20%), Chemical and pharma products (17.65%), Pharmaceutical products (14.74%), Chemicals (18.68%), Other electrical machinery (92.78%), Auto parts and accessories (3.37%), Other machinery (5.94%), Jewellary (39.19%), Furniture (5.14%), Cement (22.5%). These commodities have recorded positive growth during Q1 FY 2023-24 as compared to Q4 FY 2022-23.

Table 8: Other Manufacturing Group

SUB-SECTORS	Q1 2024 v/s Q1 2023			Q1 2024 V/S Q4 2023		
	Jul-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	Apr-June FY'23	% Change
OTHER MANUFACTURES GROUP	**967**	**977**	**-0.99%**	**967**	**917**	**5.5%**
CARPETS, RUGS & MATS	15	21	-24.75%	15	16	-4.26%
SPORTS GOODS	91	102	-10.82%	91	99	-7.64%
a) FOOTBALLS	55	59	-6.53%	55	59	-6.66%
b) GLOVES	15	18	-18.67%	15	15	0.92%
c) OTHERS	21	25	-15.31%	21	25	-14.93%
LEATHER TANNED	32	45	-29.66%	32	41	-22.12%
LEATHER MANUFACTURES	146	159	-8.32%	146	135	7.94%
a) LEATHER GARMENTS	76	81	-6.42%	76	64	18.42%

b) LEATHER GLOVES	67	74	-9.62%	67	68	-0.69%
c) OTHER LEATHER MANUFACT	3	4	-22.86%	3	4	-15.57%
FOOTWEAR	41	49	-15.90%	41	40	2.88%
a) LEATHER FOOTWEAR	34	41	-18.55%	34	32	5.20%
b) CANVAS FOOTWEAR	1	0	230.8%	1	1	33.395
c) OTHER FOOTWEAR	7	7	-9.33%	7	7	-9.80%
SURGICAL GOODS & MEDICAL	109	108	0.88%	109	112	-2.45%
CUTLERY	14	15	-4.36%	14	17	-13.32%
ONYX MANUFACTURED	1	1	6.31%	1	1	-5.27%
CHEMICALS AND PHARM.PRO	370	344	7.53%	370	315	17.65%
a) FERTILIZER MANUFACTURED	-	-	-	-	-	-
b) PLASTIC MATERIALS	87	69	25.12%	87	87	0%
c) PHARMACEUTICAL PRODUCT	81	84	-3.62%	81	70	14.74%
d) OTHER CHEMICALS	203	191	6.04%	203	158	28.68%
ENGINEERING GOODS	59	62	-4.70%	59	63	-6.67%
a) ELECTRIC FANS	6	7	-12.26%	6	12	-45.92%
b) TRANSPORT EQUIPMENT	4	3	68.85%	4	7	-40.44%
c) OTHER ELECTRICAL MACHINE	15	11	32.87%	15	8	92.78%
d) MACHINERY SPECIALIZED FOR PARTICULAR INDUSTRIES	9	8	12.12%	9	14	-32.07%
e) AUTO PARTS & ACCESSORIES	5	5	-5.61%	5	5	3.37%
f) OTHER MACHINERY	19	27	-30.73%	19	17	5.94%
GEMS	1	2	-38.74%	1	2	-16.04%
JEWELLARY	3	3	11.48%	3	2	39.19%
FURNITURE	2	4	-41.95%	2	2	5.14%
MOLASSES	4	5	-31.31%	4	5	-26.12%
HANDICRAFTS	0	0	-57.68%	0	0	-7.01%
CEMENT	67	46	43.85%	67	54	22.50%
GUAR AND GUAR PRODUCTS	12	10	11.91%	12	14	-15.31%
ALL OTHER ITEMS	523	467	12.07%	523	538	-2.76%

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

The exports of **<u>Carpets, rugs and mats</u>** witnessed a decline of 24.75% during Q1FY 2023-24 as compared to the exports of corresponding period of last year. Pakistan exports most of its carpets to United states, turkey, Germany, United Kingdom, France, Belgium, and Japan during reported period.

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.

Exporters of handmade carpets are trying to increase exports despite the fluctuations in the value of the dollar, increase in production cost and other difficulties and government and other related institutions including State Bank. However, sometimes issuance of policies and circulars without consultation of stakeholders leads to difficulties and complications.

This sector could become the new potential sixth export industry of the country, but it was completely neglected and due to which Pakistan has failed to receive its required share in the global export trade of more than USD 30 billion. Due to lack of infrastructure support, lack of attractiveness for skilled workers and other similar problems, the industry has come on ventilator. It is suggested that if the government and the private sector support, which will not only create immense employment opportunities for the people but also boost our exports.

Carpet Manufacturers and Exporters Association (PCMEA) is foreseeing an increase up to 20 percent in the exports of handmade carpets in November and December that increased export would be mainly due to holding of an international exhibition in Lahore. World Carpet Exhibition held at Expo Centre in October 2023. Where foreign buyers have actively participated and shown keen interest in the exhibition which was very encouraging

The exports of **sports goods** witnessed a decrease of 10.82% during Q1 FY 2023-24 compared to the exports of the corresponding period of last year. Major export destination of sports good during the current quarter were United States, Germany, Spain, Netherlands and United Kingdom. Pakistan has one of the world's largest and most renowned sports goods industries. It exports a significant portion of its sporting goods to some of the world's most recognisable brands, including Nike, Adidas, Puma, Umbro, Lotto, Wilson, Mitre, Micassa, Diadora, and Decathlon. Footballs and gloves account for more than 75% of all exported sports items. Throughout history, Pakistani-made footballs have been utilised in international games. Pakistan's contribution to the major event is the official World Cup match-ball, even though the country is presently serving a FIFA ban for third-party intervention in the Pakistan Football Federation. FIFA just presented the official match ball, named 'Al Rihla.'

Pakistan's sports industry has transcended traditional paradigms to cater to a diverse global audience. The industry's shift towards innovative designs caters to the varying preferences of sports enthusiasts across different regions. As Pakistan navigates a path towards global excellence, industry experts and traders underscored the critical importance of domestic infrastructure development, innovation, and investments in research and development.

The exports of **Pharmaceutical products** witnessed a decrease of 3.62% during Q1FY'2023-24 as compared to the exports of corresponding period of last year while an increase of 14.74% was reported when compared with Q4 of FY 2022-23. Exports of Pharma products increased in Afghanistan, Philippines, Sri Lanka, Uzbekistan, Cambodia and Kenya during reported period.

Pakistan has developed very rapidly in the field of regulation and the acceptance of its drugs is also increasing in the world. Especially during the pandemic, the industry has done a lot of work, including independent trials, starting the digitization process, introducing the CTD format, automating, etc. A notable surge reported in Pakistan's pharmaceutical exports as a result of these advances.

Pakistan exported 26,054 metric tons of medicines and medical equipment, contributing to the impressive growth in the pharma sector's export value. The significant growth of 25.3 per cent in pharma export value further highlights the industry's success in the international market.

The pharma industry has set an ambitious export target of $1 billion for the fiscal year 2024-25, indicating the industry's determination to continue its upward trajectory. This substantial increase in exports to the incentives provided to the pharmaceutical sector. The government's support and facilitation have played a crucial role in boosting the industry's growth and enabling it to compete effectively on the global stage.

The Government focused to increase pharmaceutical exports through upcoming tariff rationalization, trade-related investment, institutional reforms, and easing of business regulations.

The exporters of Leather products registered decline of 8.32% during the Q1 FY 2023-24 compared with same period of previous fiscal year, while Leather manufacturer has positive growth of 7.94% when compared with the Q4 of FY 2022-23. Export destinations for leather products are mainly United States, Germany, Canada, Spain and Netherlands.

Pakistan's leather industry registered a fall in export revenues from footwear and all other sectors during the first of the current financial year.

Pakistan's **footwear industry** is the 7th largest in the world, employing about one million people in the country. Focused primarily on the domestic market, its main destination markets are the US and some European and Arab countries. China is Pakistan's main supplier. This segment accounted for roughly 79% of footwear's total exports. Meanwhile, the canvas footwear segment recorded a rise in value, as compared to the same period of FY 2022-23. Pakistani tanning industry is highly dependent on imported chemicals. The tanning sector is the "mother industry" of downstream activities such as the manufacturing of garments, footwear, gloves and leather goods, so the ongoing economic issues negatively affected this sector.

Pakistan's **leather industry** is largely export-oriented, but it has been facing challenges such as rising raw material costs, shortage of gas, and lack of government support. Resulting in the closure of tanning units, job losses for thousands of workers and decline in exports. The government needs to formulate specific policies for the leather sector, as was done for the textile industry, to boost exports. Furthermore, reducing customs duties and tariffs on raw materials, as well as providing concessions to industrialists on the consumption of electricity and gas were necessary, encouraging foreign investment in the industry could also help increase exports of leather garments.

The export of Cement has recorded a rise of 43.85% during Q1 (July-September) FY 23-24, amounting 67 USD million against 46 USD million of the same period of last year. This notable increase is primarily attributed to the low base effect, mainly due to the impact of the monsoon season on construction activities. Additionally, the same period last year was heavily impacted by floods in the country. Likewise, in Q1 FY 2023-24, total cement exports increased by 77.8% QoQ, totaling

1.6 million Mt, due to the impacts of floods in the same period last year.

Furthermore, exports show signs of recovery, posting the highest figures since May 2021, as anticipated. This is primarily due to the easing of coal prices and Pakistani rupee devaluation, making exports viable for local cement players.

Pakistan has been exporting clinker and cement to Bangladesh, Sri Lanka, Afghanistan, Madagascar, South Africa, Tanzania, and the USA. The local cement industry has the capacity of 65 million tons and domestic consumption is just 40 million tons while exports are just 4 to 5 million tons. The country needs to expand its exports to big markets like the USA as the demand for construction materials in the USA has increased manifold with buyers looking for new sources of supply following President Biden's $6 trillion infrastructure package.

Pakistan has lots of surplus **cement** and as the supply is much greater than the demand, manufacturers are not utilizing their full capacity, hence we need to explore new markets.

The export of engineering goods was USD 59 million with 4.7%decline during the Q1 FY 2023-24 as compared to same period last year. The major products of Engineering Goods consist of Electrical machinery USD 15 million, other machinery USD 19 million, Industrial machinery USD 9 million, Electric Fans amounting to 6 and Auto part and accessories USD 5 million with growth pattern of 32.87%, -30.73%, 12.12%, -12.26% and --5.61% respectively was reported during FY 2023-24 as compared to the same period of corresponding year.

There is a need for scaling up bilateral trade with the international market, especially focusing on Africa and other non-traditional markets to find more customers for our engineering goods exports from Pakistan. The automobile industry is presently providing direct and indirect employment to millions of people in the country. 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 government should support the **engineering industry**, which has great potential to earn huge foreign exchange through exports. Given a supportive environment, the industry has the potential to spearhead the country's economic growth and contribute, in a major way, towards job creation and industrial investment.

Pakistan manufacturing sector is mainly composed of SMEs including Surgical, Fans, Auto, Light engineering, footwear, plastics, and gloves. Keeping in view, the State Bank has introduced an innovative initiative to improve access to finance for Small and Medium Enterprises (SMEs) in collaboration with the Government of Pakistan with the express aim of enabling businesses who cannot offer security / collateral to access bank finance.

PETROLEUM GROUP & COAL EXPORTS

During Q1(July-September) FY 2023-24 exported value for petroleum and coal group stood at USD 11 million with negative growth of 82.82% as comapred to same period of last fiscal year. The upwards trend was recorded when Q1 FY' 2023-24 was compared with Q4 FY' 2022-23the sector and registered positive growth of 153.3% . the Exported value increased from USD 4 million to to USD 11 million.

Table 9: Petroleum Group Exports

Sectors	Q1 2024 v/s Q1 2023			Q1 2024 V/S Q4 2023		
	Jul-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	Apr-June FY'23	% Change
PETROLEUM GROUP & COAL	**11**	**65**	**-82.8%**	**11**	**4**	**153.3%**
PETROLEUM CRUDE	-	55	-100%	-	-	-
PETROLEUM PRODUCTS(EXCL	6	10	-39.4%	6	4	38%
PETROLEUM TOP NAPHTA	5	-	-	5	-	-
SOLID FUELS (COAL)	-	-	-	-	-	-

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

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

Currently, there are five organizations operating in the oil refining sector in Pakistan: Pak-Arab Refinery Limited (PARCO), Attock Refinery Limited (ARL), National Refinery Limited (NRL), Pakistan Refinery Limited (PRL) and Cnergyico Pk Limited (CPL). All of the refineries except PARCO are based on old, hydroskimming, technology. PARCO is a mild-conversion refinery and even that is now more than 20 years old. The product slate of all the existing local refineries typically comprises of Naphtha, Motor Gasoline (MS), High Speed Diesel (HSD), Furnace Oil (FO), Kerosene, Jet fuel (JP-1 & JP-8), High-Octane Blending Component (HOBC), Liquefied Petroleum Gas (LPG) and Light Diesel Oil (LDO). Pakistan's oil refining capacity is about 450,000 barrels per day (bpd), equivalent to 20 million tons per annum. PARCO capacity is 5.5 million metric tons and 120,000 barrels per day (bpd) of oil refining. Compared to the 20 million ton of refining capacity, the actual capacity utilization is at around 11 million tons. This is mainly due to the decreasing FO demand in the country because of a change in the energy mix in the power sector. It may be noted that in essence the production slate for refineries is fixed. i.e. they cannot produce just MS or HSD, all products are produced simultaneously. Thus, as FO demand declines, refineries have to lower their overall production and struggle to maintain their throughput at optimal levels. Pakistan has been importing significant volumes of petrochemicals, worth more than USD 2 billion annually, as there is no primary petrochemical production facility in Pakistan. Petrochemical consumption includes thermoplastics and thermosetting resins. Among the thermoplastics category, bulk consumption is of Polyethylene (PE) and Polypropylene (PP). At present, the petrochemical industry of Pakistan is limited to production of Polyvinyl Chloride (PVC), Polystyrene (PS), Synthetic Fibers, (i.e. polyester), and Purified Terephthalic Acid (PTA) and Polyethylene Terephthalate PET resins. There is no production of any basic petrochemicals i.e. ethylene, propylene etc. in the country. The demand for petrochemicals is expected to increase in line with economic development. As per the forecast by an international consultant as part of a study carried out by local oil refineries, by 2035 there would be a need of two world scale petrochemical plants to meet the demand of Polypropylene and Polyethylene. Keeping in view the demand-supply gap, it is imperative that investment is made in new deep conversion refineries, including petrochemical complexes, to meet the growing demand of petroleum products. However, without an incentive package, such high capital investment may not materialize. The refining sector needs multi-billion-dollar investments for development of new deep conversion refineries, petrochemical complexes, and upgradation of existing refineries. These developments and upgrades are needed to reduce the current heavy dependence on imported finished products, and consequently positively impact on the country's precious foreign exchange requirements. This, along with requisite development of pipelines and storages across the country, will provide the necessary energy security to the country. The refining sector thus requires support from the Government for bring investment in the new refineries. Such a long-term Policy, and its effective implementation, is needed to attract the capital investment required for long-term sustainable development of the refining sector.[3]

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.

[3] PAKISTAN OIL REFINING POLICY FOR NEW/ GREENFIELD REFINERIES, 2023

PAKISTAN'S IMPORT PROFILE (GOODS)

Imports into Pakistan during Q1 (July-September) FY'24 amounted to USD 12.23 billion as against USD 16.33 billion as against same period of last FY'2023 showing an decrease of 25% over the last year. Imports during the current Q1, FY'2024 around USD12.23 billion as against USD 11.40 billion over the preceding quarter April-June FY'23 also recorded an increase of 7%.

Based on the difference between exports and imports figures, the trade deficit was recorded at 5.289 billion U.S. dollars for the July-September period of the 2023-24 fiscal year against the deficit of 9.159 billion dollars during the same period of the 2022-23 year, showing a negative growth of 42.25 percent, The shaft decline in the import of the country is the result of the restrictions were which imposed by the government. The Pakistani government's stringent measures to control imports played a crucial role in achieving this substantial reduction, aimed at stabilizing the country's critically low foreign exchange reserves and mitigating the risk of default.

Government has decided a policy "conscious decision to live within its means". The government only allowed imports equivalent to export earnings and inflows of workers' remittances to avoid financing the deficit through foreign debt. This policy not only helped repay maturing foreign debt on time but also prevented default.

Although the import bill and trade deficit showing is showing downward trend as compared to the previous year. But still the import bill is quite high and alarming as compare to the export bill. The Pakistani economy has faced several challenges in recent times, including devastating floods last year and commodity price hikes following the war in Ukraine. So it is necessary to encourage investment and domestic production in order to further reduce the import bill.

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

Top Import Partners Showing Increase (Q1: JULY-SEP FY'24 V/S FY'23)

Table 10: Top Import Destinations Showing Increase

Partner Countries	July-Sep FY'24	July-Sep FY'23	% Change	July-Sept FY'24	April-June FY'23	% change
Australia	311	162	91%	311	222	40%
Iran, Islamic Republic of	223	180	24%	223	211	6%
Germany	212	208	2%	212	179	18%
Kenya	139	113	23%	139	112	24%
Russian Federation	117	94	25%	117	140	-16%
Viet Nam	70	69	1%	70	56	24%
Nigeria	56	45	25%	56	68	-18%
Iraq	53	26	103%	53	48	12%
Tanzania, united Republic Of	35	15	137%	35	8	341%
Poland	33	26	28%	33	35	-5%

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

Top Import Partners Showing Decrease (Q1: JULY-SEP FY'24 V/S FY'23)

Table 11: Top Import Destinations Showing Decrease

Partner Countries	July-Sep FY'24	July-Sep FY'23	% Change	July-Sept FY'24	April-June FY'23	% change
China	3,014	3537	-15%	3,014	2521	20%
United Arab Emirates	1,091	1708	-36%	1,091	1197	-9%
Saudi Arabia	965	1046	-8%	965	948	2%
Indonesia	937	1403	-33%	937	868	8%
Qatar	804	916	-12%	804	817	-2%
Kuwait	481	684	-30%	481	480	0%
United States	335	635	-47%	335	354	-5%
Japan	261	323	-19%	261	181	44%
Singapore	252	280	-10%	252	183	37%
Thailand	221	298	-26%	221	216	2%

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

The import of Pakistan have increased from Australia 91%, Iran 24%, Germany 2%, Kenya 23%, Russian Federation 25%, Viet Nam 1%, Nigeria 25%, Iraq 103% Tanzania 137%, Poland 28% as compared with the same period (July- September)of FY'23.

The import of Pakistan have decreased from China 15%, UAE 36%, Saudi Arabia 8%, Indonesia 33%, Qatar 12%, Kuwait 30%, U.S.A 47%, Japan 19%, South Korea 33.3%, Singapore 10%, and Thailand 26% as compared with the same period (July-September)of FY'23.

SECTOR-WISE IMPORTS PERFORMANCE

Of the total USD 12.22 billion imports during Q1 (July-September) FY'24, imports of the Petroleum group ranked the highest with imports worth of USD 3.5 billion with 29% share in the total imports followed by Agriculture & Chemicals group USD 2.04 billion (17% share), Food group USD 1.85 billion (15% share), Machinery group USD 1.65 billion (14% share), Metal group USD 961 million (8% share), Textile group USD 671 million (5% share), Transport group USD 406 million (3% share), and Miscellaneous group USD 225 million (2% share). Main increasing imported items of Pakistan during Q1 (July-September FY'24) were TELE COM (USD 399 million), MOBILE PHONE (USD 304 million), TEA (USD 165 million), OFFICE MACHINE INCL.DATA PROC EQUIP (USD 136 million), WORN CLOTHING (USD 103 million), and OTHER APPARATUS (USD 95 million).

Q1 of FY'24 compared with Q1 of FY'23; all eight sectors imports showed decline. Overall 25% decrease in imports was observed. Where major decline was reported in Transport group by 33%, followed by Food group 32%, Textile group 31%, Petroleum group 28%, Metal group 23%, and Agricultural & Other Chemicals Group 22%. Miscellaneous and Machinery group showed a minimal decrease in the imports volume by 11% and 6% respectively. Current quarter also compared with the last quarter which showed the overall increase of 7% in imports. Except Miscellaneous group all other sector's import declined from 41% to 184%. Mainly reduction reported for Petroleum and Chemical sectors.

Table 12: Imports Sectors

Sectors	Q1 2024 Vs. Q1 2023			Q1 2024 Vs. Q4 2023		
	Jul-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
Grand Total	12,227	16,329	-25%	12,227	11,396	7%
Food Group	1,852	2,724	-32%	1,852	9,681	-81%
Machinery Group	1,657	1,768	-6%	1,657	4,098	-60%
Transport Group	406	602	-33%	406	7,393	-95%
Petroleum Group	3,502	4,866	-28%	3,502	-4,146	-184%
Textile Group	671	973	-31%	671	1,139	-41%
Agricultural & Other Chemicals Group	2,048	2,636	-22%	2,048	-3,253	-163%
Metal Group	961	1,250	-23%	961	-1,586	-161%
Miscellaneous Group	225	252	-11%	225	175	28%
All Others Items	906	1,257	-28%	906	681	33%

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

Pakistan's imports narrowed by 25.36 percent by falling from 16.329 billion dollars during July to September of the 2022-23 fiscal year to 12.227 billion dollars during the same period of the current fiscal year. Quarterly comparison shows that 7% increase in the import bill during the Q1 FY 2024 as compared to the Q4 FY 2023.

Top Import Sub-Sectors Showing Increase (Q1: JULY-SEP FY'24 V/S FY'23)

Table 13: Increase in Top Import Sub-Sectors

Sub-Sectors	July-Sep Fy'24	July-Sep Fy'23	% Chang e	July-Sept FY'24	April-June FY'23	% change
TELE COM	399	249	60%	399	212	88%
MOBILE PHONE	304	160	90%	304	107	183%
TEA	165	135	22%	165	134	23%
OFFICE MACHINE INCL.DATA PROC EQUIP;	136	65	109%	136	91	50%
WORN CLOTHING	103	100	3%	103	83	25%
OTHER APPARATUS	95	89	7%	95	105	-9%
MOTOR CARS	47	21	123%	47	23	107%
WOOD & CORK	30	19	61%	30	11	177%
OTHERS TRANSPORT EQUIPMENTS	17	2	669%	17	8	103%
DRY FRUITS & NUTS	12	8	51%	12	11	13%

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

Top Import Sub-Sectors Showing Decrease (Q1: JULY-SEP FY'24 V/S FY'23)

Table 14: Decrease in Top Import Sub-Sectors

Sub-Sectors	July-Sep Fy'24	July-Sep Fy'23	% Change	July-Sept FY'24	April-June FY'23	% change
PETROLEUM PRODUCTS	1516	2389	-37%	1516	1791	-15%
PETROLEUM CRUDE	947	1355	-30%	947	1086	-13%
ALL OTHERS ITEMS	906	1257	-28%	906	681	33%
NATURAL GAS, LIQUIFIED	898	970	-7%	898	912	-1%
PALM OIL	759	1136	-33%	759	724	5%
PLASTIC MATERIALS	598	659	-9%	598	507	18%
ALL OTHERS FOOD ITEMS	503	639	-21%	503	342	47%
ELECTRICAL MACHINERY & APPARATUS	489	525	-7%	489	418	17%
IRON AND STEEL	458	521	-12%	458	397	15%
OTHER MACHINERY	457	605	-25%	457	417	0.10

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

SECTOR-WISE IMPORTS ANALYSES

PETROLEUM GROUP

Pakistan's petroleum sector import bill worth has 3,502 million during the Q1 FY 2024. The petroleum group import decreased by 28% in first quarter of FY 2024, when compared with the same quarter of FY'23. While 11% has witnessed in the import during the Q1 FY 2024 as compared to the Q4 FY 2023. All Sub-sectors showing negative trends. The highest declined has been noticed in the liquied gas by -55% followed bysuch as petroleum products, crude and petroleum gas showed 8-10% increase while natural gas and other products imports decreased by 5% and 24%. There can be seen large difference between current and last quarter petroleum sector's import volume. Overall reduction of 43% was reported while 50% reduction have seen in the import of petroleum products, 42% in natural gas, 29% in petroleum crude whereas import of petroleum gas showed increase by 4% and other sector's import volume increase by 24%.

Table 15: Petroleum Group Imports

Sub-Sectors	Q1 2024 Vs. Q1 2023			Q1 2024 Vs. Q4 2023		
	Jul-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
Petroleum Group	3,502	4,866	-28%	3,502	3,932	-11%
Petroleum Products	1,516	2,389	-37%	1,516	1,791	-15%
Petroleum Crude	947	1,355	-30%	947	1,086	-13%
Natural Gas, Liquified	898	970	-7%	898	912	-1%
Petroleum Gas, Liquified	140	152	-8%	140	142	-1%
Others	0.035	0.078	-55%	0.035	0.064	-45%

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

Pakistan's oil sector was dealt a significant blow in during Q1 FY 2023. During the month of September 2023, marking its lowest point since the Covid lockdown in March 2020. The Oil Companies Advisory Council's data for the month paints a grim picture, revealing a staggering 34% year-on-year decline in petroleum product sales, dwindling to a mere 1.06 million tonnes. The culprits behind this collapse in sales are the soaring prices of petroleum, a reduction in overall demand, and increased pressure on the capacity of oil marketing companies (OMCs). Furnace oil sales took a precipitous plunge, dropping 72% year-on-year to a scant 0.08 million tonnes. Similarly, sales of motor spirit (petrol) and high-speed diesel also suffered, decreasing by 18% and 24% year-on-year, respectively, to 0.52 million tonnes and 0.39 million tonnes. All product categories witnessed reductions — petrol, diesel, and furnace oil off-takes registered at 1.85 million tonnes, 1.44 million tonnes, and 0.35 million tonnes, respectively.

The world's top importing region saw arrivals of 24.95 million barrels per day (bpd) in September, down from August's 25.22 million bpd, according to data compiled by LSEG. The decreasing petroleum products demand and prices in the international market is also another important factor in the reduction of import bill.

The import of Natural Gas and liquefied natural gas (LNG) also fell by 8% and 7% during the current quarter of FY 2024 as compared to the same period of previous year. Pakistan is diversifying its energy supplies and has recently started importing Russian gas and oil. Pakistan wants Russia to strike a long-term oil deal while remaining within the price cap at $60 per barrel. But Pakistan does not have enough technical capacity to refine Russian crude oil, which is heavy. Pakistan's refineries can refine light crude oil imported from the Gulf, he told DW, while Russian oil is heavy, meaning it cannot be processed easily through the net of tubes that Pakistani refineries have. "Pakistan tried to carry out a blending of Russian crude heavy oil with light crude oil from the Gulf but the experiment did not succeed completely."

Pakistan Gasport is pursuing a spot deal for liquefied natural gas (LNG) in November, ending a 16-month drought in the country's spot LNG market. The deal is the possible resolution of a protracted dispute between Pakistan LNG (PLL) and Gasport over the utilization of excess capacity at an LNG terminal. The government has decided to empower a private sector company to import LNG. It's undoubtedly a welcome development because it's the first step in moving away from the single buyer model that we have for energy in Pakistan.

MACHINERY GROUP

Import of Machinery Group is necessary for the growth of manufacturing sector of Pakistan. Over the Q1 (July-September) FY'23, the import volume of Machinery group has reported decline by 6% as comapred to same period of last of FY'23. The comparasion shows that Pakistan imported Machinery worth of USD 1.65 billion during Q1 (July-September) FY'24 which was reported USD 1.76 billion for the same quarter in the FY'23. Major contributors in import of this sector are electric machinery & apparatus with amount of USD 489 million followed by telecom with the import value of USD 399 million. Sub-sectors of Machinery Group; Office Machine Incl.Data Proc Equip, and telecom sector showing increasing trend. When all sub sectors are showing decreasing trend. Major decline were reported in textile machinery by 75%, followed by Power Generating Machinery by 23%. Prominent increased observed Office Machine Incl.Data Proc Equip by 109% followed by telecom sector by 60%.

Table 16: Machinery Group Imports

Sub-Sectors	Q1 2024 Vs. Q1 2023			Q1 2024 Vs. Q4 2023		
	Jul-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
Machinery Group	1,657	1,768	-6%	1,657	1,312	26%
Power Generating Machinery	107	139	-23%,	107	101	6%
Office Machine Incl.Data Proc Equip;	136	65	109%	136	91	50%
Textile Machinery	36	146	-75%	36	44	-19%
Construction & Mining Machinery	20	23	-16%	20	18	9%
Electrical Machinery & Apparatus	489	525	-7%	489	418	17%
Tele Com	399	249	60%	399	212	88%
1- Mobile Phone	304	160	90%	304	107	183%
2- Other Apparatus	95	89	7%	95	105	-9%
Agricultural Machinery & Implements	14	15	-9%	14	11	28%
Other Machinery	457	605	-25%	457	417	10%

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

The decreasing trend in the import of machinery group is a sign that expansion or modernization projects were not a priority. The alarming decrease in the import of textile machinery by 75% in the Q1 FY 2024 as compared to the Q1 FY 2023. Textile sector is currently experiencing a shortage of raw material and unavailability of foreign currency for the import of essential machinery, which is hindering production. In that backdrop, many textile firms had suspended operations, therefore, exports would remain under pressure until the situation normalized. The fast decline in textile machinery imports signals the stagnation-like situation of the economy where the growth is low while inflation is much higher and loss of jobs in the textile sector. The Government has issued the notification giving relaxation for certain key machinery, spares and accessories, apart from bringing shuttleless looms under nil rate of duty. But still a major decline has noticed in the import of textile machinery.

In a remarkable surge, Pakistan's telecom sector imports surged to an impressive 399 US million during the Q1 FY 2024 as compared to 249 399 US million import value of telecom sector during the Q1 FY 2023. And 90% surged has been witnessed in the Q1 FY 2024 as compared to the Q1 FY 2023. The surge in mobile phone imports reflects the growing demand for advanced communication technology and the increasing connectivity needs of the Pakistani populace. It also signals the potential for further advancements in the mobile technology sector, which is set to play a pivotal role in Pakistan's digital evolution. With such exponential growth, Pakistan's mobile market is poised for an exciting and transformative journey in the coming years.

AGRICULTURE AND CHEMICAL GROUP

Agriculture and Chemical Group has shown significant reduction with 22% in the import bill during Q1 FY'24. The comparison shows that Pakistan imported Agriculture and Chemical products worth of USD 2.04 billion during Q1 FY'24 as against USD 2.6 billion during the corresponding period of last year FY'23.

All Sub-sectors of Agriculture and Chemical Group have shown decreasing trend. Import of fertilizer manufactures showed significant decline with 52% in imports followed by medicinal products 33% , insecticides 25% and plastic material 9% during Q1 of FY'24 as against the import of USD 26 million of the same period in FY'22. Plastic material shown increasing trend when compared Q1 FY 2024 as compared to the Q1 FY 2023, while others sectors remain showing negative trend.

Table 17: Agriculture & other chemicals imports

SUB-SECTORS	Q1 2024 Vs. Q1 2023			Q1 2024 Vs. Q4 2023		
	Jul-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
Agricultural & Other Chemicals Group	2,048	2,636	-22%	2,048	1,934	6%
Fertilizer Manufactured	55	116	-52%	55	68	-19%
Insecticides	44	59	-25%	44	58	-23%
Plastic Materials	598	659	-9%	598	507	18%
Medicinal Products	249	372	-33%	249	250	-1%
Others	1101	1,429	-23%	1,101	1,051	5%

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

A significant amount of fertilizer import has been witnessed during the current quarter. Fertilizer manufactured reduced up to (USD 55 million) 52% as compared to the Q1 FY 2023. Prior to Finance Act, 2023, all types of fertilizers including DAP were exempt from sales tax. There could be two possible reasons of reduction in the import of fertilizer. First, through Finance Act, 2023, a reduced rate of 5% sales tax has been imposed on import and local supply of DAP and fertilizers imports. Second, the reduction in fertilizers offtake is due to the high prices of Phosphatic and Potash fertilizers in the international/domestic market.

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

FOOD GROUP

Pakistan's import bill of Food sector has reported decline by 32% in Q1 (July-September) of FY'24 as compared to the same period of FY'23. The main items imported in the Food group were Palm Oil (USD 759 million) and pulses with imported value of USD 243 million followed by Tea(USD 165 million), Soya Bean (USD 58 million), wheat unmilled (USD 46 million), Spices (USD 34 million), milk, cream & milk food for infants (USD 32 million) and Dry fruits (USD 12 million) etc.

All sub sectors of the food group are showing declining trend except Dry fruit soared by 51% and Tea by 22% during the Q1 FY 2024 as compared to the same quarter of the previous year. The most significant decline in the import of wheat 89% , followed by plam (33%) sugar 33%, soyabean oil (26%), and thelowest decline has been noticed in the pluses 1% during the Q1 FY 2024.Quarterly comparison (Q1 FY 2024 VS Q4) FY 2023has shown an increase of 16% in the import of Food Group as compared to same quarter of FY'22. The sub-sectors of food group have reported an increase in imports in Q1 included cream & milk food for infants (30%), Pulses (29%), Tea (23%) , Dry fruits (13%), and Palm oil (5%). The import of Food products have shown decline included Sugar (41%), wheat unmilled (38%), Soya-bean oil (16%), and Spices (1%) in Q1 of FY'24 from the same corresponding quarter of FY'23. While Quarterly comparison with the last quarter April-Sep FY'23 has shown an increase of 16% in the import of Food Group as compared to 1st quarter of FY'24.

Table 18: Food group imports

Sub-Sectors	Q1 2024 Vs. Q1 2023			Q1 2023 Vs. Q4 2022		
	Jul-Sep FY'24	Jul-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
Food Group	1,852	2,724	-32%	1,852	1,603	16%
Milk, Cream & Milk Food For Infants	32	33.5	-6%	32	24	30%
Wheat Un-milled	46	409	-89%	46	74	-38%
Dry Fruits & Nuts	12	8	51%	12	11	13%
Tea	165	135	22%	165	134	23%
Spices	34	38	-10%	34	35	-1%
Soya-bean Oil	58	78	-26%	58	69	-16%
Palm Oil	759	1136	-33%	759	724	5%
Sugar	0.96	1.4	-33%	0.962	2	-41%
Pulses (Leguminous Vegetables)	243	246	-1%	243	188	29%
All Others Food Items	503	639	-21%	503	342	47%

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

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

A significant reduction in the import of wheat is a positive of sign for Pakistan's economy. The production of wheat is comparatively high during the current year as compared to the last year. The production of wheat, sugarcane, and maize stood at 27.634 million tons, 91.111 million tons, and 10.183 million tons, respectively, compared to 26.209 million tons, 88.651 million tons, and 9.525 million tons last year. Wheat production increased from 26.208 to 27.634 million tons in FY2023.Due to increased production, the import of wheat decreased.

Sugarcane is a tropical crop cultivated mainly in Punjab, Sindh and Khyber Pakhtunkhwa. It provides raw material to the 2nd largest agro based sugar industry over the country. It provides employment to millions of rural farming and non-farming community. In addition, it is a major source of livestock fodder during winter season. Its production accounts for 3.7 percent in agriculture's value addition and 0.9 percent in GDP. During 2022-23, sugarcane was cultivated on 1,319 thousand hectares showing increase of 4.7 percent compared to 1,260 thousand hectares last year. The main factor contributed to more area sown were lucrative market prices of last year. Its production increased by 2.8 percent to 91.111 million tons over last year (88.651 million tons). The significant reduction in the import of sugar is due to soaring domestic production in the current year.

The tea imports during July-September (2023-24) were recorded at $ 165 million against the imports of $135 million during July-October (2023) an increase of 22% percent. In terms of quantity, the tea imports however also increased from 70,380 metric tons last year to 55,329 metric tons during the same months of the current fiscal year.

Palm oil import decreased 33 percent during the current quarter as compared to the same period of previous year. The price sin international market have remained relatively stable over the past few months –in fact lower today than the same period last year with much reduced volatility . Although the quantity of palm oil increased 793,951 metric tons current year to 761,424 metric tons during the same months of the last fiscal year. The increased quantity of palm oil and decreased in term of value clearly told us the low international prices of palm oil in the Q1 FY 2024 as compared to the Q1 FY 2023

METAL GROUP

The metal group imports have shown an overall decrease of 23% with the imported value USD 961 million in Q1 (July-September) of FY'24 as compared to the same period last FY'23. In comparison with the Q4 of FY'23, the import bill of metal group Increased by 19%. Main contributing sub-sector reported as iron and steel with the imported value USD 458 million followed by scrape of iron and steel. In Q1 of FY'24 imported values decreased by 50% for

Aluminum Wrought & Worked, 26% for iron and steel scrape and 12% for iron and steel, while 12% rise reported in the imported value of. Other metals imported worth of USD 184 million.

Table 19: Metal Group Imports

Sub-Sectors	Q1 2024 Vs. Q1 2023			Q1 2024 Vs. Q4 2023		
	July-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
Metal Group	961	1,250	-23%	961	808	19%
Gold	7.30	6.52	12%	7.3	7.6	-4%
Iron And Steel Scrap	277	376	-26%	277	180	54%
Iron And Steel	458	521	-12%	458	397	15%
Aluminum Wrought & Worked	35	70	-50%	35	51	-32%
All Other Metals & Articles	184	277	-34%	184	173	6%

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

The import of steel and scrap iron plunged by 24 per cent during FY24, reflecting a sharp slowdown in construction and industrial activities due to persistent political and economic instability in the outgoing fiscal year. The gold imports during July-September (2023-24) were recorded at $ 7.3 million against the imports of $6.52 million during July-October (2023) an increase of 12% percent. And the quantity of gold increased 117 K.G last year to 154 K.G during the same months of the current fiscal year. It means the quantity and value of gold import increased.

Import of, scrape of iron and steel, iron and steel during Q1 of FY'24 was surged and reached up to USD 277 million and USD 458 million. Other sub-sectors in the Metal Groups, Aluminum and gold, iron and steel have shown reduction by 4% and 32% during Q1 of FY'24.

TEXTILES GROUP

The Textile imports have decreased by 31% during Q1 FY'24 as compared to same period of FY'23. Quarterly comparison 8% decline when compared to the last quarter of FY'23. The comparison shows that Pakistan imported textiles worth of USD 671 million during Q1 of FY'24 as against USD 973 million during the same quarter of last year. Raw cotton remained the major contributor in the textile sector imports with the imported value of USD 122 million and 380 million which decrease by 68% when compared to the Q1 of FY'23. There was a huge difference of 56% reported in the import when compared with the Q4 of FY'22. Other than cotton all sub-sectors of cotton including synthetic fiber shown reduction by 5%, synthetic & artificial silk yarn by 0.05%, while worn clothing imported value increased by 3% when compared with the corresponding period of FY'23.

Table 20: Textiles Group Imports

Sub-Sectors	Q1 2024 Vs. Q1 2023			Q1 2024 Vs. Q4 2023		
	July-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
Textile Group	671	972.97	-31%	671	729	-8%
Raw Cotton	122	380	-68%	122	277	-56%
Synthetic Fibre	142	149	-5%	142	127	12%
Synthetic & Artificial Silk Yarn	156.38	156.45	-0.05%	156	135	16%
Worn Clothing	103	100	3%	103	83	25%
Other Textile Items	147	187	-21%	147	108	36%

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

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. The raw cotton imports during July-September (2023-24) were recorded at $ 122 million against the imports of $380 million during July-October (2023) a decrease of 68% percent. In terms of quantity, the raw cotton imports however also decreased from 52,194 metric tons last year to 122,466 metric tons during the same months of the current fiscal year. In FY2023, the crops of Cotton witnessed a decline of 41 percent from 8.33 to 4.91 million bales, and Rice production also reduced by 21.5 percent from 9.32 to 7.32 million tons. The flood has engulfed a large part of agriculture land that has affected the production of these major crops. The import value, quantity decreased, while production also decline.

TRANSPORT GROUP

The import of transport group has shown significant decrease of 33% in Q1 (July-September) of FY'24 as compared to same period last year. The statistics reveal that around USD 406 million worth of goods under transport group were imported during Q1 FY'24. Quarterly comparison shows a increase of 83% during Q1 of FY'24 as compared to the Q4 of FY'23. All the sub-sectors of transport group showed decrease in the imported values where massive decline of 76% reported in the imported value of Buses, Trucks, 70% in the Road Motor Vehicle and 57% in CKD/SKD imports of Q1 FY'24 when compared with the same period of FY'23. Motor cars import increased 123% during the Q1 FY 2024 as compared to the Q1 FY 2023. CKD/SKD and Road motors vehicles have the major import shares of worth USD 384 million and USD 252 million in transport sector. Comparison of Q1 FY'24 and Q4 FY'23 also showed the increased in almost all the sub-sectors ranging 60-107%.

Table 21: Transport Group Imports

Sub-Sectors	Q1 2024 Vs. Q1 2023			Q1 2024 Vs. Q4 2023		
	July-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
Transport Group	406	602	-33%	406	222	83%
Road Motor Veh. (Build Unit, CKD/SKD)	384	540	-29%	384	210	83%
1- CBU	61	79	-22%	61	38	62%
A. Buses, Trucks & Oth. Heavy Vehicles	14	58	-76%	14	15	-4%
B. Motor Cars	47	21	123%	47	23	107%
C. Motor Cycles	0.44	0.37	19%	0.44	0.25	71%
2- CKD/SKD	252	348	-27%	252	132	91%
A. Buses, Trucks & Oth. Heavy Vehicles	55	82	-33%	55	34	60%
B. Motor Cars	186	252	-26%	186	91	104%
C. Motor Cycles	12	14	-13%	12	7	74%
3- Parts & Accessories	67	108	-38%	67	36	86%
4- Others	4	6	-38%	3.85	3.90	-1%
Aircrafts, Ships And Boats	5	60	-92%	5	4	22%
Others Transport Equipment's	17	2	668%	17	8	103%

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

Pakistan's imports of Road Motor vehicles decreased by 29% due to government restrictions designed to support the country's balance of payments. On May 19, 2022, the federal government imposed a moratorium on the import of luxury and non-essential items. The ban was revoked on 20 August 2022 at the request of the International Monetary Fund (IMF). Now banks are free to execute all import transactions (including CBU imports) as per their risk assessment and liquidity flow available in the interbank market and now there is no restriction placed by SBP. Still the transport sectors got affected by the

currency problem.

On the other hand, 123% increased has been witnessed in the import of motor car due to two main reason. In terms of quantity, the motor car imports however also decreased from 13,692 last year to 4,640 during the same months of the current fiscal year. First, Luxury Car Imports on the Rise under Current Government despite low dollar reserves. Secondly due to soaring import of used card.

MISCELLANEOUS GROUP

The miscellaneous group imports in Q1 (July-September) of FY'24 have seen an overall 11% decrease and sub-sectors, Rubber Tyres & Tubes, Jute, and Paper & Paper Board & Manuf. Thereof have shown decrease in imports by 57%, 54% and 8% respectively. Other sub-sectors Rubber Crude Incl., wood and cork have shown decrease by 0.44%, 64% and 8% respectively. The import trend of the Q1 of FY'24 indicates 28% increase over the preceding quarter of Q FY'23. Quarterly comparison statistics show that the import of Jute decreased by 32 % during Q1 of FY 24 as compared to Q4 of FY'23 and all items in the miscellaneous showing negative during the Q1 FY 24 as compared to the Q4 FY 2023.

Table 22: Miscellaneous group imports

Sub-Sectors	Q1 2024 Vs. Q1 2023			Q1 2023 Vs. Q4 2022		
	July-Sep FY'24	July-Sep FY'23	% Change	July-Sep FY'24	April-June FY'23	% Change
Miscellaneous Group	225	252	-11%	225	175	28%
Rubber Crude Incl. Synth/Reclaimed	63.17	62.89	0.44%	63	55	14%
Rubber Tyres & Tubes	16	36	-57%	16	10	57%
Wood & Cork	30	19	61%	30	11	177%
Jute	8	18	-54%	8	12	-32%
Paper & Paper Board & Manuf. Thereof	108	117	-8%	108	88	23%
All Others Items	906	1257	-28%	906	681	33%

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

TRADE IN SERVICES

EXPORT PERFORMANCE OF SERVICES

Exports of Trade in Services reported growth by 4 % during Q1 (July-Sep) of FY'24. The following Services exports have shown surge; which includes travel, construction, Insurance and Pension Services, Telecommunication, Computer, Personal and Government Goods and Services while other than these, Maintenance & Repairing Services and Manufacturing Services on Physical inputs owned by Others reported nil exports. The decline in the export of Transport, Financial and other business services were reported by SBP during first quarter of FY 2023-24. Trade statistics of Services are based on a balance of payments recorded by State Bank of Pakistan.

Table 23: Services Exports

Services	Jul-Sep FY'24	July-Sep FY'23	% Change
Exports of Services	**1,760**	**1,695**	4%
1. Manufacturing Services on Physical inputs owned by Others	0	0	-
2. Maintenance and Repair Services n.i.e.	0	0	-
3. Transport	254	264	-4%
4. Travel	157	123	28%
5. Construction	15	7	114%
6. Insurance and Pension Services	19	18	6%
7. Financial Services	9	20	-55%
8. Charges for the use of Intellectual Property n.i.e.	3	3	0%
9. Telecommunications, Computer, and Information Services	655	633	3%
10. Other Business Services	372	389	-4%
11. Personal, Cultural, and Recreational Services	6	3	100%
12. Government Goods and Services n.i.e.	270	235	15%
of which: Logistic Support	0	0	

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

IMPORT PERFORMANCE OF SERVICES

Imports of Trade in Services reported decline of 4% during Q1 (July-Sep) of FY'24. Travel, Construction, Insurance, Telecommunication, personal and government services have showed positive growth during reported period while Financial and Transport are the sectors which showed increase of 300%, 48%, and 37% respectively. Others Services sector's import declined by (5-100%).

Table 24: Services imports

Services	Jul-Sep FY'23	July-Sep FY'22	% Change
Imports of Services	**2,435**	2,342	4%
1. Manufacturing Services on Physical inputs owned by Others	0	0	-
2. Maintenance and Repair Services n.i.e.	20	12	67%
3. Transport	1,115	1,541	-28%
4. Travel	528	232	128%
5. Construction	1	0	
6. Insurance and Pension Services	119	69	72%
7. Financial Services	57	59	-3%
8. Charges for the use of Intellectual Property n.i.e.	36	10	260%
9. Telecommunications, Computer, and Information Services	97	78	24%
10. Other Business Services	337	284	19%
11. Personal, Cultural, and Recreational Services	1	1	0%
12. Government Goods and Services n.i.e.	124	56	121%

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

SECTORAL ANALYSES OF TRADE IN SERVICES

The most recent statistics shows that import of services trade registered an increase of 23% in the Q1 (July-September FY'23). The statistics shows that all services of Travel, Telecommunication and Maintenance, Construction, Financial and IT are increased except Transport and Government good and services.

More importantly, there are significant spillover effects into other complementary sectors that can receive a boost from a rapidly developing ICT sector. The growth in the ICT sector accompanies increasing demand for related goods and services, including but not limited to office machinery, computer equipment, telecommunication equipment as well as internet and e-commerce services.

TDAP INITIATIVES & ACHIVEMENTS

FoodAg 2023:

- FoodAg: First ever global Food event
- 230 Agro-food companies participated
- 40 SME Companies participated under the banner of GRASP, participants were from Balochistan and Sindh region with potential to grow and export The largest participation was from China comprising 155 buyers
- 5000 B2B meetings, business worth USD 410 million were finalized along with signing of 10 MoUs
- Representatives from 15 Regulatory Authorities, who held detailed 26 meeting with Pakistani counterparts to discuss SPS and quarantine issues
- 600 plus international buyers from 60 countries including buyers from International brands

National Exporters Training Program (18-23 September, 2023)

National Exporters Training Program were organized in following cities:

- Gilgit, Hunza, Skardu
- Swat
- Mirpur

Engineering and Mineral Division

Seminars:

- Awareness Seminar on Development of Marble and Granite Sector on International Standards, Quetta. (3rd October, 2023)
- Awareness Seminar on Development of Marble and Granite Sector on International Standards, Mardan. (24th October, 2023)
- Awareness Seminar on Development of Marble and Granite Sector on International Standards, Mohmand Zone. (25th October, 2023)

Webinar:

- Webinar on B2B Barter Trade Mechanism. (July, 2023)

Delegation:

- Delegation for participation in industrial exhibition Innoprom 2023. (10th - 13th July, 2023)

Exhibition:

- Participation of 22 Pakistani Companies in the Imam Abu Hanifa Exhibition, Kabul. (16th - 18th July, 2023)

Meetings:

- Meeting with Power Cement regarding Carbon Border Adjustment Mechanism Regulation by European Union (EU). (August, 2023)

Textile and Leather Division

Seminar/webinars

- Organized B2B meeting with JD.com and Prestige International, China and Matrix sourcing

- Organized a seminar on **Pakistan Trade Facilitation Portal** in Marriott Hotel on 25th July, 2023, more than 110 participants
- Organized a Seminar on "Textile Crafts and the Creative Economy" in collaboration with the Indus Valley School of Art & Architecture (IVS) at the TDAP, Headquarters, Karachi wherein more than 56 participants from SMEs, Designers, Craftsmen and students of T&F are invited to participate.
- Organized a webinar with NTU on "Net Zero and Circularity in Textiles (Contexts, Global Regulations and Compliances)" in consultation with NTU held on 13 September 2023.
- Webinar on "Potential of Textile Exports to Scandinavia"
- Organized successfully a Seminar / Interactive Dialogue Session on "Crafting Identity Through Fashion Accessories" on 12th October, 2023 at the TDAP HQs

Delegation:

- **Delegation comprising delegates of Sports Wear and Industrial to Denmark & Finland France. 15-19 January, 2024**
- Delegation of Leather Products to France, Netherlands, Germany and Poland 25 Feb. 2nd March, 2024
- Delegation to Wenzhou, Putian, Jin Jiang, Dong Guan and Guangzhou, china, April-24
- **Delegation comprising delegates of Gloves Sector to Germany, Poland Belgium March -24 to Germany, Poland Belgium March -24**

Exhibitions

- Texworld Paris, France Jul-23
- Texworld New York, USA 23-Jul
- Magic Show USA 23-Aug
- All China Leather Exhibition Shanghai, China 29-31 Aug, 2023 China
- Lineapelle Fair Milan, Italy 19-21 Sep 2023 Italy
- A+A Dusseldrof, Germany Oct-23
- APLF ASEAN Bangkok, Thailand 25-27 Oct, 2023 Thailand Bangkok
- International Sourcing Expo – Melbourne, Australia, Nov- 23
- Fast Textile, Poland, November 2023

Agro & Food Division

Fishery sector

- An inspection was held on 14 th July 2023 of 10 new processing plants for registration with MFD to export. The inspection team constitutes of Marine Fisheries Department,
- TDAP and Chairman PAKFEA. Nine of the firms were approved for export of seafood product.
- Seminar on "Challenges in Fisheries Sector of Pakistan" was held on 10th August 2023 as sideline event of FoodAg 23. Secretary Fisheries, Sindh, DG Agro MoC, and Chairman
- PAKFEA were amongst the speakers of the session which was moderated by Omar Hameed, TIO Brussels.
- A visit of 60 member delegation from China was arranged on 9 th August 2023 at Korangi Fish Harbour and the processing units located there. The processing units and the exporters gave overwhelmingly positive response in connection to the Chinese delegation and secured very good orders.

Webinar

- "Promotion of Seafood" was conducted on 7 th September 2023 in coordination with Consul General, Shanghai, China where 10-12 companies of Pakistan presented their company profile and elaborated on the products offered to Chinese buyers. There were 09 importers/buyers from Chinese side in the subject webinar who gave their individual remarks and looked forward to trade in Seafood with Pakistan.
- A joint surveillance activity was planned on 16 th September

2023 with MFD, SFD and FCS to monitor at-sea compliance of TED Device.

- Inspection of processing plant with MFD was done on 21 st September 2023 of M/s. Golden Seafood which was later recommended to export by the inspection committee.
- A meeting chaired by Trade Minister Ijaz Gohar was held on 23rd September 2023 at Governor's House on following Agenda:
    - Lift of ban on imports of shrimps from Pakistan
    - Opening of Market Access to EU
- TDAP had been closely following up with all stakeholders in this regard. A follow-up meeting by Maritime Minister was also held on TED-US ban issue.
- An “China Fisheries and Seafood Exhibition – CFSE” was held from 25 th -27 th October 2023 at Qingdao, China where 14 seafood companies from Pakistan participated through TDAP while several others participated at their own cost. B2B meetings were facilitated on WeChat in collaboration with Trade Mission, Beijing.
- A seminar on “Usage of TED Device” was held by TDAP in collaboration with Marine Fisheries Department and Sindh Fisheries Department at Fisherman Corporative Society Board Room on 13th October 2023.
- The ban on export of fresh seafood to Qatar has also been lifted and exporters will be able to export fresh seafood as well to Qatar along with frozen seafood which is effective from 15th November 2023. The issue of ban of fresh seafood was apprised to DG Agro, MoC at the seminar on Seafood Sector of Pakistan along the sideline activities during

FoodAg 23.

- Consultative Session regarding Pakistan Azerbaijan Preferential Trade Agreement with Meat, Poultry & Dairy Exporters/Association (webinar dated 6th July, 2023)
- ONLINE B2B OF PAKISTANI MEAT EXPORTERS WITH Heilongjiang Bandxing Food Technology Co. LTD , China (BANGBANGWA) (Dated Jul 26, 2023)
- ASEAN-Pakistan Business Opportunities Conference to be held in Pakistan from 6th to 11th August, 2023 (B2Bs of Meat, Dairy and Poultry Exporters in Lahore & Karachi)

Incoming Delegation

- Inspection Visits of the members of Committee for Veterinary Control & Supervision, Ministry of Agriculture, Kazakhstan from 9th –16th August, 2023
- FoodAg, International Exhibition from 10 th -12 th August, 2023
- 3rd Sectoral Meeting for Livestock, Meat, Dairy, Poultry & Fisheries products (Online meeting) Dated Aug 22, 2023.
- The Organic Meat Company Limited online GACC Inspection dated Aug 24, 2023 / Field visit.
- M/s New Marhaba Food Stuff Trd, Ajman, UAE trade lead for Meat exports was shared with

Pakistani Meat Exporters dated 28 th August, 2023

- Final Round of Stakeholders Consultation on Pak Offer to GCC and Pak Offer to
- UAE under PAK-UAE CEPA and Pak-GCC FTA dated Sep 4, 2023
- online consultation with Meat, dairy and Poultry Exporters.
- Online MEETING OF SAUDI FOOD & DRUG AUTHORITY (SFDA) WITH ANIMAL QUARANTINE DEPARTMENT (AQD) & TRADE DEVELOPMENT AUTHORITY OF PAKISTAN dated 25th May, 2023.
- Online B2B Meeting with Mexican Meat importer with Pakistani Meat Exporters dated 21st September,2023
- Meeting with Pakistani Meat Exporters/ Abattoirs regarding UAE Restriction
- Imports of Fresh Chilled dated Sep 25, 2023 (Hybrid, Virtual and Physical meeting).
- TDAP Meeting With Meat Exporters / Traders / Abattoirs /AQD /Mission in Dubai
- UAE / MoC on Export of Meat from Pakistan to UAE on 2nd October, 2023 (Hybrid, Virtual and Physical meeting)
- Online Meeting with MoC regarding SGS Third Party Audit of Meat Abattoirs in Pakistan dated Oct 16, 2023
- Online meeting of TDAP & MoC with Animal Husbandry Commissioner and Animal Quarantine department Oct 16, 2023 regarding UAE meat import restriction and way forward.
- Online meeting between TDAP, AHC and Meat Exporters regarding China Health Certificate Requirement Dated: Oct 18, 2023
- Online Meeting with MNFSR , AQD and our mission in Uzbekistan regarding meat exports to Uzbekistan dated Oct 20, 2023
- Agro and Food Division, TDAP Meeting With SGS International dated Oct 23, 2023
- B2Bs of Pakistani Meat, Dairy and Poultry exporters with the Uzbekistan business delegation participating in Pakistan- Uzbekistan Business Forum Islamabad, on 14th November 2023, Islamabad.
- TDAP meeting with AHC, AQD, The State Committee of Veterinary and
- Livestock Development Uzbekistan regarding their inspection visit to Pakistan for registration of Meat establishments dated Oct 25, 2023
- Meeting of Agro and Food Division with Civil Aviation Authority of Pakistan to analyze the condition of cold storage facilities at major airports of Pakistan for meat exports dated 6 th November, 2023
- TDAP, Mission in China, AHC, AQD & GACC Online Meeting on Donkey Skin and Bird Flu Matter dated 16 th November, 2023

MARKET ACCESS INITIATIVES BY PUNJAB REGION FOR 2022-2023

MEGA INITIAVTIVES TARGETED TO CENTRAL ASIA, ASEAN AND FAR EAST

i. Incoming Trade Delegation from Uzbekistan led by the Deputy Prime Minister; TDAP Punjab will be organizing the B2B meetings for the delegates and invite relevant stakeholders for the Business

Forum being held on the occasion. Uzbekistan will also be organizing a Product Display representing the major sectors of Uzbekistan on the sidelines of the Business Forum. 14th - 15th November, 2023 –

ii. Outgoing Trade Delegation being organized by TDAP. Punjab for sectors including Transport & Logistics, Pharmaceuticals, Food & Agro, Medical, Dental & Surgical Instruments, Engineering Goods, Construction Materials, and Textiles. The purpose of the delegation is to have a meaningful business interaction with counterparts in Uzbekistan in order to establish business linkages prior to the Pakistan, 28th – 30th November, 2023 –

iii. Single Country Exhibition in Tashkent, Uzbekistan. June, 2024 (tentative dates) – Pakistan Single Country Exhibition will be organised in Tashkent, Uzbekistan and a Logistics Forum will also be held on the side-lines of the event.

iv. Trade Development Authority of Pakistan hosted a 50 member- ASEAN Delegation from 07th to11th August, 2023. The purpose of the Delegation was to explore the Trade and Investment Potential of Pakistan with her ASEAN counterparts. Around 48 business delegates from the following ten (10) countries of ASEAN region participated in the said event.

1. Singapore
2. Indonesia
3. Malaysia
4. Vietnam
5. Cambodia
6. Brunei
7. Laos
8. Thailand
9. Philippines
10. Myanmar

v. In continuation of the aforementioned initiative, Proposed Pakistan business forum /single country to be held in Jakarta in 2024

vi. Buyer seller meet and greet in collaboration with JETRO in 2023-24 for Sialkot based industries.

vii. Business forum in Tokyo and Osaka to be executed for 2024.

<u>Trade Promotion Activities concluded by TDAP Lahore Office (July- till date 2023-24)</u>

i. Seminar on Corrective Measures to Address Pesticide Residue Issue in Pakistani Basmati Rice Consignments to EU in Lahore, 17th July 2023

ii. Seminar on Corrective Measures to Address Pesticide Residue Issue in Pakistani Basmati Rice Consignments to EU in Okara 21st July 2023

iii. ASEAN Delegation in Lahore 7th-9th August 2023

   a. ASEAN-Pakistan Business Opportunities Conference and B2B sessions 7th August, 2023
   b. Call on Governor Punjab and Field Visits 8th August 2023
   c. Meeting with LCCI, 9th August 2023

iv. Awareness Seminar for UK DCTS in TDAP Lahore Office, 16th August, 2023

v. Awareness Seminar for UK DCTS in LCCI, 18th August, 2023

vi. Workshop on Market Intelligence Tools at FPCCI, 26th September, 2023

vii. WEXNET- 30th September- 2nd October 2023
viii. Webinar on Trade Opportunities in Tukiye, 2nd November, 2023
ix. Seminar on Exporters Facilitation Schemes in collaboration with SBP, 21st November 2023

Autoparts

- Pakistan China Seminar on Corporation in Electric Vehicles Industry(05 July 2023)
- B2B Meeting of Sazgar Engineering with Mexican Buyers for 3 wheelers Motorcycle (25 August 2023)
- B2B meeting Between Ghauri Tyre and Tubes Pvt ltd and Mr. Philippe (Brazilian Buyer) -27 September 2023
- B2B meeting Between Sazgar Engineering and Mr. Qasim (Liberian Buyer) on 23rd Oct. 2023 -
- 23 October 2023
- 03 members trade delegation visited the Innoprom Exhibition 10-13 July, 2023