Annual Trade Review

JULY-JUNE
FY2024

PAKISTAN TRADE PERSPECTIVE

Trade Development Authority of Pakistan (TDAP)
Ministry of Commerce
www.tdap.gov.pk

ACKNOWLEDGEMENTS

TEAM MEMBERS

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

ASIMA SIDDIQUE
Assistant Manager
asima.siddique@tdap.gov.pk

MARYAM YOUNUS
Research Associate
maryam.younus@tdap.gov.pk

MUHAMMAD HAMZA
Research Associate
Muhammad.hamza@tdap.gov.pk

DISCLAIMER

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

Any conclusions and analyses based on the data retrieved from Pakistan Bureau of Statistics (PBS), Trade Statistics of PRAL, State Bank of Pakistan (SBP) and World Bank are the responsibility of the author(s) and do not necessarily reflect the opinion of the PBS, PRAL, SBP or the World Bank. Although every effort has been made to cross-check and verify the authenticity of the datathe. Trade,Development Authority of Pakistan (TDAP), or the author(s), do not guarantee the d,ata included in this work. All data and statistics used are correct as of 31st August, 2024 and may be subject to change.

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

TABLE OF CONTENTS

SECTION – 1 1
1.1 WORLD ECONOMIC AND TRADE REVIEW 1
1.2 PAKISTAN'S ECONOMIC & TRADE OUTLOOK 2
1.3 PAKISTAN'S ECONOMIC INDICATORS 3
1.4 PAKISTAN'S TRADE OUTLOOK (GOODS) 3
SECTION - 2 4
2.1 PAKISTAN'S EXPORT PROFILE (GOODS) 4
TOP EXPORT PARTNERS SHOWING INCREASE 4
2.2 TOP EXPORT PARTNERS SHOWING DECREASE (FY 2024 V/S FY 2023) 5
2.3 SECTOR-WISE EXPORT PERFORMANCE (FY 2023-24) 6
2.4 Textile Sector 7
2.5 AGRO-FOODS GROUP 15
2.6 OTHER MANUFACTURING GROUP EXPORTS 22
2.7 Engineering Goods 30
2.8 PETROLEUM GROUP & COAL EXPORTS 33
SECTION - 3 37
3.1 PAKISTAN'S IMPORT PROFILE (GOODS) 37
3.3 TOP IMPORT SOURCES SHOWING DECREASE (FY2024 V/S FY2023) 37
3.4 SECTOR-WISE IMPORTS PERFORMANCE 38
3.5 PETROLEUM GROUP 39
3.6 MACHINERY GROUP 42
3.7 AGRICULTURE AND CHEMICAL GROUP 46
3.8 METAL GROUP 51
3.9 TEXTILES GROUP 53
3.10 TRANSPORT GROUP 55
3.11 MISCELLANEOUS GROUP 58
SECTION 4 60
4.1 TRADE IN SERVICES 60
4.2 SECTORAL ANALYSES OF TRADE IN SERVICES 61
4.3 Travel Services 62
4.4 Insurance and pension services 62
4.5 Personal, Cultural and recreational services 62
4.7 Telecom Sector 63
4.8 Other business services 64
4.9 Construction Services 65
TDAP INITIATIVES & ACHIVEMENTS 66

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
OD	OFFICIAL DELEGATION
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
Q1	FIRST QUARTER OF FISCAL YEAR (JULY - SEPTEMBER)
Q2	SECOND QUARTER OF FISCAL YEAR (OCTOBER - DECEMBER)
QoQ	QUARTER-ON-QUARTER
SBP	STATE BANK OF PAKISTAN
SKD	SEMI KNOCKED DOWN
STPF	STRATEGIC TRADE POLICY FRAMEWORK
TCP	TRADING CORPORATION OF PAKISTAN
TDAP	TRADE DEVELOPMENT AUTHORITY OF PAKISTAN
TERF	TEMPORARY ECONOMIC REFINANCE FACILITY
USDA	US DEPARTMENT OF AGRICULTURE
YoY	YEAR-ON-YEAR

LIST OF TABLES

TABLE 1: TOP EXPORT DESTINATIONS SHOWING INCREASE (TRADE VALUES IN USD MILLION) 4
TABLE 2: TOP EXPORT DESTINATIONS SHOWING DECREASE (TRADE VALUES IN USD MILLION) 5
TABLE 3: YOY SECTOR-WISE EXPORT PERFORMANCE (TRADE VALUES IN USD MILLION) 7
TABLE 4: TEXTILES GROUP EXPORTS (TRADE VALUES IN USD MILLION).......... 9
TABLE 5: FOOD GROUP EXPORTS (TRADE VALUES IN USD MILLION) 16
TABLE 6:OTHER MANUFACTURING GROUP EXPORTS (TRADE VALUES IN USD MILLION) 23
TABLE 7: TOP IMPORT SOURCES SHOWING INCREASE (TRADE VALUES IN USD MILLION) 37
TABLE 8: TOP IMPORT SECTORS (TRADE VALUES IN USD MILLION) 38
TABLE 9: PETROLEUM IMPORT SECTOR (TRADE VALUES IN USD MILLION) 39
TABLE 10: MACHINERY IMPORT SECTOR (TRADE VALUES IN USD MILLION) 42
TABLE 11:AGRICULTURE AND CHEMICAL IMPORT SECTOR (TRADE VALUES IN USD MILLION).......... 46
TABLE 12: FOOD GROUP (TRADE VALUES IN USD MILLION) 49
TABLE 13:METAL SECTOR (TRADE VALUES IN USD MILLION) 52
TABLE 14: TEXTILES GROUP IMPORTS (TRADE VALUES IN USD MILLION) 54
TABLE 15: TRANSPORT GROUP IMPORTS (TRADE VALUES IN USD MILLION) 56
TABLE 16:MISCELLANEOUS GROUP IMPORTS (USD MILLION) 58
TABLE 17: SERVICES EXPORTS (TRADE VALUES IN USD MILLION) 60
TABLE 18: SERVICES IMPORTS (TRADE VALUES IN USD MILLION) 61

LIST OF FIGURES

FIGURE 1:PAKISTAN ECONOMIC INDICATORS 3
FIGURE 2: TRADE VALUES (JULY 2023-JUNE 2024) IN USD BILLION 3
FIGURE 3: QUARTERLY PERFORMANCE TEXTILE SECTOR DURING FY 2023-24 (USD MILLION)........ 10
FIGURE 4: : EXPORT PERFORMANCE OF SUB SECTORS OF TEXTILE AND CLOTHING SECTOR (USD MILLION) 14
FIGURE 5: QUARTERLY PERFORMANCE OF AGRO FOOD SECTOR DURING FY 2022-23 (USD MILLION) 17
FIGURE 6:EXPORT PERFORMANCE OF SUB SECTORS OF AGRO FOOD SECTOR(USD MILLION) 20
FIGURE 7: QUARTERLY PERFORMANCE OF OTHER MANUFACTURING SECTOR FY2023-24(USD MILLION) 24
FIGURE 8:EXPORT PERFORMANCE OF SUB SECTORS OF OTHER MANUFACTURING SECTOR(USD MILLION) 30
FIGURE 9:EXPORT PERFORMANCE OF SUB SECTORS OF ENGINEERING GOODS (USD MILLION) 33
FIGURE 10: PETROLEUM GROUP EXPORTS (TRADE VALUES IN USD MILLION)........ 34
FIGURE 11: QUARTERLY PERFORMANCE OF PETROLEUM GROUP OF PAKISTAN FY 2023-24 (USD MILLION)........ 35
FIGURE 12: EXPORT PERFORMANCE OF SUB-SECTORS OF PETROLEUM GROUP FY 2024 (USD MILLION) 35
FIGURE 13: QUARTERLY PERFORMANCE PETROLUM GROUP DURING FY 2024 (USD MILLION)........ 40
FIGURE 14: IMPORT OF SUB SECTORS OF PETROLEUM SECTOR (USD MILLION) 41
FIGURE 15: IMPORT OF SUB SECTOR OF MACHINERY GROUP FY 2024 USD MILLION)........ 43
FIGURE 16: IMPORT OF SUB SECTOR OF MACHINERY GROUP FY 2024 USD MILLION)........ 44
FIGURE 17: QUARTELRY IMPORT OF AGRICULTURE AND CHEMICAL GROUP FY 2024(USD MILLION) 47
FIGURE 18:IMPORT OF SUB-SECTORS OF AGRICULTURE AND CHEMCIAL GROUP FY 2024 (USD MILLION) 48
FIGURE 19:: QUARTERLY IMPORTS OF FOOD ITEMS FY 2024 (USD MILLION)........ 49
FIGURE 20: IMPORTS OF SUB SECTORS OF FOOD GROUP FY 2024 (USD MILLION) 51
FIGURE 21:QUARTERLY IMPORTS OF METAL GROUP FY 2024 (USD MILLION) 52
FIGURE 22: IMPORTS OF SUB SECTORS OF METAL GROUP FY 2024 (USD MILLION) 53
FIGURE 23: QUARTERLY IMPORTS OF METAL GROUP FY 2024 (USD MILLION)........ 54
FIGURE 24: IMPORTS OF SUB SECTORS OF TEXTILE SECTORS FY 2024 (USD MILLION) 55
FIGURE 25: QUARTELY IMPORT OF TRANSPORT GROUP FY 2024 (USD MILLION) 57
FIGURE 26: IMPORT OF SUB SECTORS OF TRANSPORT GROUP FY 2024 (USD MILLION) 57
FIGURE 27:QUARTERLY IMPORT OF MISCELLANEOUS GROUP 59

SECTION – 1

1.1 WORLD ECONOMIC AND TRADE REVIEW

(JULY-JUNE 2023-24

Global activity and world trade firmed up at the turn of the year, with trade spurred by strong exports from Asia, particularly in the technology sector. Growth surprised on the upside in many countries, although downside surprises in Japan and the United States were notable. In the United States, after a sustained period of strong outperformance, a sharper-than-expected slowdown in growth reflected moderating consumption and a negative contribution from net trade. In Japan, the negative growth surprise stemmed from temporary supply disruptions linked to the shutdown of a major automobile plant in the first quarter. In contrast, shoots of economic recovery materialized in Europe, led by an improvement in services activity. In China, resurgent domestic consumption propelled the positive upside in the first quarter, aided by what looked to be a temporary surge in exports belatedly reconnecting with last year's rise in global demand. These developments have narrowed the output divergences somewhat across economies, as cyclical factors wane and activity becomes better aligned with its potential.

Meanwhile, the momentum on global disinflation is slowing, signaling bumps along the path. This reflects different sectoral dynamics: the persistence of higher-than-average inflation in services prices, tempered to some extent by stronger disinflation in the prices of goods. Nominal wage growth remains brisk, above price inflation in some countries, partly reflecting the outcome of wage negotiations earlier this year and short-term inflation expectations that remain above target. The uptick in sequential inflation in the United States during the first quarter has delayed policy normalization. This has put other advanced economies, such as the euro area and Canada, where underlying inflation is cooling more in line with expectations, ahead of the United States in the easing cycle. At the same time, a number of central banks in emerging market economies remain cautious in regard to cutting rates owing to external risks triggered by changes in interest rate differentials and associated depreciation of those economies' currencies against the dollar.

Global financial conditions remain accommodative. Although longer-term yields have generally drifted upward, in tandem with the repricing of policy paths, buoyant corporate valuations have kept financial conditions accommodative. The increase in yields is likely to put pressure on fiscal discipline, however, which in some countries is already strained by the inability to rein in spending or raise taxes.

As output gaps start to close and inflation recedes, policymakers face two tasks: persevering with restoring price stability and addressing the legacies of recent crises, including replenishing lost buffers and durably uplifting growth. In countries where upside risks to inflation including those arising through external channels have materialized, central banks should refrain from easing too early and remain open to further tightening should it become necessary. Where inflation data encouragingly signal a durable return to price stability, monetary policy easing should proceed gradually, which would simultaneously provide room for the required fiscal consolidation to take place. Fiscal slippages over the past year in some countries could require a stance significantly tighter than envisaged. As the space for fiscal maneuver narrows, commitments to achieving fiscal consolidation targets should be earnestly adhered to, aided by sound fiscal frameworks and resource mobilization. In emerging market and developing economies, recent policy divergences highlight the need to manage the risks of currency and capital flow volatility. Given that economic fundamentals remain the main factor in dollar appreciation, the appropriate response is to allow the exchange rate to adjust, while using monetary policy to keep inflation close to target. Foreign reserves should be used prudently and preserved to deal with potentially worse outflows in the future, in line with the IMF's Integrated Policy Framework. While emigration of the young and educated population can take a toll on source countries, the costs can be mitigated. Policies that help leverage diaspora networks, maximize the benefits from remittances, and expand domestic labor market opportunities.[1]

1 https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024

1.2 PAKISTAN’S ECONOMIC & TRADE OUTLOOK

(JULY-JUNE 2023-24

Pakistan's economy moved towards stability in FY2024 with decreasing inflation, a surplus in the primary Fiscal account (Jul-May), a negligible current account deficit, and a stable exchange rate. In the real sector, agriculture outperformed, whereas large-scale manufacturing is set to take off. In June 2024, CPI infation reached the cusp of the single-digit range.

The external account position improved due to contained imports resulting from prudent fiscal and monetary management, while exports and remittances increased signicantly.

To further strengthen stability, government has recently reached a stafflevel agreement with IMF on a 37-month Extended Fund Facility Arrangement (EFF) for $7 billion. In FY2024, tractor production reached 45,529, marking a 43.5 percent increase from FY2023. Tractor sales also rose by 47.0 percent to reach 45,494. Agricultural credit disbursement reached Rs 1,972.8 billion during Jul-May FY2024, 26.0 percent up from previous year.

However, due to the cobweb phenomenon, the sowing area of cotton decreased in Punjab (1.304 million hectares against the target of 1.680 million ha) and Sindh (0.550 million ha against the target of 0.630 million ha). Similarly, for Kharif sowing of 2024 (April-June), urea offtake remained at 1,210 thousand tonnes, 18.1 percent less than Kharif 2023, while DAP offtake was 256 thousand tonnes, 6.8 percent less.

However, improvedquality cotton seed availability has been ensured in both Punjab and Sindh, which will likely improve yield, provided the weather remains favourable. Pakistan is judged to have the worst behind it and gradually to be on its way out of an economic crisis. A stabilization has begun to appear in the economy and low but positive growth is expected in 2024 - 2025. Foreign exchange reserves are low but have strengthened from previously critically low levels. The import and currency restrictions that crippled parts of the industry have been eased. It is positive that the government is aiming for a new and longer IMF program. Renewing the often friction-filled IMF cooperation is critical as the country faces large debt payments in the coming years. However, with weak government finances and buffers, stabilization is still fragile and there is a risk of new episodes of currency rationing and currency volatility.

For short term transactions, increased premiums are removed for banks. For companies, letter of credit requirements is generally replaced with increased premiums. However, the policy for Sovereign risks and other public risks remains unchanged with the requirement for a letter of credit or bank guarantee.

For long term transactions, the policy now reopens for guarantees for banks and companies, with increased premiums for companies. However, EKN remains closed to Sovereign risks and other public buyers due to the still difficult state financial situation.

1.3 PAKISTAN'S ECONOMIC INDICATORS

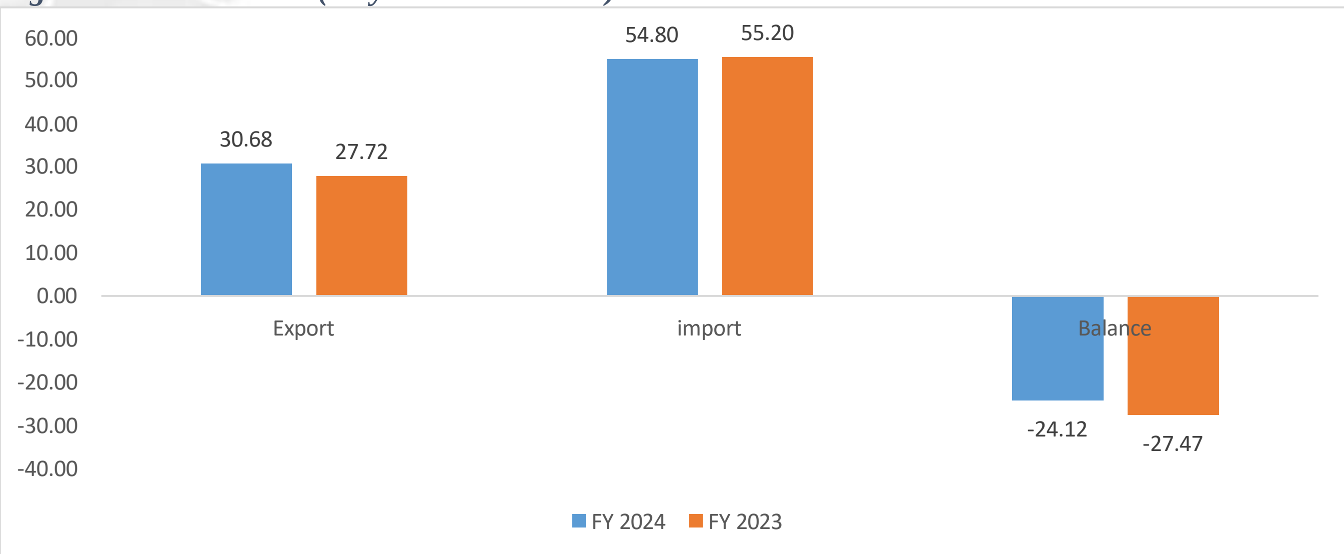
(JULY - JUNE FY 2023-24)[2]

Figure 1:Pakistan Economic Indicators

1.4 PAKISTAN'S TRADE OUTLOOK (GOODS)

YEARLY COMPARISON OF FY2023 vs. FY2024

Figure 2: Trade Values (July 2023-June 2024) In USD Billion



Source: PBS

https://www.sbp.org.pk/ecodata/homeremit.pdf,
https://www.sbp.org.pk/ecodata/forex.pdfhttps://www.sbp.org.pk/ecodata/NetinflowSummary.pdf

SECTION - 2

2.1 PAKISTAN'S EXPORT PROFILE (GOODS)

During the fiscal year 2023-24, the country's exports surged to USD 30.67 billion, marking a 10.65% increase compared to the USD 27.72 billion recorded in the previous fiscal year, 2022-23. This growth successfully surpassed the export target of USD 30 billion set for the year. Conversely, imports remained relatively stable, totaling USD 54.79 billion, a slight decrease from the USD 55.19 billion registered in the prior year. Consequently, the trade deficit narrowed to USD 24.1 billion in FY 2023-24, down from USD 27.47 billion in the same period of the previous fiscal year.

Major export destinations showed a mixed growth trend in exported values during FY 2023-24, a result of multiple global and domestic factors. The decline in global demand for Pakistani products was evident, reflecting the effects of global economic uncertainties. Domestically, the country was confronted with persistent challenges, including exchange rate fluctuations, currency crises, and political instability, all of which added further strain on exporters. Despite these obstacles, some exporters were able to take advantage of shifts in the value of the Pakistani rupee against the US dollar, utilizing favorable government policies to boost their competitiveness in international markets.

However, these fluctuations in the exchange rate were not without consequences. The depreciation of the Pakistani rupee drove up the cost of imported raw materials, pushing producer prices higher. This inflationary pressure was subsequently passed on to consumers, leading to a rise in domestic inflation. As inflation spiked, the economic environment became increasingly difficult, forcing both the government and businesses to navigate through turbulent waters. The government faced formidable economic challenges during this period, attempting to balance inflation control with the broader need to stimulate growth and stabilize the currency.

Country-specific export trends reflect both successes and struggles across various markets. Major export destinations like the USA, UK, UAE, Afghanistan, Saudi Arabia, Malaysia, Indonesia, Poland, Vietnam, and Canada saw notable increases in export value, rising by 0.9%, 3.7%, 13.9%, 9.5%, 23.8%, 63.4%, 269%, 20.5%, 74.1%, and 7% respectively during FY 2023-24 compared to the previous fiscal year. These upward trends indicate resilience in certain markets, driven by targeted efforts by exporters and favorable policy adjustments.

In sum, Pakistan's exporters' demonstrated resilience amidst challenging circumstances, but the interplay of currency volatility, inflation, and political instability shaped a complex trade environment. The government's response to these economic pressures will likely determine the sustainability of export growth in the years ahead.

TOP EXPORT PARTNERS SHOWING INCREASE(FY 2024 V/S FY 2023)

Table 1: Top Export Destinations Showing Increase (Trade Values in USD Million)

Export Destinations	July-June Fy 2023-24	July-June Fy 2022-23	% Change
United States	5,286.6	5,239.4	0.9%
United Kingdom	2,015.9	1,943.1	3.7%
United Arab Emirates	1,590.3	1,396.0	13.9%
Afghanistan	1,064.8	972.4	9.5%
Saudi Arabia	697.8	563.5	23.8%
Malaysia	607.8	372.0	63.4%
Indonesia	537.1	145.6	269%
Poland	419.9	348.4	20.5%
Viet Nam	406.6	233.5	74.1%
Canada	391.6	366.1	7%

Source: PRAL

2.2 TOP EXPORT PARTNERS SHOWING DECREASE (FY 2024 V/S FY 2023)

On the other hand, key export markets such as China, Germany, the Netherlands, Spain, Italy, Bangladesh, Belgium, France, Turkey, and Australia experienced declines in export values during FY 2023-24. Although these declines were more moderate compared to other challenges faced by the country, they are significant in highlighting the broader economic difficulties Pakistan encountered. For instance, exports to China decreased by 2.1%, to Germany by 1.2%, to the Netherlands by 6.1%, to Spain by 0.6%, to Italy by 3.6%, to Bangladesh by 1.5%, to Belgium by 10.7%, to France by 5.8%, to Turkey by 8.9%, and to Australia by 6.1% when compared to the previous fiscal year.

These negative growth trends indicate a number of underlying issues. A major factor behind these declines is the weakening global demand for Pakistani products. As economic conditions softened in many of these countries, consumer demand for imports from Pakistan fell. This was compounded by Pakistan's own internal economic challenges. The country was dealing with severe fluctuations in its exchange rate, which caused instability in the pricing of goods. When the Pakistani rupee depreciated, the cost of producing and exporting goods increased, making Pakistani products less competitive in international markets. Exporters also faced higher input costs due to inflation, which further eroded their ability to maintain steady export volumes.

In addition to these internal challenges, global supply chain disruptions had an impact as well. The logistical difficulties that arose from the global pandemic and ongoing geopolitical tensions disrupted the smooth flow of goods across borders. Exporters struggled with delays, increased transportation costs, and supply shortages, all of which affected their ability to meet demand in these key markets.

Moreover, the political instability within Pakistan exacerbated the situation. With shifts in government policies and frequent changes in the regulatory environment, exporters found it difficult to plan for the long term. This uncertainty discouraged investment in production capacity and innovation, which in turn weakened their ability to expand in international markets.

These declines across important markets such as China, Germany, and the Netherlands illustrate the fragility of Pakistan's export sector during this period. The contraction in export values signifies the urgent need for economic reforms, improved trade policies, and enhanced support for exporters. To reverse these trends, Pakistan would need to stabilize its currency, control inflation, and create a more predictable policy environment that allows exporters to compete more effectively on the global stage.

Ultimately, the negative growth in these export destinations reflects the broader challenge facing Pakistan's economy: how to sustain export growth amid a volatile global economic environment and domestic economic crises. The government must address these challenges head-on to ensure the long-term stability of the country's export sector.

Table 2: Top Export Destinations Showing Decrease (Trade Values in USD Million)

Export Destinations	July-June Fy'2023-24	July-June Fy'2022-23	% Change
China	2,559.6	2,614.9	-2.1%
Germany	1,560.6	1,579.2	-1.2%
Netherlands	1,484.0	1,580.7	-6.1%
Spain	1,407.0	1,415.8	-0.6%
Italy	1,120.9	1,163.1	-3.6%
Bangladesh	718.2	729.2	-1.5%
Belgium	646.3	723.9	-10.7%
France	470.0	499.1	-5.8%
Turkey	298.8	328.0	-8.9%
Australia	279.8	297.8	-6.1%

Data Source: PRAL

2.3 SECTOR-WISE EXPORT PERFORMANCE (FY 2023-24)

During the fiscal year 2023-24, all sectors of Pakistan's economy demonstrated significant growth compared to the previous fiscal year, 2022-23. A notable rise in export values across various sectors played a pivotal role in boosting the country's overall export performance.

The textile sector, which has long been the backbone of Pakistan's exports, showed a modest yet positive increase of 0.9%. The sector managed to generate an impressive export revenue of USD 16.65 billion during FY 2023-24. This sector accounted for a substantial 54.29% of Pakistan's total exports, underscoring its critical role in the country's economy. Despite facing challenges such as inflation, exchange rate fluctuations, and global economic uncertainties, the textile industry maintained its dominant position in Pakistan's export portfolio.

Following the textile sector, the food group emerged as another significant contributor to Pakistan's exports. The food group witnessed a robust growth rate of 46.8%, with export revenues reaching USD 7.37 billion. This sector's share in the country's total exports stood at 24%, making it the second-largest export contributor. The substantial increase in food exports can be attributed to strong global demand for Pakistan's agricultural products and food commodities, as well as the diversification within the food industry, such as the rise in processed and packaged food exports. This growth was supported by government policies that encouraged agricultural exports and improved infrastructure in the food production sector.

The "Other Manufactures" group, which includes a variety of manufactured goods outside the textile and food sectors, also demonstrated steady growth. Exports from this group reached USD 4.03 billion, contributing 13.1% to the total exports of Pakistan. The sector experienced a growth rate of 3.5%, which reflects improvements in the manufacturing capabilities and diversification within the economy. Products such as machinery, chemicals, and electronics likely contributed to this growth, driven by increasing demand for Pakistani manufactured goods in international markets.

The Petroleum and Coal group saw the most dramatic increase in export values. This sector experienced a staggering 80.4% growth in exports, earning USD 398 million in FY 2023-24, compared to the previous fiscal year. Although its share in total exports was relatively small at 1.2%, the significant growth highlights an increasing demand for energy resources and related products. The surge in petroleum and coal exports might have been fueled by higher global energy prices, along with improvements in production capacity and export logistics within Pakistan.

Lastly, the export of "Other Items" also reported substantial growth during this period. This category includes a range of miscellaneous products not covered by the main sectors. The total export value for this group stood at USD 2.22 billion, representing 7.2% of Pakistan's total exports. The growth rate for this group was recorded at 6.6%, indicating a healthy expansion in the export of smaller, diversified products. This category's growth reflects Pakistan's ability to broaden its export base and include a wider range of products in international trade.

Overall, the fiscal year 2023-24 marked a period of significant growth for Pakistan's export sectors, with every sector showing improvement over the previous year. While the textile sector remained the dominant force, sectors such as food, petroleum, and manufacturing also made meaningful contributions to the country's economic performance. These trends suggest a positive outlook for Pakistan's export market, driven by sectoral diversification, enhanced production capacities, and strategic policies aimed at promoting trade. However, sustaining this growth will require continued efforts to address economic challenges, stabilize currency, and improve infrastructure across these critical sectors.

Table 3: YOY Sector-wise Export Performance (Trade values in USD Million)

Sectors	July-June Fy 2023-24	July-June Fy 2022-23	% Change
Total	30,677	27,724	10.7%
Food group	7,370	5,021	46.8%
Textile group	16,656	16,502	0.9%
Petroleum group & coal	398	221	80.4%
Other manufactures group	4,033	3,898	3.5%
All other items	2,221	2,082	6.6%

Source : PBS

2.4 Textile Sector

The textile sector in Pakistan holds a crucial position in the country's economy, contributing over 50% to its total exports. As the most significant component of Pakistan's trade, the sector generated USD 16.65 billion in exports during FY 2023-24, showing a slight increase from USD 16.5 billion in the previous fiscal year. Despite this apparent stability, the industry is facing serious challenges that are dampening its growth potential and overall performance.

While the textile sector's growth remained relatively stable this year, the industry experienced a significant downturn in FY 2022-23, when textile exports slumped by 14.6% compared to the previous year. The global economic recession was a primary factor behind this decline, leading to a reduction in export orders from key international markets. As major economies faced slowdowns, consumer demand for textiles and apparel weakened, directly impacting Pakistan's export figures.

Beyond global issues, the domestic landscape has been equally challenging for the textile industry. Energy shortages and rising energy **costs** have further strained operations. Textile manufacturing is highly energy-intensive, and with Pakistan suffering from chronic power shortages and erratic gas supplies, many textile mills have faced frequent disruptions. When energy is available, the high cost of electricity and gas has added to production expenses, significantly affecting profitability. This energy crisis has been a persistent issue, contributing to reduced operational efficiency and inflated costs for manufacturers.

The government's restrictions on the import of raw materials have compounded these challenges. These restrictions have led to sharp increases in the cost of essential inputs, such as cotton, dyes, and machinery parts, making it increasingly expensive to maintain production levels. These higher production costs, in turn, have made it difficult for Pakistani products to remain competitive in global markets, as other countries with lower costs are able to offer better prices.

Additionally, high taxation on the textile industry has placed a heavy burden on manufacturers. The complex tax regime, which includes customs duties, sales taxes, and surcharges, has further raised the cost of doing business. Many manufacturers have expressed concerns that the high tax rates make their operations unviable, especially when combined with the rising prices of inputs and energy. The taxation system has also discouraged investment in modernizing and expanding production capabilities, which are crucial for competing on a global scale.

Pakistan's Ease of Doing Business ranking**,** which stood at 108th globally, has likely worsened, reflecting the growing obstacles to efficient operations in the country. The declining ranking points to difficulties in navigating administration, accessing credit, and complying with regulations, all of which have added to the challenges faced by textile businesses.

In addition to domestic issues, Pakistan's textile industry faces stiff competition from regional players. A survey conducted by the World Trade Organization (WTO) on textile-producing countries in Asia showed that countries like India, China, and Vietnam rank in the top three for low manufacturing costs. Bangladesh and Sri Lanka are also ranked among the top ten, with Bangladesh in sixth and Sri Lanka in tenth place. Pakistan, however, did not make the list due to its rising manufacturing costs, driven by inflation**,** instability in the local currency, and poor economic conditions.

As a result, many international buyers have shifted their orders to these more cost-efficient countries. Countries like Bangladesh and Vietnam have attracted significant foreign investment due to their ability to offer lower production costs, more reliable energy supplies, and more stable economic environments. This growing competition poses a serious threat to Pakistan's textile sector, which risks losing its position as a major player in the global textile market.

The decline in Pakistan's textile exports is evident across several subcategories. Knitwear exports dropped by 0.7%, cotton cloth by 7.7%, art, silk, and synthetic textiles by 10.9%, and tent, canvas, and tarpaulin by 14.8%. These declines reflect reduced global demand for textiles, along with domestic pressures like rising costs and supply chain disruptions. The sharp decreases in these categories highlight the vulnerability of Pakistan's textile industry, especially in an environment where global demand is softening and production costs are rising.

Despite these challenges, some textile products have performed relatively well, showing year-on-year increases. Ready-made garments, for instance, experienced a 2.1% increase in exports, bedwear exports grew by 4.1%, towels by 5.6%, and cotton yarn by 13.2%. These segments of the industry have managed to maintain or even increase their export volumes, possibly due to diversification, targeting niche markets, and benefiting from government incentives aimed at specific export categories.

Pakistan's basic textiles sector, particularly raw cotton, experienced a remarkable 316% increase in exports during FY 2023-24. This surge can be attributed to rising global demand, higher cotton prices, and favorable government policies aimed at boosting exports. The growth was further supported by improved domestic cotton production and strategic shifts by exporters prioritizing raw cotton over finished goods, given the challenges in the manufacturing sector. While this increase provided short-term gains, it underscores the need for Pakistan to balance raw material exports with the development of value-added textiles to ensure long-term growth and competitiveness.

In conclusion, Pakistan's textile industry faces significant headwinds. Despite some sectors showing resilience, the broader industry is struggling under the weight of domestic and global economic challenges. Energy shortages, rising costs, high taxation, and competition from regional players are all contributing to a difficult operating environment. The government must take urgent action to support the textile sector, which is vital to the country's economy.

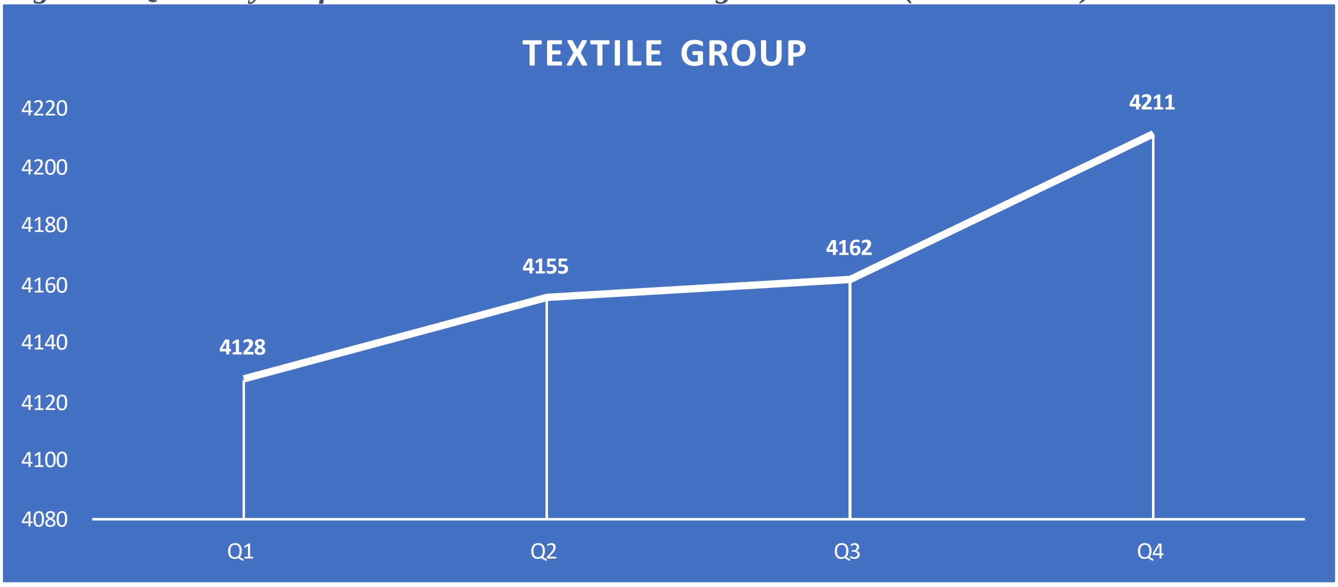
Key measures could include addressing energy supply issues, reducing the cost of electricity and gas for manufacturers, easing import restrictions on raw materials, and reforming the tax system to make it more conducive to business growth. Additionally, improving the ease of doing business and creating a more stable economic and regulatory environment will be critical to helping the textile industry regain its competitive edge. Without swift and decisive intervention, Pakistan's textile sector risks further stagnation and decline, with serious implications for the country's overall economic stability and growth.

Table 4: Textiles Group Exports (Trade Values in USD Million)

YOY FY 2024 V/S FY 2023			
SECTORS	**July-June FY2023-24**	**July-June FY 2022-23**	**% Change**
Textile Group	16,656	16,502	0.9%
Raw Cotton	56	13	316.4%
Cotton Yarn	956	844	13.2%
Cotton Cloth	1,866	2,022	-7.7%
Cotton Carded or Combed	1	1	-24.9%
Yarn Other Than Cotton Yarn	32	45	-28%
Knitwear	4,408	4,437	-0.7%
Bed Wear	2,803	2,692	4.1%
Towels	1,055	1,000	5.6%
Tents,Canvas&Tarpulin	118	138	-14.8%
Readymade Garments	3,564	3,492	2.1%
Art,Silk& Synthetic Textile	367	412	-10.9%
Madeup Articles	715	693	3.3%
Other Textile Materials	716	713	0.4%

Source:PBS

Figure 3: Quarterly Performance Textile Sector during FY 2023-24 (USD Million)



Source: Author's calculation based on PBS data

Readymade Garments

The readymade garment sector is one of the most critical components of Pakistan's textile industry, which has traditionally focused on home textiles. Despite the global garments market being valued at approximately USD 490 billion, Pakistan has concentrated on the home textile market worth around USD 80 billion, missing a significant opportunity in the garments sector.

In the fiscal year 2023-24, Pakistan's readymade garments exports reached USD 3.56 billion, reflecting a 2.1% growth compared to the previous year. This increase is partially due to rising demand from key export markets such as the United States, the United Kingdom, the Netherlands, Spain, and Germany. However, Pakistan's garment industry faces intense competition, particularly from Bangladesh, a global leader in garment exports.

The global economic slowdown has further compounded the challenges for Pakistan's garment sector, negatively affecting textile exports across major supplier countries. Internal political instability has also disrupted economic activities, creating additional hurdles for the industry. On top of these issues, Pakistan's textile machinery imports dropped by 54% during the same period, reflecting a decline in new investments, as the industry struggled with shrinking demand.

Adding to the sector's woes is Pakistan's ongoing energy crisis, which has severely affected the overall production capacity of the garment industry. High energy costs, coupled with frequent power shortages, have made it increasingly difficult for garment manufacturers to maintain competitiveness. Energy expenses form a substantial part of the overall production cost, and with rising electricity and fuel prices, profit margins have been squeezed. The unreliability of energy supply has also disrupted operations, leading to reduced output and delays in meeting international orders, which further impacts the sector's ability to compete on the global stage.

Despite these challenges, the devaluation of the Pakistani rupee has somewhat benefited the labor-intensive garment industry. Lower wages and production costs due to currency depreciation have made Pakistan's garment exports more attractive to international buyers, helping the sector maintain some level of competitiveness.

To fully capitalize on the potential of the global garments market, Pakistan must address multiple pressing issues, including the energy crisis, high production costs, political instability, and declining investment. Improving the energy supply, modernizing infrastructure, and stabilizing the political environment will be critical in ensuring that Pakistan's readymade garment sector can thrive in the competitive global market and make the most of the opportunities it currently overlooks.

Knitwear

The Knitwear (Hosiery) industry plays a pivotal role in the value addition of Pakistan's textile sector, contributing significantly to both employment and exports. Currently, the industry directly employs more than 20,000 workers, underlining its importance in providing jobs within the country. However, in FY 2023-24, Pakistan's knitwear exports saw a slight year-on-year decline of 0.7%, dropping to USD 4.4 billion from USD 4.43 billion in the previous fiscal year.

In an effort to promote the value-added textile sector, the previous government introduced various measures, such as reducing duties on raw material imports and rationalizing tariffs. These initiatives were aimed at boosting exports and enhancing competitiveness in international markets. As a result, the knitwear industry saw growth, driven by advancements in knitting techniques and the adoption of new manmade fibers. Additionally, the increasing versatility of knitted fabrics played a key role in this expansion. The rise in consumer demand for wrinkle-resistant, stretchable, and snug-fitted garments, particularly in sportswear and casual wear, further fueled this growth.

Despite these gains, the knitwear industry is currently facing a range of challenges that threaten its sustainability and competitiveness. Reduced global demand, due to the economic slowdown, has hit exports hard. Domestically, the industry is grappling with escalating gas prices, which have significantly increased production costs. The removal of concessions on gas tariffs has added to the financial strain, further diminishing the profitability of this energy-dependent sector.

Political instability within Pakistan has compounded these challenges, disrupting economic activity and creating uncertainty for businesses. The combination of these factors has made it difficult for the knitwear industry to maintain its export volumes and growth trajectory. Excessive production costs, driven by high energy prices and operational inefficiencies, have placed a heavy burden on export-oriented industries, pushing the knitwear sector towards unsustainable levels of production.

For Pakistan's knitwear industry to regain its footing, it is essential to address these critical issues. Stabilizing energy costs, restoring gas tariff concessions, and ensuring political stability will be key to maintaining the industry's competitiveness. Without these structural changes, the sector risks losing its edge in the global market, ultimately impacting the broader textile industry and Pakistan's economy.

Bedwear

The bedwear industry is a significant contributor to Pakistan's overall industrial output, with a special emphasis on its textile sector. Over the years, it has emerged as a key export segment, supporting the country's economic growth through its valuable contribution to foreign exchange earnings. In fiscal year (FY) 2023-24, the bedwear sector exhibited notable growth, primarily driven by its competitive pricing and the global demand for quality textiles from Pakistan.

During FY 2023-24, the exports of bedwear products from Pakistan recorded a healthy 4.1% increase, rising from USD 2.69 billion in FY 2023 to USD 2.8 billion in FY 2024. This increase reflects the sustained international demand for Pakistan's bedwear, despite a challenging global economic environment marked by inflationary pressures and increasing competition from other textile-exporting countries.

The key markets for Pakistan's bedwear exports include a diverse set of countries, particularly in Europe and North America. In FY 2023-24, the following countries emerged as the primary destinations for Pakistan's bedwear products: United States of America (USA), United Kingdom (UK), Germany, Netherlands, Italy, Spain, France and Belgium

These countries represent some of the largest importers of textiles globally, and their demand for Pakistani bedwear highlights the strong international reputation the country's textile industry has built. European nations, in particular, have been key buyers, with their focus on quality and affordable products aligning with what Pakistani manufacturers offer.

The bedwear industry's primary competitive advantage lies in its low-cost production model. Pakistan's textile manufacturers benefit from a combination of factors that allow them to maintain competitive pricing:

Low labor costs: The availability of a large, skilled workforce at relatively low wages enables Pakistan to produce textiles at a lower cost than many of its competitors.

Local raw materials: Pakistan's abundance of locally grown cotton reduces dependency on imported materials, further lowering production costs.

Economies of scale: The country's established textile infrastructure enables large-scale production, which translates into cost savings.

These factors enable Pakistani bedwear manufacturers to offer competitive prices to international buyers, making their products attractive in price-sensitive markets.

While low cost remains the bedrock of Pakistan's competitiveness, the bedwear industry must adapt to global trends and challenges in order to sustain growth. Key areas of focus for the future include:

Innovation and Differentiation: Beyond pricing, the global market is increasingly demanding innovative products, including premium bedwear with value-added features such as eco-friendly materials, unique designs, and enhanced durability.

Sustainability: With rising consumer awareness of environmental issues, adopting sustainable practices in production, such as using organic materials and reducing water and energy consumption, can position Pakistan as a responsible producer.

Quality Control: Maintaining consistent quality standards is critical to ensuring long-term relationships with global buyers, especially in high-value markets like the USA and the EU.

Pakistan's bedwear industry continues to play a pivotal role in the country's export sector, with a robust growth rate of 4.1% in FY 2023-24. The industry's key export markets, including the USA, UK, Germany, and several European countries, underscore the global demand for its products. However, to maintain its competitive edge, the industry will need to diversify its offerings, focus on sustainability, and continue to ensure quality, as these factors will play an increasingly important role in the international textile landscape.

Cotton Yarn

The export of cotton yarn from Pakistan saw a significant growth of 13.2% during the fiscal year (FY) 2023-24, reaching a total of USD 956 million, compared to USD 844 million in FY 2023. This increase highlights the growing international demand for Pakistan's cotton yarn, a critical raw material for textile production globally. One key factor driving this growth has been the sufficient availability of cotton yarn within the country, which has enabled the domestic value-added sector to fulfill export demands without shortages. An important catalyst for this export rise has been the China-Pakistan Free Trade Agreement (CPFTA) Phase-II, implemented since 2020. This agreement has facilitated increased cotton yarn exports to China, Pakistan's largest trading partner in this sector. Aside from China, Pakistan's cotton yarn has also found demand in other international markets, with exports being directed to countries like Bangladesh, Portugal, Japan, Italy, USA, and Turkey. These nations rely on Pakistan's quality yarn for their own textile industries, cementing Pakistan's position as a key global supplier. The steady growth in cotton yarn exports reflects Pakistan's strong agricultural base and its critical role in the global textile supply chain.

Textile Madeups- Towels

In the global made-ups sector, towels are a significant subsector, ranking second only to bedwear in terms of both production and exports. Pakistan stands out as a key player in this market, having been ranked as the third-largest exporter of towels in 2023. The country has shown consistent growth in this industry, with a notable 5.6% increase in towel exports during the fiscal year 2023-24, bringing the total value of exports to USD 1.05 billion, compared to USD 1 billion in the previous year. This growth reflects the competitiveness and strength of Pakistan's towel manufacturing sector on the global stage.

Pakistan's towel industry is known for producing a wide variety of towel products, ranging from basic to luxury items, catering to different consumer needs. The product range includes hand towels, bath towels, face towels, kitchen towels, and washcloths, each available in a diverse assortment of patterns, designs, and eye-catching colors. The towels are manufactured using high-quality cotton and are designed to meet international standards in terms of softness, durability, and absorbency. This wide product range, along with innovative designs and color schemes, has helped Pakistan's towel industry maintain its competitive edge in the global market.

Beyond traditional towel products, Pakistani manufacturers also produce a comprehensive array of allied terry items. These include terry bar mops, terry bathrobes, terry face towels, terry washcloths, shop towels, terry gloves, terry pillow covers, terry coverlets, and other terry-based made-ups as per buyer specifications. This versatility in production allows Pakistan to cater to a broad range of global buyers, offering both standard and customized products based on specific requirements.

China has maintained its dominance in the global towel market since 2001, followed closely by other major players. The top five towel-exporting countries—China, India, Pakistan, Turkey, and Vietnam—together account for around 80% of the total market share, with each country leveraging its own production advantages. Despite China's leading position, Pakistan’s competitive pricing, high-quality cotton, and strong manufacturing base have allowed it to secure a significant position in this highly competitive sector.

The main export destinations for Pakistani towels include major developed economies such as the USA, UK, the Netherlands, Italy, Spain, France, and Germany. These countries represent some of the largest consumer markets for home textiles, with a strong demand for high-quality, durable towels. Pakistani towel manufacturers have established long-term relationships with buyers in these regions, consistently meeting the quality, design, and production requirements of international customers. This has helped maintain Pakistan’s strong export performance in the towel sector, contributing significantly to the country’s overall textile export revenue.

Cotton Clothes and Raw Cotton

In the fiscal year 2023-24, Pakistan’s cotton cloth exports saw a decline of 7.7%, dropping to USD 1.86 billion compared to USD 2.02 billion in FY 2022-23. This decrease in textile export performance led to a reduction in cotton usage, which is projected to be 9.5 million bales for the year. Despite this downturn, raw cotton exports surged by an impressive 316% over the same period. As the world’s fifth-largest cotton producer and the third-largest cotton spinner in Asia (after China and India), cotton remains Pakistan’s largest industrial sector and a vital part of its economy. Cotton cultivation provides a livelihood to thousands of farmers, making it essential for economic stability.

However, the industry loses 10-15% of its value annually—around USD 350 million—due to inefficient production, transportation, and storage practices. Sustainable production and quality improvements are critical for increasing revenue, but issues such as pesticide misuse, improper application of chemical fertilizers, water mismanagement, and gaps in knowledge and skills negatively affect productivity and quality. Addressing these problems through better farming practices and adoption of standards like the Better Cotton Standard System and Good Agricultural Practices (GAP) is crucial for both environmental conservation and the production of higher-quality cotton.

In 2023-24, the Pakistan Cotton Ginners Association (PCGA) reported a production of 8.397 million bales, marking a 71% increase compared to the previous year. However, the output still fell short by 3.873 million bales (32%) of the target set for the year. Sindh produced 4.115 million bales, slightly surpassing its target, while Punjab’s production was lower at 4.282 million bales due to adverse weather conditions and pest infestations like the whitefly. District-wise, Sanghar in Sindh reported the highest production at 1.695 million bales, whereas Pakpattan in Punjab had the lowest at 5,240 bales. Textile mills purchased 8.043 million bales, while exporters acquired 2.93 million bales.

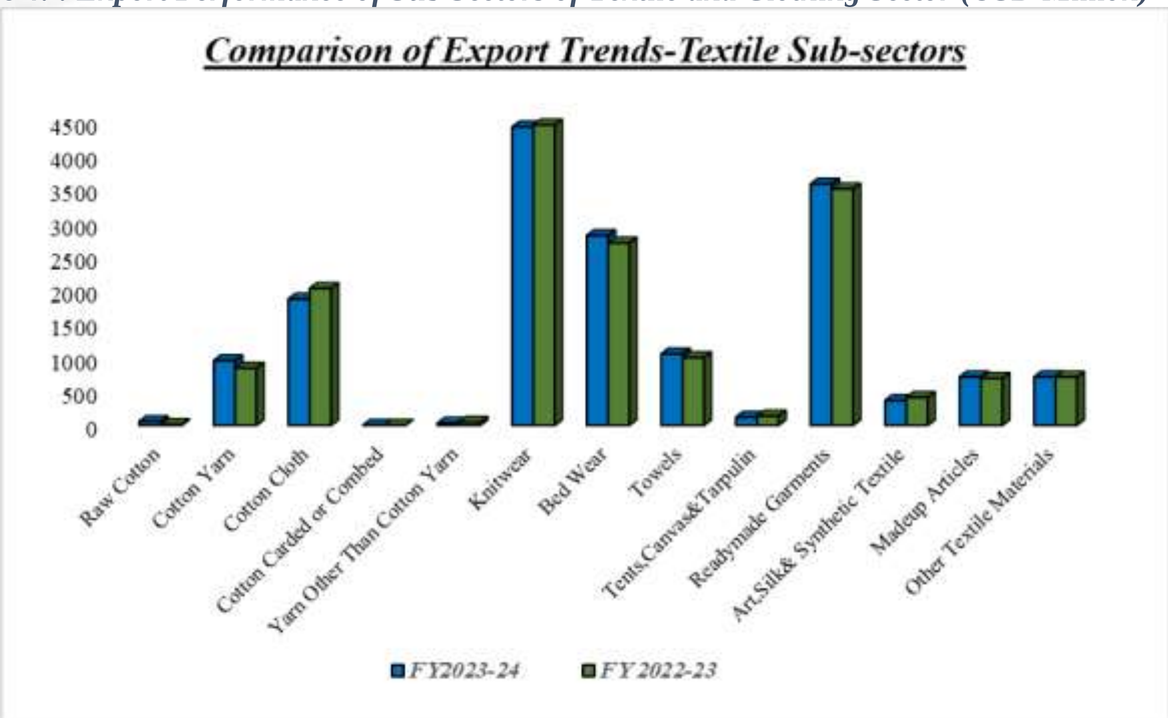
Looking forward, cotton production in 2024-25 is forecasted to decline by nearly 4%, to around 6.59 million bales. This anticipated drop is based on average yields from the past five years, excluding the flood-affected 2022-23 season. Factors such as competition from other crops like corn and rice, adverse weather conditions, and high energy costs continue to challenge the sector. The removal of energy subsidies due to budget constraints has further strained the industry, with factories and mills resorting to informal trade to mitigate rising costs. Additionally, cotton imports are expected to increase slightly in 2024-25 to meet domestic demand, as the textile sector aims to increase exports despite economic pressures, including hyperinflation, global economic slowdowns, and the impact of the Ukraine war.

The Pakistani government has been urged by the textile industry to address these challenges. A roadmap has been proposed, focusing on reducing energy costs, expanding production, and diversifying textile products. While subsidies for fertilizers and other inputs remain in place to support cotton producers, high energy costs and financial constraints will likely continue to impede the sector's growth into 2024-25. Exporters, in particular, face difficulties due to the global economic slowdown and rising costs of doing business, which threaten their ability to meet financial obligations and sustain operations.

Synthetic and Artificial Silk Yarn

Pakistan exported worth of USD 367 million of Art, Silk and Synthetic Textiles in FY 2023-24 showed an decrease of 10.9% during the reported period. Pakistan was an importing country of silk Cloth & manufacturing at the time of independence. Only few looms were working at the time of independence. Art Silk production was limited due to shortage of raw material and higher prices. Now, Art silk and Synthetic Weaving industry has shown improvement and developed on cottage based power looms units. Now, Pakistan has become an exporter of Art Silk and Synthetic Textiles. However, the import of synthetic and artificial silk yarn stood USD 605 million at this year as against USD 583 million last year, showing a slight increase of 3.8%. Art silk & synthetic textile weaving industry in Pakistan is facing several challenges, which are needed to overcome for further development. The synthetic fiber industry is facing stiff competition, as raw material prices are rising continuously. A price hike in polyester fiber cost caused by the rise of international petroleum prices that forced the Textile mills in Pakistan to consume more cotton. Our country has the most advanced spinning and weaving mills operating on modern technology and is taking benefit of worldwide recognized technological advantage in basic textiles. However, we are unable to exploit true potential as World demand has been shifting to man-made fibre. Exports of major sub sector, including value-added textiles, posted double-digit growth in during FY 2023-24 as compared to same period last year. Decline in exports of value-added sectors contributed to a decrease in overall exports from the sectors. The textile products exported by Pakistan account for around only 2% of world's exports.

Figure 4: : Export Performance of Sub Sectors of Textile and Clothing Sector (USD Million)



Source:PBS

2.5 AGRO-FOODS GROUP

During FY 2023-24, Pakistan's agricultural sector demonstrated significant progress, recording an impressive 46.8% increase in export value. The export value surged from USD 5.02 billion to USD 7.36 billion, indicating strong growth compared to the previous fiscal year. This growth underscores the critical role that agriculture plays in Pakistan’s semi-industrialized economy, where the sector remains highly integrated and well-developed.

Pakistan’s agriculture sector covers 79.6 million hectares of land, of which 22.1 million hectares are cultivated. The remaining land comprisesforests, rangelands, and uncultivable areas. The country boasts the world’s largest irrigation system, irrigating nearly 80 percent of the cultivated area. Pakistan is among the world’s top ten producers of key crops such as Wheat, Cotton, Sugarcane, Mango, Dates, Kinnow Oranges, and ranks 10th in Rice production.

Agriculture contributes 24 percent of Pakistan’s GDP and provides 37.4 percent of employment, showcasing its importance to the economy. The sector's predominance means that agricultural growth is vital for overall economic progress, employment generation, and poverty alleviation. Agriculture's linkages with other economic sectors further reinforce its central role in Pakistan's development.

The agriculture sector recorded a robust growth rate of 6.25 percent during FY 2023-24. Key factors contributing to this growth include promising crop production during the Kharif season of 2023. Rice exports exhibited steady growth, while cotton imports decreased significantly due to better domestic production.

Crop growth saw an overall increase of 11.03 percent, with important crops showing a remarkable surge of 16.82 percent, signaling a strong recovery and substantial production increases compared to the previous year. Other crops grew at a modest rate of 0.90 percent, reflecting stability in production but contributing less to the overall growth.

Fruit production increased by 8.40 percent, vegetables by 5.77 percent, and pulses by 1.45 percent, reflecting positive trends across a range of agricultural products. Cotton ginning registered a significant 47.23 percent increase, indicating a dramatic recovery from prior declines and greatly bolstering the crop sub-sector.

The livestock sub-sector continued to grow steadily, registering a 3.89 percent increase, slightly above the growth rate observed in the previous fiscal year. This consistent growth demonstrates stable and sustained livestock production, a crucial component of the agriculture sector.

Fishing, while a smaller part of the agriculture sector, also experienced modest growth, increasing by 0.81 percent. This marked a slight improvement over the previous year and points to stability in the fisheries sub-sector.

Forestry growth decelerated to 3.05 percent during FY 2023-24, a notable decline from the 16.63 percent peak recorded in the previous year. Despite this slowdown, forestry still made a valuable contribution to overall agricultural growth, though its performance remains vulnerable to factors such as deforestation, climate change, and land use pressures.

The contribution of important crops to agriculture's value addition was substantial, accounting for 20.67 percent of agricultural value added and 4.97 percent of GDP. Other crops contributed 13.51 percent to agriculture's value added and 3.25 percent to GDP. The sector’s performance highlights its critical role in supporting economic growth and sustaining rural livelihoods.

The growth seen in the agricultural sector during FY 2023-24 can be attributed to several government-led initiatives aimed at supporting farmers and improving yields. The provision of credit helped farmers access the necessary resources to invest in better farming practices and inputs. The use of certified seeds and fertilizers contributed significantly to higher crop yields. Enhanced on-farm management techniques also played a pivotal role in achieving better results for crop production. The government has prioritized mechanizing farming techniques and ensuring food security by providing targeted subsidies and support prices where needed.

The Special Investment Facilitation Council (SIFC) has placed agriculture at the forefront of its efforts to strengthen Pakistan's economic backbone, further emphasizing the sector's strategic importance.

Despite the positive developments, Pakistan's agriculture sector faces ongoing challenges, including changing climate patterns and natural disasters. These factors present risks to the sector's long-term growth and productivity. The need for mitigation and adaptation measures to address climate-related threats remains critical.

Looking ahead, sustaining growth in the agriculture sector will depend on the government's agricultural policies, particularly those that enhance self-reliance among farmers, improve yield through technological advancements, and ensure food security for the nation.

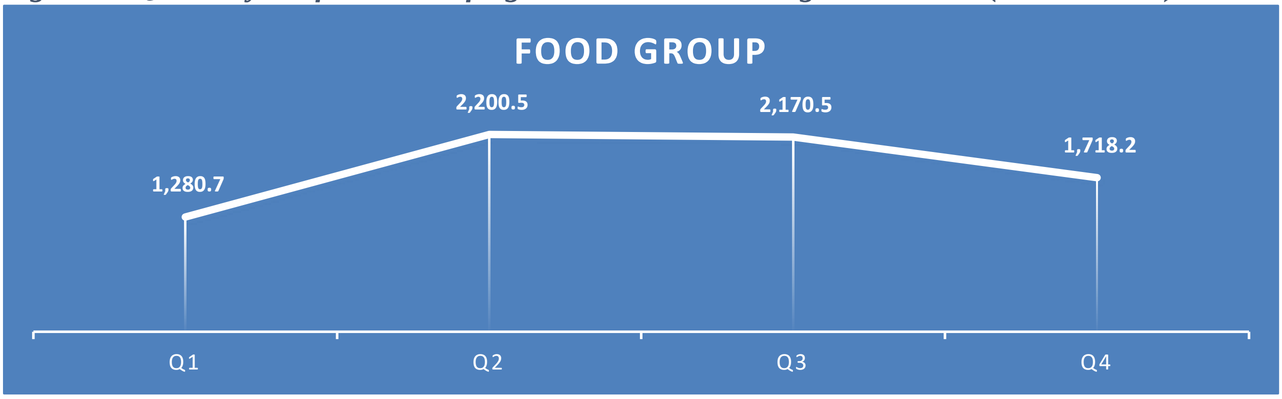
In conclusion, Pakistan's agriculture sector experienced strong growth during FY 2023-24, driven by significant increases in crop production and export performance. This growth reflects the sector's importance to the economy and its potential to drive future economic development. However, sustaining this momentum will require continued government support, investment in modernization, and proactive measures to address the looming challenges posed by climate change.

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

YOY FY 2024 V/S FY 2023			
Sectors	**July-June FY2023-24**	**July-June FY 2022-23**	**% Change**
Food Group	7,369.9	5,021.3	46.8%
Rice	3,931.8	2,149.2	82.9%
A) Basmati	877.1	650.5	34.8%
B) Others	3,054.7	1,498.7	103.8%
Fish & Fish Preparations	410.3	496.6	-17.4%
Fruits	343.5	283.2	21.3%
Vegetables	430.1	300.3	43.2%
Leguminous Vegetables	0.2	0.0	383.9%
Tobacco	64.5	63.9	0.8%
Wheat	0.0	0.0	0%
Spices	109.5	93.7	16.8%
Oil Seeds, Nuts And Kernals	410.1	188.8	117.2%
Sugar	21.1	104.5	-79.8%
Meat And Meat Preparations	511.7	425.6	20.2%
All Other Food Items	1,137.2	915.3	24.2%
			Source:PBS

The rise in Pakistan's food sector exports is evident almost all the subcategories. Rice exports increased by 82.9% and reach from USD 2.14 billion to USD 3.93 billion, fruits exports increased by 21.3%, vegetable exports increased by 43.2%, spices exports increased by 16.8%, oil seeds, nuts, and kernals exports increased by 117.2%, meat exports increased by 20.2% while all other food items scored

Figure 5: Quarterly Performance of Agro Food Sector during FY 2023-24 (USD Million)



Source: PBS

Rice

Exports of Rice (Basmati and coarse varieties) have shown tremendous increase of 82.9% during FY 2023-24 as compared to same period last year. Pakistan exported USD 3.93 billion of Rice in FY 2023-24 compared to USD 2.1 billion during the same period last year. Basmati Rice showed growth of 34.8% in this year.

According to Pakistan Bureau of Statistics, Rice exports surged from USD 2.11 billion the previous year, showing a substantial rise from the five-year average of $2.31 billion. India's export restrictions, implemented to stabilize domestic prices ahead of elections, created an opportunity for Pakistan to become the largest rice exporter this year.

This boost in rice exports significantly contributed to Pakistan's overall goods exports, which totaled USD 31.09 billion—a notable 11.5% increase from the previous year. The food sector, especially rice exports, played a crucial role in this growth.

With India's export restrictions in place, international buyers turned to Pakistan for their rice needs, leading to increased demand and higher export volumes. This surge not only benefited the agricultural sector but also positively impacted the economy by bringing in more foreign exchange.

The strong performance in the rice export market underscores Pakistan's potential to compete globally and highlights the importance of strategic market positioning. This growth is a positive indicator for the country's economic future, showing that with the right conditions and policies, Pakistan can continue to expand its presence in international markets

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

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

Moreover, Pakistan has received the Geographical Indicator (GI) tag for its Basmati under Geographical Indications Act 2020, paving the way for creating a local registry for the strain of Rice and making a case in the international market, as the country fights a case in the EU against India's move to get Basmati rice registered as its product. Despite this achievement, Basmati Rice has shown decline during this yearHowever, it is expected that Pakistani exporters may fetch export orders in next year though effective marketing compaigns.

Fish

Fisheries as a sub-sector of agriculture plays significant role in the economy and towards food security of the country as it reduces pressure on demand for mutton, beef, and poultry. Pakistan's major fish & fish preparations buyers are China, Thailand, Malaysia, Middle East, Sri Lanka, and Japan etc. During FY2023-24, a total of 200,709 MT (US$ 410 million) of fish & fish preparations were exported compared to (US$ 496 million) during same period last year showing a decline of -17 percent in value terms. The resumption of exports to the EU countries, different consignments of finfish and shellfish have been sent by Pakistani companies to the EU, which successfully cleared after 100 percent laboratory analysis at EU borders. Further, a number of initiatives are being taken by federal and provincial fisheries departments which include, inter alia, strengthening of extension services.

Fisheries are a vital component of Pakistan's economy, providing essential livelihoods for coastal communities. It falls under the umbrella of agriculture plays a crucial role in the economy and food security. It serves as a valuable alternative protein source contributing to a reduction in the reliance on conventional meats (mutton, beef, and poultry).. Despite its relatively modest share of 0.31 percent in the GDP, the fisheries sector's impact extends far beyond economic figures, contributing to food security, employment, and sustainable resource management. During FY2024 (July-April), total fish production reached 720.9 thousand MT, comprising 410.9 thousand MT from marine fisheries and the rest from inland waters

Pakistan's export of fish and fisheries products has shown a steady increase in recent years, reflecting the growing demand for seafood in international markets. The main export items include fresh and frozen fish, shrimp, shellfish, and processed fish products such as fillets, canned fish, and fishmeal. Major export destinations for Pakistani fishery products include the Middle East, European Union, United States, and Southeast Asia. During FY2024 (July-March) Pakistan's major fish buyers included China, Thailand, Malaysia, and the Middle East. Sri Lanka and Japan. A total of 206.970 thousand metric tons of fish and fish preparations were exported. The export earnings for the same period were approximately US$ 534.217 million

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

Fruits and Vegetables

Pakistan's exports of Fruits and Vegetables witnessed increase of 21% and 43% during FY 2023-24.Exports of Fruits increased from USD 283 million to USD 343 million and vegetables increased from USD 300 million to USD 430 million in FY 2023-24. Pakistan exports fruit and vegetables to Afghanistan, Malaysia, Sri Lanka, UAE, Saudia Arab, Russia, UK, Kazakhstan, Uzbekistan, and etc during reported period.

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

Some of the major fruits and vegetables produce are Mangoes, Oranges, Apples, Onions, Tomatoes, Carrots, and Watermelons, among others. Out of the total production, the major contributing states for producing vegetables like Potato, Onion, and Tomatoes are Punjab, Sindh, and Baluchistan. Other vegetables like mushrooms and chillies are also produced on a larger scale for export purposes.

As an impact of global recession and climate change have severely effected the Pakistan agro sector and market suffered from few challenges related to production, supply chain, and trade movement. Farmers got hit by the poor returns varying from one-third usual or a complete loss. Pakistan as one of the leading country to export variety of its fruit worldwide.

Construction activities remained in progress on both mega projects of national importance, that is, DiamerBasha Dam and Mohmand Dam projects. Owing to the dwindling water supplies in the country, both the dams are backbone of the agricultural economy of Pakistan. On completion, these dams will greatly mitigate water shortages by additional storage of 7.076 MAF and power shortages by adding 5,300 MW in the national grid.

To promote Pakistan's soft image across the world in order to tap more avenues and in this regard mango diplomacy was done by TDAP. As South Asian countries like India, Pakistan and Bangladesh have been using this delicious fruit as a way to smoothen political relations by taking part in "mango diplomacy. For the uninitiated, mango diplomacy is a term coined for when the famed fruits are used as a gesture of friendship and goodwill and presented as gifts by national or political leaders to each other. Other than Mangos; Pakistan (GilgitBaltistan) produces approximately 5,000 metric tonnes of cherries per season. As local consumption is limited, growers primarily rely on exporting the fruit. Given the perishable nature of cherries, Pakistan has been seeking nearby destinations for export, with China being the most viable option due to its close proximity and growing demand for the fruit. TDAP facilitated Cherries exporters of Gilgit to promote exports to China. The availability of Pakistani cherries is expected to diversify the market and cater to China's growing appetite for this fruit.

Dates

Pakistan is the 7th largest date producing country of the world with an annual production of 0.5 million tons. It is also ranked among the ten top date exporting country. The main producing clusters are in Khairpur, Sindh and Turbat in Baluchistan. The dates produced in Sindh are of Aseel, Fasli, Bhedir, Kupro varieties. Whereas in Baluchistan Mozawati, Begum Jangi, Kaharba and Sabzo are the predominant verities. In KPK Dhakki and Mazawati are cultivated. Aseel is considered the king of all the dates produced in Pakistan. It has a sweet taste and a delectable texture with a nice shiny surface. Good quality Aseel is traded as the fresh table date in local and international market. Pakistan is also the biggest exporter of dry dates to many countries of the world. Hundreds of small scale industries exists in the producing areas to convert the fresh harvest to dry dates. Dates from Pakistan are exported to 30 countries. The major exports are to United Kingdom, United Arab Emirates, Germany, Turkey, USA, Australia and Bangladesh. Several value added products are produced from dates viz; syrup, powder, sweets, energy bars, biscuits etc.

Pakistan is a major producer of the fruit, with annual production estimated at around 500,000 metric tons. Pakistan cultivates most of its dates in Balochistan and Sindh provinces. The lack of post-harvest storage and drying facilities are major reasons for limited exports.

Total Dates exports of Pakistan were US$ 46 million during 2023. Major export destinations for the product are UAE, Germany, UK, Turkey, Australia and Canada . Fresh Dates exports of Pakistan were US$ 9.2Million. Dry Dates exports of Pakistan were US$ 26 Millionduring FY2022.

Benefitting from favourable and diversified agroecological conditions, Pakistan is one of the top producers of F&V globally, in particular producing large quantities of potatoes, citrus, onions, dates and mangoes. • Pakistan's horticultural production base is highly fragmented, with approximately 85 % of the orchards in Pakistan having an area of less than 12.5 acres.

The horticultural sector plays a major socioeconomic role in Pakistan, in particular for women's economic empowerment. •The emphasis is currently on catering to the domestic market. While Pakistan is a major producer of horticultural products, its tremendous export potential remains largely untapped. The sector's structure, the characteristics and varieties of the F&V grown locally, and the way in which F&V are being cultivated, aggregated and transported have a huge bearing on the sector's trade performance and have a tremendous impact on its competitiveness.

Meat

Pakistan exported worth of USD 511 million of Meat and Meat preparations in FY 2023-24. The sector registered growth of 20% in the reported period as compared to last year. Global meat industry is worth of USD 164 billion.

TDAP in collaboration with the Pakistan Mission in Tashkent, Uzbekistan facilitated a visit from the State Veterinary Department of Uzbekistan from June 23, 2024, to July 7, 2024. This delegation inspected 17 slaughterhouses across Karachi, Lahore, Peshawar, and Nowshera to register more facilities and meet Uzbekistan's growing demand. Previously, only five Pakistani slaughterhouses were registered for export, but market access in 2022 led to a significant increase in meat exports. This initiative is expected to further boost export volumes and solidify Pakistan's position as a key meat supplier to Uzbekistan, ensuring sustained growth and future prospects in this market.

Being the world's top-10 beef and veal producers,Pakistan has won China's approval for meat export after a private sector company established a heat treatment facility to remove virus. China is the largest producer and importer of meat in the world. Chinese authorities had imposed quarantine restrictions on Pakistan's Meat while our Prices were lowest as compared to other countries. Pakistan exported beef to Vietnam in bulk and from said country it enters into China without any restriction. Moreover, Malaysian Government has allowed third Pakistani meat exporter after approving two others last year. This shows that international acceptability and demand of Pakistani meat is gradually increasing.

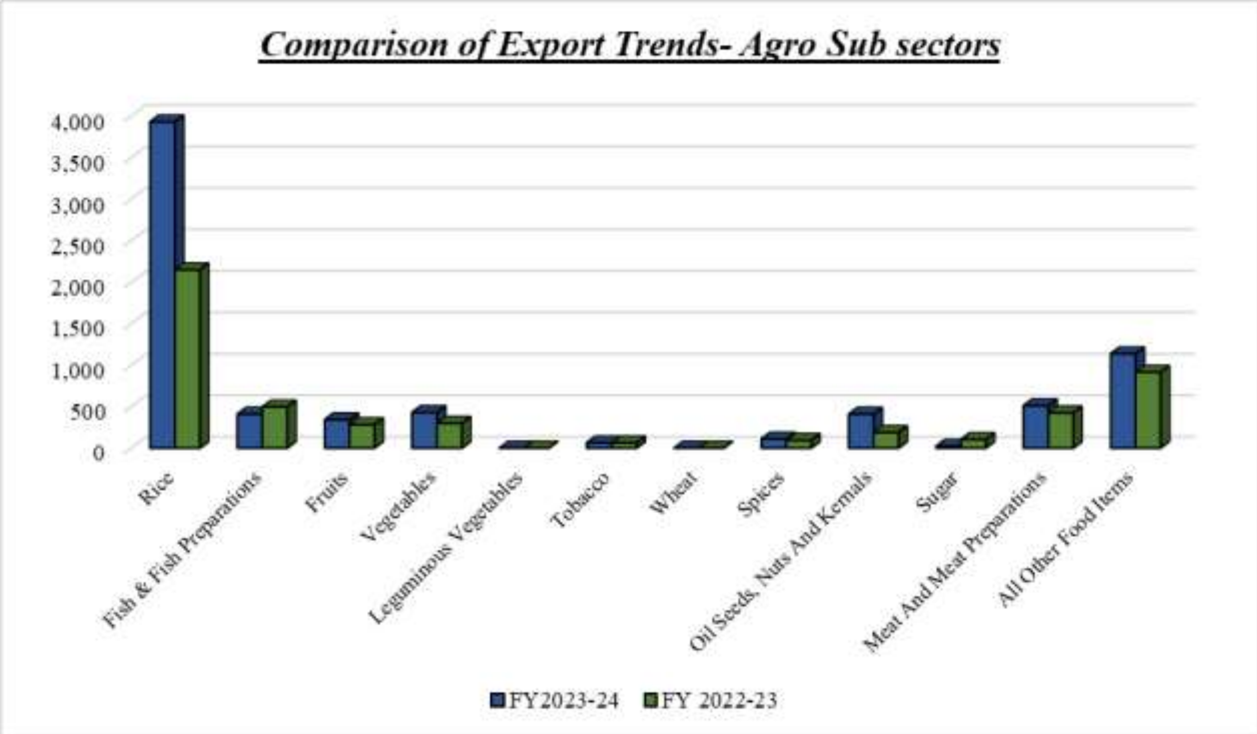
Meat export opportunities in Pakistan are expanding in response to the global market's consistently rising demand. To ensure the continued export of meat products to Saudi Arabia, two Halal Certifying Bodies and thirteen companies have been registered with the Saudi Food and Drug Authority. The Middle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

Though the 2023-24 fiscal year saw Pakistan's meat exports to the Middle East soar as high as $430.89 Million, the country has yet to harvest the sector's full potential.

Pakistan has the potential to massively enhance its meat exports with diversification into the boneless and frozen category with a particular focus on gaining access to the Chinese market. Pakistan's export-oriented meat processors have a significant opportunity to tap into the Chinese market, which is the largest importer of frozen beef. To capitalise on this thriving market, Pakistani meat processors need to diversify into other meat segments, particularly frozen, boneless beef diversifying away from fresh carcasses is essential to gain a foothold in the Chinese market, as the China-Pakistan Free Trade Agreement-II (CPFTA-II) does not grant concessions for fresh or chilled bovine carcasses, which are subject to a prohibitive 20% tariff. Pakistani bovine meat processors enjoy duty-free access to all other market segments, including frozen bovine meat products, fresh boneless meat, and fresh bovine cuts with bone in. This provides Pakistan with a significant advantage over other major beef exporters. the need to shift towards the frozen beef market segment is also crucial to expand to other major markets in Asia, including Malaysia, Indonesia, and Vietnam, where similar consumption patterns are observed. Meat exports from Pakistan are largely concentrated in the fresh or chilled market segment, specifically in the carcasses and half carcasses category, with most exports going to Gulf Cooperation Council (GCC) countries. the industry presents an opportunity for growth, but is currently hindered by a lack of traceability of cattle stock, the presence of foot and mouth diseases (FMD), outdated methods and technologies used in aggregating, transporting, and slaughtering animals, and the lack of capacity to produce frozen de-boned beef cuts for international markets. the three largest meat exporting countries, including Australia, Brazil, and India, export frozen beef, which is considered lower quality and cheaper, but has a longer shelf life and can be transported by sea to far markets, improving marketability and providing better returns. To compete in the international market for frozen beef, Pakistan must comply with the quality and phytosanitary standards of importing countries. Pakistan currently limits access to most global markets, but the government is undertaking vaccination programs and making an animal quarantine zone in Cholistan to address the issue.

Pakistan is gearing up to export boiled meat to the Chinese market, Three processing plants, namely Fauji, Tata and Green, set up in Karachi have already been approved by the concerned authorities of China. These plants have good reputation and capacity.

Figure 6:Export Performance of Sub Sectors of Agro Food Sector(USD Million)



Comparison of Export Trends- Agro Sub sectors
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Rice
Fish & Fish Preparations
Fruits
Vegetables
Leguminous Vegetables
Tobacco
Wheat
Spices
Oil Seeds, Nuts And Kernals
Sugar
Meat And Meat Preparations
All Other Food Items
FY2023-24
FY 2022-23

Source:PBS

2.6 OTHER MANUFACTURING GROUP EXPORTS

The manufacturing sector in Pakistan plays a crucial role in transforming raw materials into finished goods, repairing and installing industrial equipment, and engaging in subcontracting operations for other industries. It is an essential pillar of the country's economy, significantly contributing to national growth and providing forward and backward linkages with other economic sectors. As the third largest sector in the country after textile and agriculture, manufacturing consistently contributes 13-16% of Pakistan's Gross Domestic Product (GDP). Moreover, the sector employs 16% of the labor force, indicating its vital role in job creation and economic sustainability.

In the fiscal year 2023-24 (July-June), Pakistan's Large Scale Manufacturing Industries (LSMI) saw a modest growth of 0.92%. This growth, while small, represents a recovery from previous years of negative performance in several industries. The Quantum Index of Manufacturing (QIM) for this fiscal year was recorded at 115.83, which reflects the combined output across various large-scale industries.

Several industries contributed to the overall growth of 0.92% in the LSM sector; Food industry contributed 0.30% to the overall growth, with production increasing by 1.73%. Garments (Wearing Apparel) added 1.19% to growth, with production rising 8.24%, reflecting strong demand and recovery in apparel manufacturing. Petroleum products provided a 0.63% contribution, with production increasing by 9.81%. This sector benefitted from higher global demand for fuel and lubricants. Chemicals grew by 5.26%, contributing 0.41% to the sector's overall performance. Pharmaceuticals expanded by 15.72%, offering a significant 0.80% contribution. This highlights the growing importance of pharmaceuticals in Pakistan's economy, especially post-pandemic. Furniture industry showed notable growth of 14.96%, contributing 0.37% to the LSM.

Despite some positive performances, several industries saw negative growth, indicating underlying challenges in specific sectors. Tobacco showed declined by -0.42%, with production shrinking by 23.01%. Textiles; a key sector for Pakistan, experienced a -0.93% drop, with a 5.23% reduction in production. This decline reflects broader challenges in the global textile market. Non-metallic mineral products fell by -0.36%, while production contracted by 5.31%. Iron and steel products registered a -0.22% reduction, with production dropping 4.42%. Electrical equipment declined by -0.31%, as production fell 9.47%. Automobiles faced a sharp decline of -0.62%, with production falling by 25.03%, driven by higher input costs, lack of local demand, and rising import costs.

The petroleum industry showed notable increases, driven by higher production of high-speed diesel (up 14.71% to 5.339 billion liters) and furnace oil (up 20.19% to 2.633 billion liters). In contrast, jet fuel oil production decreased by 7.90% to 799 million liters, reflecting global aviation fluctuations. Cement production declined by 4.54%, with total output falling to 39.566 million tonnes in FY 2023-24, down from 41.448 million tonnes in the previous fiscal year. This was influenced by reduced construction activity and rising costs of production.

The manufacturing sector's performance in Pakistan during FY 2023-24 was characterized by a complex mix of growth and decline. Several sectors experienced negative growth, especially automobiles and cement, which struggled due to economic uncertainties and changing government policies.

One of the key drivers behind this mixed performance is the impact of policy decisions, particularly those linked to IMF-imposed reforms. The withdrawal of subsidies and fiscal incentives has led to a steep decline in industries like automobiles and cement. The rising cost of inputs, along with increasing utility tariffs and credit constraints, has added to the difficulties faced by many large-scale manufacturing enterprises.

Despite these challenges, pockets of recovery and optimism remain, especially in sectors like food production, which benefited from improved farm output, and pharmaceuticals, which saw strong growth due to increased domestic and international demand.

The ripple effects of IMF conditionalities underscore the delicate balance between implementing necessary economic reforms and maintaining sectoral stability. The removal of subsidies, rising costs, and reduced incentives have placed pressure on many industries, but they have also created opportunities for targeted policy interventions.

With careful management, the manufacturing sector in Pakistan can recover further. Key recommendations include:

- Policy Coherence: The need for aligned, coherent policies that support both struggling and thriving sectors. By doing so, the government can create an environment conducive to investment and growth.

- Input Cost Management: Addressing rising input costs through measures such as energy subsidies or investment in alternative energy sources could relieve pressure on manufacturers.

- Sectoral Interventions: Strategic interventions to support sectors like automobiles and textiles can prevent further decline, while nurturing industries like pharmaceuticals and machinery can boost exports.

Exports from the manufacturing sector remain a vital driver of economic growth. In FY 2023-24, Pakistan exported USD 4.03 billion worth of manufactured and engineering goods, reflecting a 3.5% increase over the previous year.

Key Export Performances; Football export Rose by 7.4%. Canvas footwear witnessed remarkable growth of 110.5%. Onyx exports increased by 10%. Chemical and pharmaceutical products xpanded by 49.3% and 3.9% respectively. Transport equipment Achieved 59.8% growth. Electric machinery export rose by 21.2%. Auto parts export grew by 5.1%. Rubber tyres and tubes export increased by 55.6%. Jewelry saw a 42.8% increase. Cement exports increased by 40.4%, reflecting growing demand in international markets.

Pakistan's manufacturing sector plays a critical role in the country's economy by contributing significantly to the GDP, employment, and exports. While the sector faces challenges such as high input costs, policy shifts, and reduced subsidies, there are signs of resilience in certain industries like pharmaceuticals, machinery, and food. To fully harness the sector’s potential as an engine of growth, Pakistan needs to implement nuanced, targeted policies that address specific industry needs while fostering an enabling environment for investment and innovation.

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

YOY FY 2024 V/S FY 2023			
Sectors	**July-June Fy2023-24**	**July-June Fy2022-23**	**% Change**
Other Manufactures Group	4,032.6	3,898.0	3.5%
Carpets, Rugs & Mats	59.4	72.8	-18.4%
Sports Goods	396.4	404.8	-2.1%
A) Footballs	254.4	236.9	7.4%
B) Gloves	55.9	66.9	-16.5%
C) Others	86.0	101.0	-14.8%
Leather Tanned	137.6	167.6	-17.9%
Leather Manufactures	545.9	577.4	-5.5%
A) Leather Garments	249.2	280.8	-11.3%
B) Leather Gloves	283.2	281.3	0.7%
C) Other Leather Manufactures	13.5	15.3	-11.5%
Footwear	162.1	178.6	-9.2%
A) Leather Footwear	124.9	142.1	-12.1%
B) Canvas Footwear	2.9	1.4	110.5%
C) Other Footwear	34.3	35.1	-2.4%
Surgical Goods & Medical Instruments	444.6	447.4	-0.6%
Cutlery	57.9	61.8	-6.3%
Onyx Manufactured	4.7	4.3	10%
Chemicals and Pharm.Products	1,496.7	1,387.0	7.9%
A) Fertilizer Manufactured	-	-	-
B) Plastic Materials	400.4	268.2	49.3%
C) Pharmaceutical Products	341.0	328.2	3.9%
D) Other Chemicals	755.3	790.7	-4.5%
Engineering Goods	351.4	306.7	14.6%
A) Electric Fans	30.6	30.6	0.1%
B) Transport Equipment	26.0	16.2	59.8%
C) Other Electrical Machinery	51.0	42.1	21.2%
D) Machinery Specialized forParticular Industries	48.5	44.4	9.2%

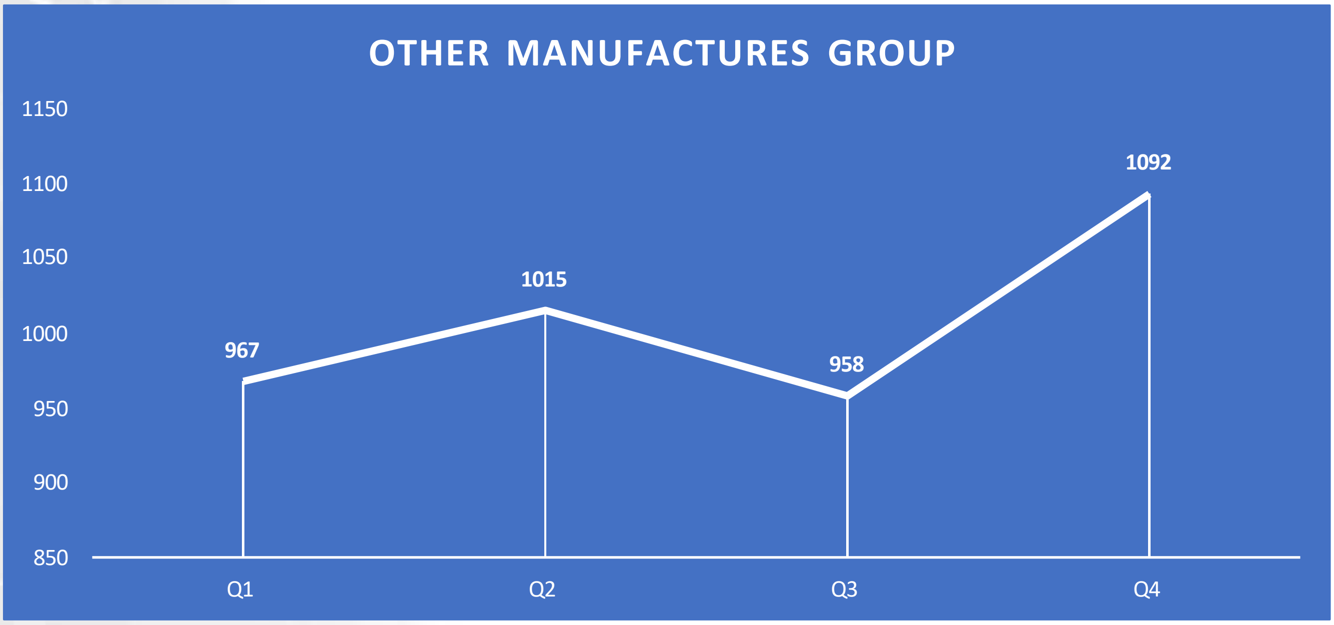
E) Auto Parts & Accessories	23.7	22.5	5.1%
F) Rubber Tyre & Tubes	88.5	56.9	55.6%
F) Other Machinery	83.2	93.9	-11.4%
Gems	6.6	7.5	-12.2%
Jewellary	11.0	7.7	42.8%
Furniture	8.0	12.5	-36.3%
Molasses	35.0	23.9	46.6%
Handicrafts	0.2	0.8	-74.7%
Cement	266.5	189.9	40.4%
Guar and Guar Products	48.7	47.3	2.8%
All Other Items	2,220.7	2,082.5	6.6%
			Source: PBS

Exports from the manufacturing sector remain a vital driver of economic growth. In FY 2023-24, Pakistan exported USD 4.03 billion worth of manufactured and engineering goods, reflecting a 3.5% increase over the previous year.

Key Export Performances; Football export Rose by 7.4%. Canvas footwear witnessed remarkable growth of 110.5%. Onyx exports increased by 10%. Chemical and pharmaceutical products xpanded by 49.3% and 3.9% respectively. Transport equipment Achieved 59.8% growth. Electric machinery export rose by 21.2%. Auto parts export grew by 5.1%. Rubber tyres and tubes export increased by 55.6%. Jewelry saw a 42.8% increase. Cement exports increased by 40.4%, reflecting growing demand in international markets.

Pakistan's manufacturing sector plays a critical role in the country's economy by contributing significantly to the GDP, employment, and exports. While the sector faces challenges such as high input costs, policy shifts, and reduced subsidies, there are signs of resilience in certain industries like pharmaceuticals, machinery, and food. To fully harness the sector’s potential as an engine of growth, Pakistan needs to implement nuanced, targeted policies that address specific industry needs while fostering an enabling environment for investment and innovation.

Figure 7: Quarterly Performance of Other Manufacturing Sector FY2023-24(USD Million)



Source: PBS

Sports Goods

The sports goods industry plays a vital role in Pakistan's economy, particularly in exports. In FY 2023-24, the share of sports goods in Pakistan's total exports was 1.3%, with footballs being the dominant export product, contributing 64% to the sector's total exports. Football manufacturing, which has a rich history in Pakistan, is central to this industry, with the country producing around 70% of the world's footballs. This includes high-quality hand-stitched footballs, which are known for their durability, performance, and competitive pricing.

Sialkot, a city with over a century of expertise in producing sports goods, has long been the center of excellence for this industry. The first recorded instance of sports goods manufacturing in Sialkot dates back to 1883, with products such as cricket bats, hockey sticks, and polo sticks being produced. Over the years, the city has become synonymous with high-quality sports goods, establishing Pakistan as a major player in the global sports goods market.

In recent years, Pakistan's sports goods industry has witnessed fluctuating trends in export performance. During FY 2022-23, the sector recorded a 10.9% increase in exports. However, in FY 2023-24, there was a 2.1% decline in export value compared to the previous year. The total export value of sports goods for FY 2023-24 was USD 396.4 million, slightly lower than the USD 404.8 million recorded in FY 2022-23.

Among the major products, footballs continued to show strong growth, with an export value of USD 254 million, reflecting a 7.4% increase in FY 2023-24. On the other hand, gloves exports decreased by 10%, with a total value of USD 55.9 million. Despite this decline, the sports goods industry, alongside the surgical goods and medical industry and engineering goods, remained one of Pakistan's top-performing export sectors in the past year.

Pakistan's sports goods industry is globally recognized, with major international brands such as Nike, Adidas, Puma, Umbro, and Decathlon sourcing products from the country. Footballs and gloves alone account for about three-quarters of all sports goods exports. To further boost the industry's growth and enhance its competitiveness, there is a need for a one-window facility to support small and medium-sized enterprises (SMEs). Such a facility would help streamline operations, improve efficiency, and unlock the potential of SMEs in the sports goods sector, ultimately leading to increased exports and employment opportunities.

Leather & Leather Manufacturers

In the fiscal year 2023-24, Pakistan's exports of leather tanned, leather manufactures, and footwear witnessed notable declines across the board. Exports of leather tanned stood at USD 137 million, marking a sharp 17.9% decline. Leather manufactures fared slightly better but still experienced a downturn of 5.5%, bringing in USD 545.9 million. Footwear exports, another crucial segment of the leather industry, recorded a decline of 12.1%, amounting to USD 124.9 million. Overall, Pakistan's leather and footwear exports reached USD 670.8 million, reflecting a reduction of USD 48.7 million compared to the previous fiscal year. This decline highlights the growing challenges within these sectors, which are essential contributors to the country's economy.

Footwear, in particular, plays a significant role in Pakistan's consumer goods industry, providing employment to a vast number of people and meeting both domestic and international market demands. The country produces a wide array of footwear, including leather shoes, sports shoes, sandals, and safety boots. Major production hubs such as Lahore, Gujranwala, and Sheikhupura account for more than half of the national output, with Karachi and Sialkot contributing the remaining capacity. In FY 2024, Pakistan exported footwear worth USD 162 million and produced 32 million pairs annually, positioning the country as the seventh-largest global consumer of footwear. The industry employs approximately one million people, with a balance between the cottage industry meeting local demand and the organized sector focused on exports. The United States, European, and Arab countries remain the main destination markets for Pakistani footwear, with China serving as the country's primary supplier of raw materials.

The tanning sector, often referred to as the "mother industry" for its critical role in supporting downstream leather-related activities like the manufacturing of garments, footwear, gloves, and leather goods, has faced significant pressure. The Pakistani tanning industry is highly dependent on imported chemicals, and ongoing economic issues have exacerbated this reliance. Rising raw material costs, energy shortages, and insufficient government support have led to the closure of many tanning units, resulting in job losses and a downturn in export figures. Pakistan's overall leather exports decreased by 7% in FY 2022-23, falling to USD 887 million from USD 953 million the previous year. This decline was driven primarily by an 18% drop in exports of other leather products and an 11% decrease in leather garment exports. Challenges such as outdated methods of collecting animal hides and skins, which result in significant wastage, also contributed to the declining export volume of tanned leather.

The lack of internationally recognized leather brands in Pakistan further hinders the industry's global competitiveness. While manufacturers benefit from export rebates and duty drawbacks, the slow processing of these claims poses an additional burden. Moreover, investment in modern technology is urgently needed to upgrade production processes and boost the sector's export capacity. Environmental concerns also emerged as a contributing factor to the decline in leather exports, with the industry recognizing the need to address environmental hazards to enhance its global market position.

Despite these challenges, there are promising developments on the horizon for Pakistan's leather industry. The signing of a memorandum of understanding between the Pakistan Tanners Association (PTA) and the China Leather Industry Association (CLIA) in September 2024 marks a significant step toward deeper cooperation between the two nations. This partnership is expected to lead to joint ventures, including the establishment of manufacturing plants, tanneries, and research and development centers in Pakistan. Additionally, the visit by the Association of Guangdong Shoe Manufacturers to explore potential investments in the Pakistani footwear industry could bring an influx of USD 5 to 8 billion in capital. These collaborations, driven by the synergy between Pakistan's high-quality leather and lower labor costs, and China's production capabilities, present a unique opportunity to revitalize Pakistan's leather and footwear sectors. Enhanced trade routes and infrastructure under the China-Pakistan Economic Corridor (CPEC) will provide Pakistani leather products with improved access to the vast Chinese market, offering further potential for growth and modernization of the industry.

Surgical Goods&Medical Instruments

The export of Surgical Goods and Medical Instruments from Pakistan reached USD 444 million in FY 2023-24, showing a slight decline of -0.6%, reflecting stagnant growth compared to the previous year. Pakistan, and particularly the city of Sialkot, holds a globally recognized position as a producer of high-quality surgical instruments. Sialkot alone accounts for 99% of the country's total production, making it the backbone of Pakistan's surgical industry and a vital supplier in the global medical market.

These instruments serve a diverse range of medical fields, covering general surgical tools, diagnostic devices, and specialized instruments used in neurology, dermatology, gynecology, ophthalmology, urology, and cardiovascular surgeries. The primary markets for these exports are the United States (US), Germany, the United Kingdom (UK), and China, with the US leading as the largest importer. In 2021, the US accounted for one-third of Pakistan's total surgical exports, according to the Small & Medium Enterprises Development Authority (SMEDA).

However, Pakistan's reliance on a limited number of export destinations has become a key challenge for the industry. Currently, approximately 80% of Pakistan's surgical instruments are exported to just 15 countries, increasing concentration risk and limiting the potential for expansion into new markets. Another significant issue is the lack of branding and marketing initiatives by Pakistani manufacturers. Most of the instruments are sold unbranded to foreign buyers, who then sell them under their own brand at a premium in international markets. This results in the end-users being unaware that the instruments are produced in Pakistan. For instance, German and American buyers ensure that quality standards are met before selling these products within their own countries or elsewhere.

Large firms in Pakistan benefit from trading with foreign manufacturers and major international buyers, who not only emphasize quality but also provide access to technical knowledge and support. In contrast, smaller firms often deal with less specialized and quality-conscious buyers and agents, making them more focused on price rather than quality. The lack of technical feedback from independent sales agents further exacerbates the quality gap for smaller firms. Larger firms, however, are more likely to gain critical insights from foreign clients and visits to international manufacturers, helping them stay competitive.

A pressing concern for the industry is the impending implementation of the Medical Devices Regulation (MDR) in Europe, which will come into effect in 2024. Under these new regulations, all surgical instruments exported to Europe will need to comply with stricter standards on biocompatibility. This regulatory shift is expected to have a significant impact on Pakistan's exports. To mitigate this, the industry has called on the government to provide consultants for five years to assist in meeting these new regulatory standards. Furthermore, establishing a publicly-funded testing laboratory in Sialkot has been suggested as a critical step toward ensuring compliance with MDR.

The creation of a "Surgical City" in Sialkot, which would focus on boosting surgical instrument exports and addressing taxation issues, is another proposal that could bolster the industry's growth. There is tremendous potential for Pakistan to increase its export volume in this sector, and joint efforts by the government and industry associations are needed to reach an ambitious annual export target of USD 1 billion.

By expanding into new markets, improving quality standards, and addressing regulatory challenges, Pakistan can unlock significant opportunities for growth in the surgical instruments industry. Enhanced branding and marketing efforts would also play a crucial role in building a stronger presence in the global medical market.

PharmaceuticalProducts

Pakistan exported USD 341 million worth of Pharmaceutical products to the world during FY 2023-24. It witnessed a growth of 3.9% during reported period as compared to the exports of the corresponding period of last year which stood at $ 328 Mn. The pharmaceutical industry in Pakistan has witnessed a remarkable boost in exports, reaching $341 million during the fiscal year 2023-24. The surge in exports was primarily driven by the increased demand for pharmaceutical products. The volume of pharmaceutical exports experienced an outstanding rise of 44.3 per cent during the fiscal year 2023-24. Approximately 85,492 metric tons of medicines and medical devices were exported, demonstrating the industry's expanding reach.

The sector faces challenges related to maintaining a stable supply chain and reliable raw material procurement, which are key to securing lasting agreements in foreign markets. Foreign markets typically demand long-term contracts of up to seven years, creating a need for predictability in supply chains and procurement strategies.

Currently, Pakistan's pharmaceutical industry has performed well in specific markets. Countries like Uzbekistan, Nigeria, and Afghanistan are among those where pharmaceuticals rank as major export commodities..

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

Carpet

Carpets, Rugs and Mats export has decreased by 18.4% during the FY 2023-24 as compared to same period last year. The export of carpet was recorded at USD 59 million for the current year. In Pakistan, carpets are manufactured with fine wool yarn making these carpets very similar to silk carpets. The Pakistani carpets are mass-produced (in Lahore, Karachi and Rawalpind), 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 increase in production cost and other difficulties. However, sometimes issuance of policies and circulars without consultation of stakeholders leads to difficulties and complications.

Carpets have been the unique identity and heritage of Pakistan in the world. The traditional woolen hand-knotted carpet and rugs manufacturing sector uniquely positions Pakistan among the historical and globally recognized players.

There's a need for divserifaction of markets and product range in order to boost carpets and rugs exports alongside consistent policies and favorable actions by regulatory bodies.

Plastic

The exports of Plastic materials during FY 2023-24 increased by 49.3% as compared to the exports of the corresponding period of the previous year. During FY 2023-24, Plastic materials worth USD 400.4 million were exported as compared to USD 268.2 million of the same period of last year.

In term of quantity, the plastic export however increased by %, from 211 thousands metric tons to 379 thousands metric tons. Major importers of Pakistani plastic are United States of America, Afghanistan, Canada, UAE, Italy, Belgium, Spain, Bulgaria, UK, Germany, South Africa, Qatar and others.

The plastic industry of Pakistan has established with the world-class processing plants using technologies of international standard. This industry is not only meeting the domestic demand but also contributing significantly to the GDP of the country by exporting its products to various countries.

Cutlery

The exports of Cutlery decreased by 6.3% and exported worth of USD 58 million in the FY 23-24 as compared to the exports of valuing USD 62 million in the same period of the previous year. The annual demand of cutlery products in the world market is USD 80 billion. The main destination of Cutlery exports from Pakistan are; United Kingdom,United States, UAE, Netherlands, Germany, Spain, Sweden, Canada, Italy and Saudi Arabia.

The declining trend in cutlery export has been due to a rise in petroleum and diesel prices. The rise in prices of oil has further increased the input cost of the industry and made it difficult for them to survive in the international market.

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

The cutlery industry is established side by side with the surgical industry and stainless-steel utensils in Wazirabad and Sialkot using the same kind of raw material. This industry manufactures spoons, forks, knives, swords, kitchen gadgets and utensils and other stainless-steel articles. The industry occupies the domestic market space and very few items of cutlery, kitchenware and blades are imported.

The sector, whereas, has achieved reasonable export performance growth in the recent years has suffered from intense competition from China. The major impediments of the sector are low levels of productivity, inadequate technology upgrade and shortage of skilled staff. Moreover, most of the companies operate without any brands with only a couple moving to branding of their products. Furthermore, the industry in the years to come will face higher compliance requirements, especially the cutlery manufacturers, who would be required to meet standards on use of 'food grade materials'. Currently not much compliance or testing requirement exists and only a few companies adhere to ISO standards. The scale of operations is also a problem and firms find it harder to compete with competitors especially China.

The country's exports can be increased with the proper support of government to this sector. Government is planning to build a "Cutlery Art and Craft Village" in Wazirabad to boost the production of cutlery.

The cutlery export industry has a lot of potential to develop and provide jobs to millions of unemployed people and contribute a larger share to economic growth. The government should come forward to increase labour productivity through job training, skill up-gradation, dispersion of modern knowledge and sophisticated techniques. It needs to improve physical and financial infrastructure, cargo clearance, space handling, etc. It should ensure regular and low-cost supplies of power, water, gas and telecommunications to the export industries. It should sponsor trade delegations. In this context, commercial consulates should be asked to put in more sincere efforts to explore new markets. Joint ventures with foreign firms can bring benefits of transfer of technology and marketing expertise. By upgrading their machinery and certifications, the local cutlery manufacturers can boost their exports and contribute significantly to Pakistan’s economy

Cement

The exports of Cement during FY 2023-24 increased by 40.4% as compared to the exports of the corresponding period of the previous year. During FY 2023-24, cement worth USD 267 million was exported as compared to USD 190 million of the same period of last year.

In terms of quantity, exports surged by 66.85%, rising from 4,247,470 metric tons to 7,087,401 metric tons

Pakistan has been exporting clinker and cement to Bangladesh, Sri Lanka, Afghanistan, Madagascar, South Africa, Tanzania, and the USA.

Exports share for cement has grown significantly with impressive re-entry into markets such as Sri Lanka where import duties have lowered, and exploration of new markets such as the US by certain cement companies that will open doors in other countries too. Exports have also become more competitive in other traditional markets.

The Board of Directors of DG Khan Cement Company Limited has accorded approval to management to explore the opportunity to establish a wholly owned subsidiary of the company in Houston, Texas, United States of America (USA) under the proposed name of “DG CEMENT USA LLC. It is pertinent to mention here the DGKC is among the largest manufacturers of Pakistan with a production capacity of 25,000 tons cement per day (7.500 million tons/annum).

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

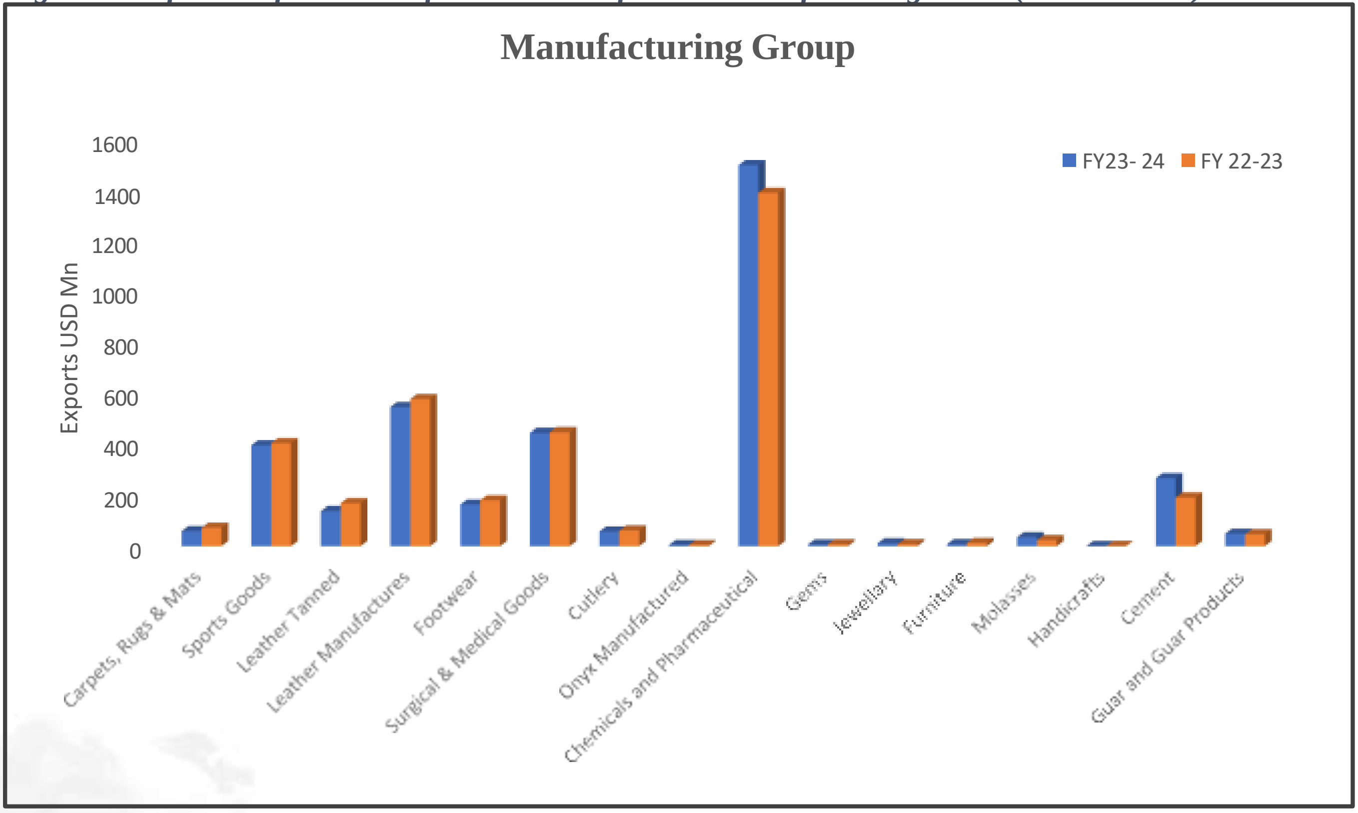
In a challenging economic landscape marked by fluctuating demand and regulatory changes, Pakistan’s cement industry is poised for a modest growth of 2.4% year-on-year in the fiscal year 2025.

Despite the price hike, industry analysts remain optimistic about the sector’s prospects. The expected growth in FY25 is anticipated to be bolstered primarily by an uptick in exports, as international demand continues to show promise. This positive outlook is further supported by robust gross margins, strong earnings, and ongoing monetary easing policies.

The cement industry, a cornerstone of Pakistan’s infrastructure development and a key indicator of economic health, is navigating through regulatory changes while capitalizing on export opportunities to sustain growth amidst domestic challenges.

Manufacturers also focusing on maintaining an Eco – friendly environment by making a significant contribution to reduce carbon footprints by using renewable energy, waste heat recovery and alternate fuels.

Figure 8:Export Performance of Sub sectors of Other Manufacturing Sector(USD Million)



Source:PBS

2.7 Engineering Goods

The export of engineering goods was USD 351.4 million with 14.6% increase during the FY 2023-24 as compared to same period last year. The major products of Engineering Goods consist of Electrical machinery USD 51 million, Industrial machinery USD 49 million and Electric Fans amounting to 31 million USD with growth pattern of 21%, 9.2 and -0.1 % respectively. Transport Equipment export recorded at 26 million USD with 59.8% growth for the FY 2023-24. Auto parts also showed an increase by 5.1%, with the exported value reported USD 24 million during FY 2024 as compared to USD 22 million of corresponding year.

Tractors

Tractor production and sales experienced unprecedented growth in FY24, signalling a major push towards modernised and efficient farming practices as Pakistan's agricultural outlook undergoes a transformative shift

in FY24, tractor production soared to 45,529 units, reflecting a substantial increase of 43.5% over FY23. Correspondingly, tractor sales witnessed a remarkable rise of 47%, reaching 45,494 units. This surge underscores the sector's expansion and the increased mechanisation efforts aimed at boosting agricultural productivity. The substantial increase in tractor production and sales indicates several significant factors driving the expansion of the agricultural sector. Mechanisation plays a critical role in enhancing productivity and efficiency, reducing manual labour, and ultimately boosting crop yields.

The rise in tractor production and sales is a positive development that reflects increased investment in agricultural technology. The mechanisation push is essential for addressing the challenges of labour shortages and improving overall farm productivity. With more tractors on the field, we can expect better crop management and higher yields, which will contribute significantly to long-term food security and economic growth.

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

The burgeoning demand in the local market has spearheaded the production of tractors in Pakistan. The tractor industry has also promoted the growth of allied industries. For example, the iron and steel sector are the major supplier of raw material to the tractor industry and its growth hinges on tractor production in Pakistan. Furthermore, tractor parts and raw material are also being exported worldwide as the allied industries are gradually finding their own feet.

In recent years, the Agricultural Tractor market has experienced substantial growth due to the expansion of the industry and the rising demand for related products and services. The market size has been increasing due to several factors, such as advancements in technology, growing consumer awareness, and the emergence of new applications for technology.

A milestone was accomplished by Millat Tractors Ltd which exported 2500 tractor units from Pakistan in May 2024. MTL has made history by being the first Pakistani tractor manufacturing company to have exported tractors, engines and components worth USD 17 million during 2023-24. This marks an unprecedented growth and a phenomenal rise of 51% compared to its last year exports. This in itself is a testament of company’s pursuit for excellence, high quality standards & remarkable performance which has culminated into worldwide trust in its products.

Exports of Millat Tractors Massey Ferguson model: MF-360 (4wd), 27 units to Madagascar. These tractors are being exported under the special trade initiative i.e. “The Madagascar Project”, which is funded by The World Bank, through MTL’s principal AGCO-USA, who is the owners and producers of the world renowned brand Massey Ferguson. This project is aimed at uplifting the Agricultural growth and farm mechanization in Madagascar through use of the world’s most affordable and top quality tractor i.e. the Millat Tractors Ltd MF models manufactured in Pakistan.

The Tractor Industry of Pakistan has evolved with the country in the last 07 decades, attaining over 90% indigenisation, developing a local vendor base of over 200 parts manufacturers.

The tractor industry is also encouraging the development of small and medium enterprises (SMEs) in the engineering sector, which produces agricultural machinery such as front loaders. These tools are considered complementary parts of the tractor and are essential for harvesting and tillage.

During the Engineering and Healthcare Show 2024, which was organized by the Ministry of Commerce and Trade Development Authority of Pakistan (TDAP), Pakistan’s tractors and agricultural machinery were displayed to attract customers. Several B2B meetings were held, indicating the interest of foreign visitors. Over the next few years, Pakistan is expected to increase its tractor exports.

Auto Parts

The exports of autoparts and accessories increased by 5.1%. The exports increased from USD 22.5 Mn in FY 23 to USD 23.7 Mn in FY 24.

Pakistan's auto industry harbors immense potential, driven by an estimated additional demand of 350,000 units every five years, courtesy of the growing young population. The symbiotic relationship between supply and demand presents promising prospects, awaiting a trigger policy to catalyse both economic recovery and the resurgence of the auto industry.

At Automechanika Frankfurt (world’s largest trade fair for the automotive service industry), 11 Pakistani companies are participating, with the Trade Development Authority of Pakistan (TDAP) showcasing a major group of Pakistani companies. This international meeting point provides a unique platform for industry, dealership trade, maintenance, and repair sectors, offering opportunities for business growth, knowledge sharing, and technological advancements.

The import reduction and export augmentation is the only solution that has been realized by our parts’ producers.Pakistan’s auto part industry is meeting this challenge very effectively to replace imported items with localization to bring the import bill down; a lot still has to be done.

The Pakistan Auto Parts Show (PAPS) 2024, organised by the Pakistan Association of Automotive Parts and Accessories Manufacturers (PAAPAM). The three-day event, running from October 25 to 27, brings together 150 exhibitors, including 44 international exhibitors, 51 PAAPAM members, 12 sponsors and 43 local exhibitors, displaying the latest advancements in the automotive parts industry under this year’s theme, ‘Industrial Pakistan’

Indus Motor Company (IMC) has achieved a historic feat by becoming the first Pakistani auto manufacturer to join the global supply chain. The company has inked a deal with Toyota Egypt to export semi-processed parts, opening new avenues for the country's automotive sector. the Government of Pakistan's "Look Africa" policy, which seeks to enhance connectivity and trade links between the two regions. However, more importantly, the deal with Toyota Egypt aligns with the Auto Industry Development and Export Policy (AIDEP) 2021-2026. AIDEP outlines the objectives for bolstering the export capabilities of the Pakistani auto industry.

AIDEP mandates that OEM contracts that restrict exports from Pakistan must be revised to permit exports to desired destinations and establish Pakistan as an export base for auto parts and vehicles. Under AIDEP, manufacturers will be required to export. The exports by the OEM have to be a ratio of their total import bill.

The automotive sector particularly saw a steep drop of 18% in passenger cars and 9% in Light Commercial Vehicles (LCVs), attributed to increased vehicle costs fueled by supply chain disruptions, currency devaluation, and higher taxes. Despite these challenges, prices began to stabilise in FY24, allowing some manufacturers to lower prices in response to a more stable currency and an oversupply issue

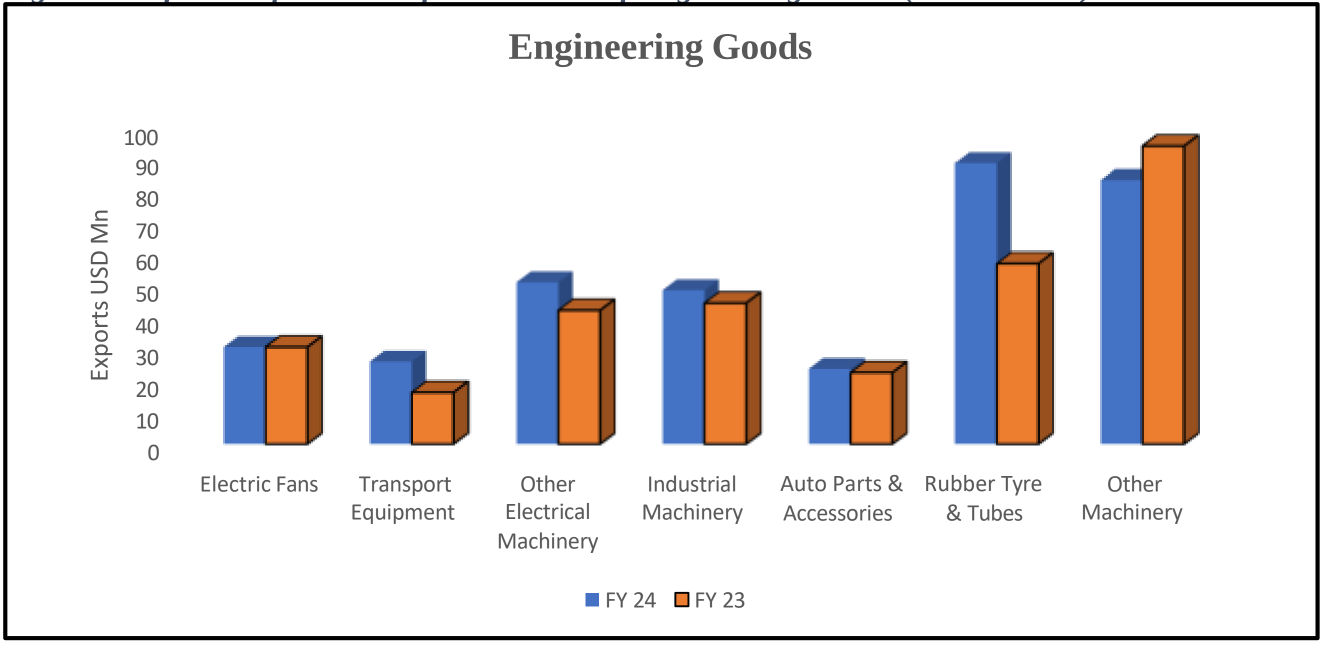
Tractor sales, in contrast, bucked the trend with a robust 47% year-over-year increase, likely spurred by heightened agricultural activity.

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 auto parts exports from Pakistan.

Pakistan desperately needs to enhance the size of its export basket by introducing non-traditional markets and commodities. Auto parts and accessories are among the commodities that have great potential for exports. The only thing is to give the initiative to harness our available resources to expand our export base. Africa, Latin America, and Central Asian Republics are potential areas for Pakistani auto products. The logistic barriers, banking issues, trust deficit, and fear of the unknown may be bridged up by creating a corporate presence in these markets.

The government should support the auto parts industry, which has great potential to earn huge foreign exchange through exports. Given a supportive environment, the automobile industry has the potential to spearhead the country's economic growth and contribute, in a major way, towards job creation and industrial investment.

Figure 9:Export Performance of Sub Sectors of Engineering Goods (USD Million)



Source: PBS

The 3rd edition of the Engineering and Healthcare Show (EHCS) 202 was organized by the Trade Development Authority of Pakistan (TDAP), in January 2024, at the Lahore Expo Centre. This annual flagship event has become a symbol of Pakistan's prowess in the engineering and healthcare sectors, bringing together global delegates, exhibitors, and industry leaders

In this edition of EHCS, 650 foreign delegates hailing from over 60 countries traversed the vibrant exhibits of 190 participating exhibitors, gaining firsthand experience of Pakistan's diverse range of engineering and healthcare products.

Participation extended beyond borders as prominent chambers including FPCCI, LCCI, and SCCI actively engaged in extensive negotiations with their counterparts. The collaborative spirit fostered during these discussions is set to create new avenues for international trade and cooperation.

This exhibition proved to be a gateway of opportunities for exporters, opening doors to expand their businesses in African, European, and Central Asian markets. As EHCS 2024 ended, TDAP reaffirmed its commitment to organizing the Engineering & Healthcare show annually, ensuring a continued platform for the promotion of business and fostering global collaborations for Pakistani exporters.

2.8 PETROLEUM GROUP & COAL EXPORTS

Petroleum and Coal group stood at USD 398 million and reported a increase of 80.4 % during FY 2023-24 as compared to same period last year.

The exports petroleum products (excl. Naptha) stood at USD 320.9 Mn, followed by petroleum crude (USD 43 Mn) and Petroleum top naptha (USD 34 Mn).

The oil production of Pakistan has increased by 1.4 percent on year-on-year basis during FY24, however gas production decreased by 4.4 percent in this period. The growth in oil production was contributed by fields such as Chak 2, Pasakhi, Takhat, Lashari Centre, Bolan East, and Bettani. The commencement of production from Mamikhel South in FY24 also contributed to the growth.

On a quarterly basis, oil production of Pakistan showcased 1.1 percent YoY growth in the fourth quarter of FY24, while gas production of Pakistan witnessed a decline of 8.8 percent on YoY in this period.

During the FY24, a total of 22 exploratory wells and 37 appraisal/development wells were spud against a target of 21 exploratory wells and 35 appraisal/development wells

FY24 was a tumultuous year for Pakistan's Oil Marketing Companies (OMCs), marked by significant declines in overall sales volumes despite sporadic periods of recovery. The total sales for FY24 fell to 15.28 million tons, an 8 percent year-on-year decrease from the previous fiscal year's 16.61 million tons.

The annual performance of the OMC sector in FY24 in terms of volumetric sales was affected by several factors. First, the slower-than-expected economic recovery post-COVID-19 and macroeconomic challenges significantly impacted fuel demand. High inflation and reduced industrial activity contributed to lower consumption of petroleum products. Second, elevated international crude prices, coupled with local currency depreciation, led to higher fuel prices domestically.

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 ton per annum. As per the forecast by an international consultant, Pakistan's demand for MS and HSD is expected to reach 33 million tons per annum (mtpa) by 2035.

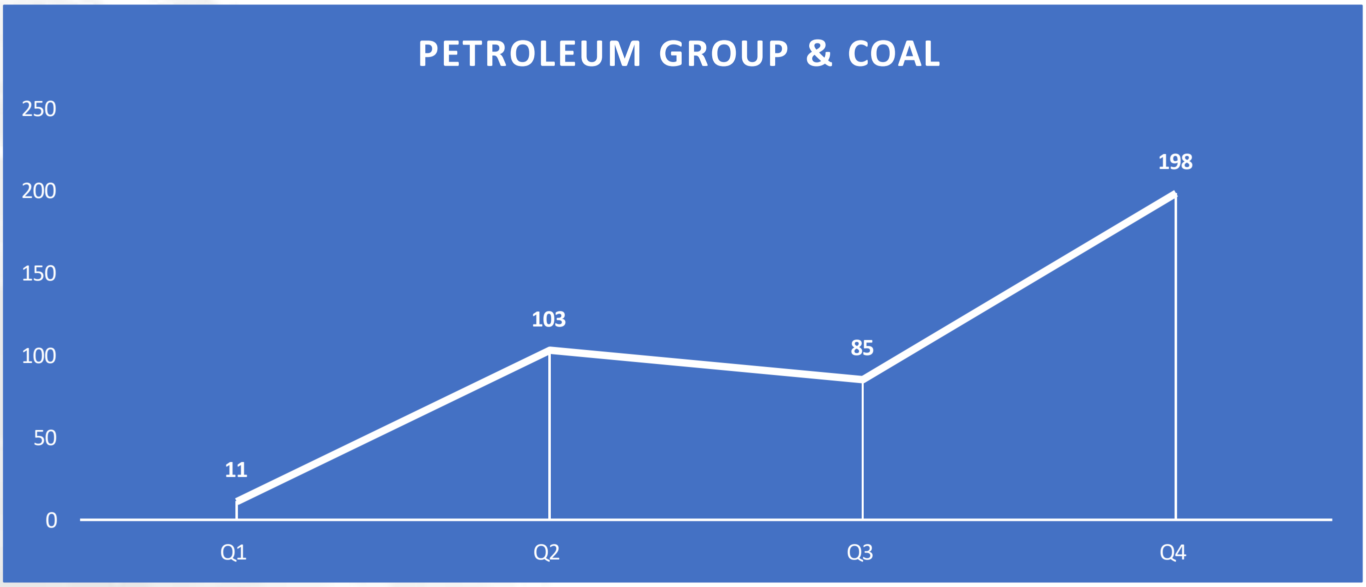
A modern refining sector will not only boost development of allied and downstream sectors of the economy, it will also lead to industrial development, which is critical for economic growth. Furthermore, the modernization also benefits the end consumer, along with all the stakeholders, as productivity is optimized and economic activity in nearby areas increases.

Figure 10: Petroleum Group exports (trade values in USD Million)

YOY FY 2024 V/S FY 2023			
Sectors	**July-June Fy2023-24**	**July-June Fy 2022-23**	**% Change**
Petroleum Group & Coal	397.7	220.5	80.4
Petroleum Crude	42.9	170.3	-74.8
Petroleum Products(Excl Top Naphta)	320.9	50.3	538.5
Petroleum Top Naphta	33.9	-	100.0
Solid Fuels (Coal)	-	0.0	-100.0

Source: PBS

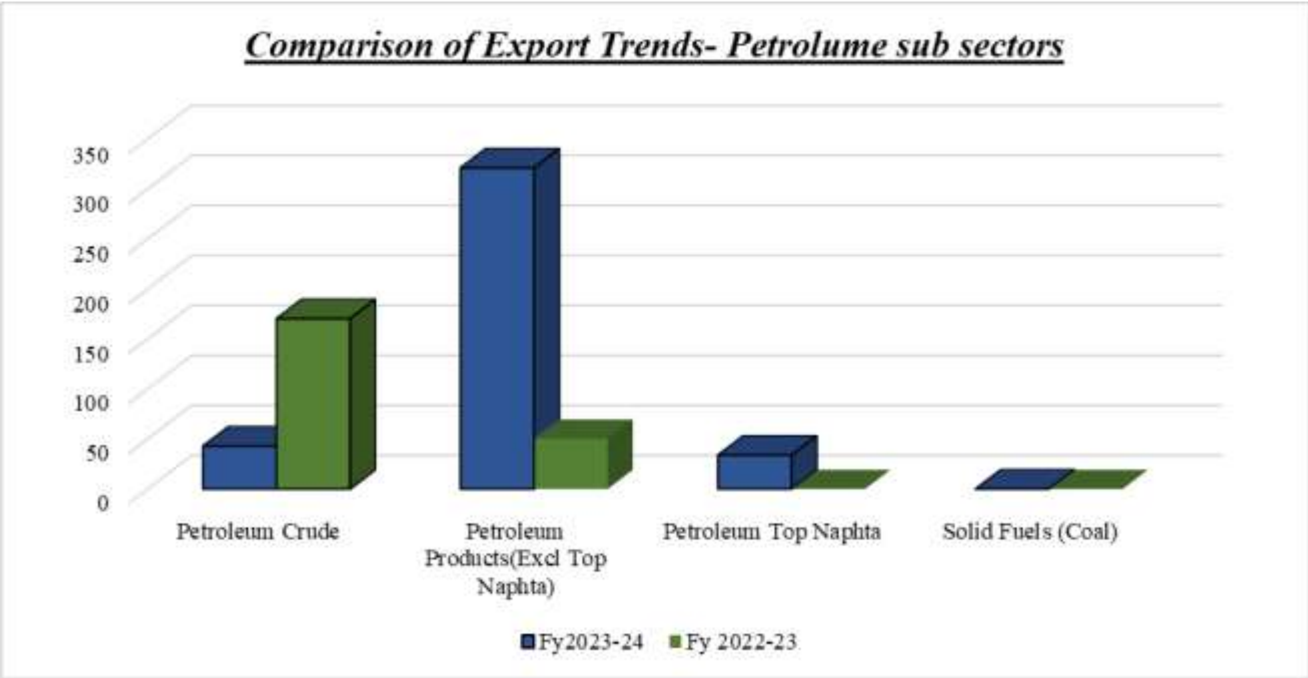
Figure 11: Quarterly Performance of Petroleum Group of Pakistan FY 2023-24 (USD Million)



Source : PBS

Petroleum crude exported during the FY 2023-24 was reported USD 42.9 million with a decline of 74.8% as compared to the valued exported USD 170.3 million during last FY 2022-23 Products(Excl Top Naphta) sector during FY 2023-24 showed an 538% increase in exports as exports stood at USD 321 million as compared to USD 50.3 million in FY 23-24 and Petroleum Top Naptha exports are recorded to be USD 33.9 showing a 100 % increase in FY 23-24 as compared to exports in FY 2022-23.

Figure 12: Export Performance of Sub-sectors of Petroleum Group FY 2024 (USD Million)


Comparison of Export Trends- Petrolume sub sectors
350
300
250
200
150
100
50
0
Petroleum Crude
Petroleum Products(Excl Top Naphta)
Petroleum Top Naphta
Solid Fuels (Coal)
Fy2023-24
Fy 2022-23

Source: PBS

SECTION - 3

3.1 PAKISTAN'S IMPORT PROFILE (GOODS)

The economic growth of Pakistan is highly dependent on its exports. This is because access to foreign exchange enables Pakistan to finance its imports, stabilise its currency devaluation, service its debts, and resolve the issue of balance of payment deficit. However, the trade imbalance that has been continuing for decades cannot be reduced without an effective import substitution strategy. Imports during FY 2024 totaled around USD 54.79 billion as against USD 55.19 billion during the corresponding period of last year showing decrease of -1%. Top import showing increasing trend of Pakistan were China, Saudi Arabia, , Japan, Iran, Oman, Malaysia, Russian Federation, Australia, Korea (South), and United Kingdom.

The continued decline in imports highlights the lack of demand and the lack of economic activities in Pakistan. Pakistan's trade deficit decreased by 12.3% in FY2024, dropping to $24.09 billion from $27.47 billion in FY23. Economists attribute the decline to sluggish economic growth and reduced activity, while the persistent export-import gap continues to strain the economy. The trade deficit's endurance has pressured the Pakistani rupee due to increased dollar outflows.

Analysts suggest that reduced deficit reflects the impact of lower domestic demand, import management measures, and lower global commodity prices.

3.2 TOP IMPORT SOURCES SHOWING INCREASE (FY2024 V/S FY2023)

Table 7: Top import sources showing increase (trade values in USD million)

Import Sources	JULY-JUNE FY 2024	JULY-JUNE FY 2023	% Change
China	14512.4	11702.4	24%
Saudi Arabia	4757.4	4189.8	14%
Japan	1136.8	1053.4	8%
Iran, Islamic Republic of	1036.8	880.5	18%
Oman	900.8	812.1	11%
Malaysia	892.9	890.1	0.3%
Russian Federation	879.7	846.1	4%
Australia	831.4	772.4	8%
Korea (South)	737.7	648.6	14%
United Kingdom	578.5	555.7	4%

Source: PRAL

3.3 TOP IMPORT SOURCES SHOWING DECREASE (FY2024 V/S FY2023)

Country-wise statistics have shown those import sources that registered decline in the imports of Pakistan. Table below shows countries showing decline in imports during FY 2024.

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

Import Sources	JULY-JUNE FY 2024	JULY-JUNE FY 2023	% Change
United Arab Emirates	4245.9	5500.7	-23%
Qatar	3531.4	3567.2	-1%
Indonesia	3323.6	4319.1	-23%
Kuwait	2113.2	2253.9	-6%
United States	1262.9	2033.1	-38%
Thailand	821.1	1010.0	-19%
Germany	755.9	780.2	-3%
Morocco	663.5	754.1	-12%
Afghanistan	538.6	893.2	-40%
Netherlands	447.9	487.9	-8%

Source: PRAL

3.4 SECTOR-WISE IMPORTS PERFORMANCE

Of the total USD 54.79 billion imports during FY 2024, imports of the Petroleum Group ranked the highest with imports worth of USD 16,910 million followed by Agricultural And Other Chemicals Group (USD 8,508 Million), Machinery Group (USD 8,501 Million), Food Group (USD 7,904 Million), Metal Group (USD 4,315 Million), Textile Group (USD 2,714 Million), Transport Group (USD 1,840 Million), and Miscellaneous Group (USD 894 Million). Overall, Pakistan's trade dynamics in FY24 indicate progress towards narrowing the deficit, driven by a robust increase in exports amidst stable import levels. A high interest rate and some restrictions on imports have also aided the policymakers' objective of a narrower current account deficit.

Table 8: Top import sectors (trade values in USD million)

SECTORS	JULY-JUNE FY 2024	JULY-JUNE FY 2023	% change
Grand Total	54,798	55,198	-1%
PETROLEUM GROUP	16,910	17,015	-1%
MACHINERY GROUP	8,501	5,812	46%
AGRICULTURAL AND OTHER CHEMICALS GROUP	8,508	8,928	-5%
FOOD GROUP	7,904	8,937	-12%
METAL GROUP	4,315	4,152	4%
TEXTILE GROUP	2,714	3,742	-27%
TRANSPORT GROUP	1,840	1,757	5%
MISCELLANEOUS GROUP	894	869	3%
ALL OTHER ITEMS	3,211	3,987	-19%

Source: PBS

3.5 PETROLEUM GROUP

The Petroleum Groups imports was USD 16,910 million in FY 2024 which is almost 1% lower than as compared to previous FY 2023. All import items (except PETROLEUM PRODUCTS) in the Petroleum Group increased including Petroleum Crude (USD 5,531 Million), Natural Gas Liquified (USD 3,946 Million), Petroleum Gas Liquified (USD 7,89 Million). Two item showing decreasing trends including Petroleum Products (USD 6,644 Million), and Others Item (USD 0.22 Million).

Despite the 1% decrease in the import of petroleum group, the prices of petroleum products remain relatively expensive, contributing to the decrease in imports. Refineries have also raised concerns over the rise in smuggling of petroleum products from Iran, which has impacted legal industry sales.

The higher import of petroleum group along with higher energy consumption demand, putting a huge pressure over countries limited energy recourses. Oil, Natural gas and hydro are the three primary energy resources of the country which are being exploited for fulfilling energy demands of the economy. Due to limited reserves of oil and gas, the country needs to import large quantity of oil and oil related products from Middle East especially from Saudi Arabia.

Table 9: Petroleum import sector (trade values in USD million)

	YOY 2024V/S YOY 2023		
SECTORS	**July-June 2023-24**	**July-June 2022-23**	**% Change**
PETROLEUM GROUP	16,910	17,015	-1%
PETROLEUM PRODUCTS	6644	7,628	-13%
PETROLEUM CRUDE	5,531	4,947	12%
NATURAL GAS, LIQUIFIED	3946	3,764	5%
PETROLEUM GAS, LIQUIFIED	789	675	17%
OTHERS	0.22	0.34	-36%
			Source: PBS

Pakistan's energy sector is heavily dependent on imported fuel (Oil and LNG) and will continue to rely on imports of both for the next 10-15 years. Pakistan remains a net importer of refined oil due to low capacity of domestic refineries to process crude oil.

The total imports of the petroleum group during July-June (2023-24) stood at USD 16,910 million as against the imports of USD 17,015 million during the same period of last year. The imports of the overall Pakistan petroleum group decreased by 0.61 percent during the fiscal year 2023-24 as compared to the corresponding period of the last year. During FY 2024 the comparatively low spending has been witnessed on the import of petroleum products. This decline can be attributed to sluggish industrial activity, reduced local transport fuel consumption, weak auto sales and high product prices. These factors are expected to continue impacting oil consumption in Pakistan.

The country spent \$6.6 billion on importing petroleum products in FY23, compared to \$7.6 billion in the preceding fiscal year. The petroleum products are mainly finished goods imported to meet the domestic demand as Pakistan relies on imports to meet its petroleum needs.

In the July-June period for FY2024, oil demand dropped to12.3 million tonnes from 13.3 million tonnes during the same period last year. The drops in the import of petroleum product in term of price and quantity has been witnessed during the FY2024 as compared to the FY 2023. This declining trend may be attributed to a decrease in demand for motor spirit (MS), high-speed diesel (HSD), and furnace oil (FO), which comprise more than 95 per cent of the total demand.

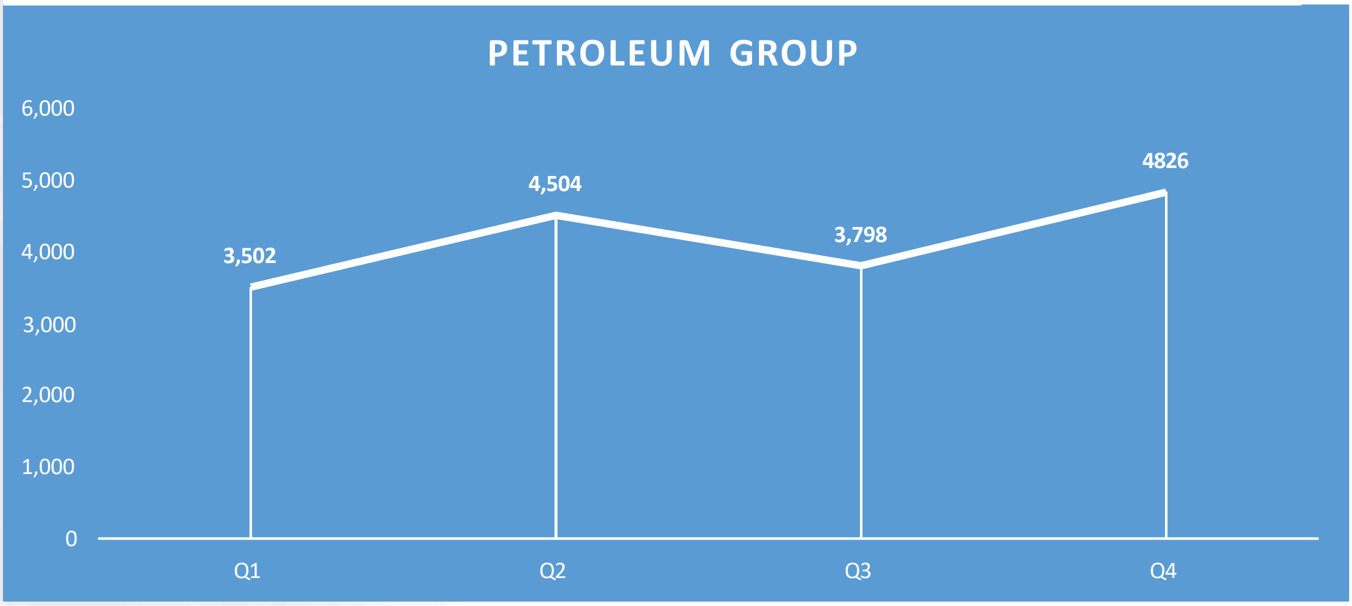
In contrast, petroleum crude imports increased by 11.80%, rising from $4.95 billion to $5.53 billion. Imports of liquefied natural gas (LNG) increased by 4.84%, reaching $3.95 billion, while imports of liquefied petroleum gas (LPG) grew by 16.93%, amounting to $789.29 million compared to $675.03 million last year.

Crude Petroleum was the 2nd most imported product in Pakistan. Petroleum crude import increased 15% during the FY 2024 as compared to the FY 2023. akistan has successfully imported 1 million tons of Russian crude oil, marking a milestone in the country's energy sector. he first shipment of Pakistani canoes was delivered to Russia via a strategic route passing through Iran and Azerbaijan. One of the most important reason is increasing the refining of crude oil. the Pakistan government had allowed three oil refineries -- PARCO, National Refinery and Attock Refinery to export 120,000 mt of fuel over June-July to help reduce stockpiles and optimize refinery operations. Additionally, Pakistan refineries have been exporting fuel oil in recent years as the government shifts to cheaper power-generation fuel like gas, coal, LNG and hydel.

Natural Gas, Liquified import increased 15% during the FY 2024 as compared to the FY 2023. A recent shipment of 100,000 metric tons of LPG from Russia has reached Pakistan, further solidifying the growing energy cooperation. Moreover, Pakistan has initiated commercial activities with Russia via land routes, indicating a broadening of logistical connections. stakeholders' concern over the economic impact of LNG imports and the foreign exchange losses incurred from shutting down domestic resources. Pakistan is considering reducing its long-term liquefied natural gas (LNG) imports next year by renegotiating terms with Qatar to alleviate financial and technical burdens. Pakistan is set to import about $7 billion worth of LNG by December this year under a long-term contract with Qatar.

.

Figure 13: Quarterly performance Petrolum Group during FY 2024 (USD Million)

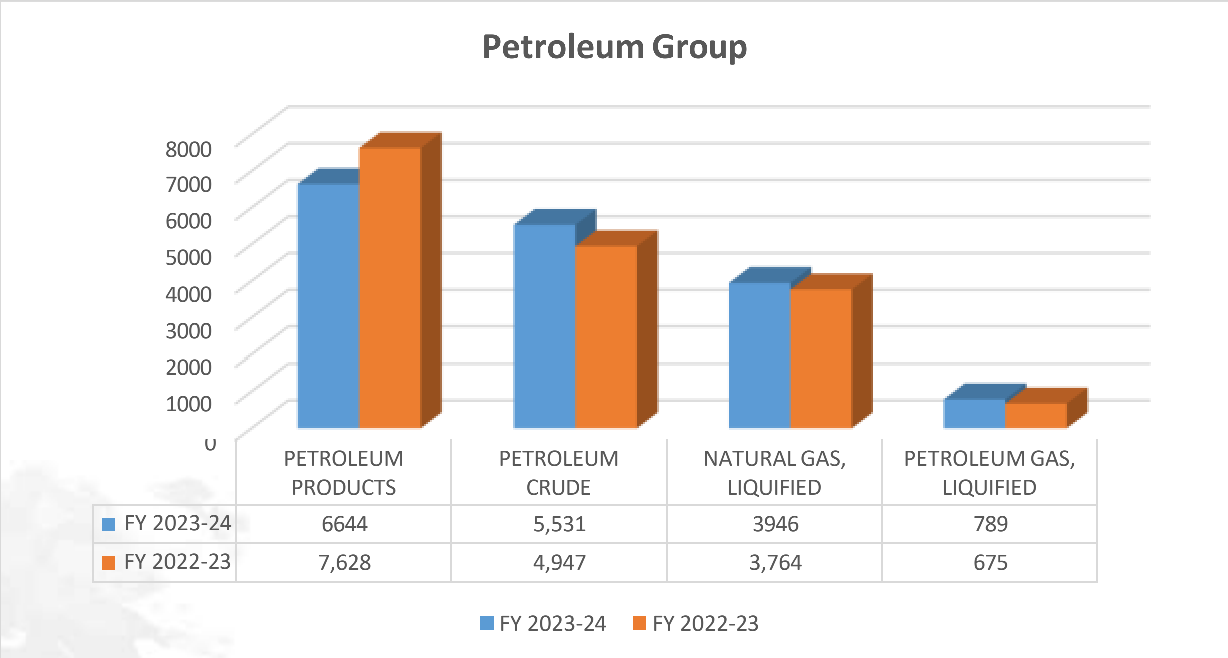


Source: PBS

The quarterly comparisions also shows that petroleum groups products showing asymmetric of. Q1 and Q3 showing decreasing trend. The highest ever import has been witnessed Q4 FY 2023 stood at 4,826 million and lowest import noticed during Q4 FY 2023.

Petroleum products have consistently been a significant component of Pakistan's import bill. Due to the critical role of energy imports in the country's economic structure. The dependency on imported petroleum is a longstanding challenge for Pakistan, exacerbated by the volatility of global oil prices and the increasing energy demands of a growing population and industrial sector.

Figure 14: Import of Sub Sectors of Petroleum Sector (USD Million)



Source: PBS

Pakistan relies on gas for a third of its electricity output, but is grappling with dwindling foreign exchange reserves to pay for energy imports. PETROLEUM GAS, LIQUIFIED import in FY 2024 increase 17 as compared to the FY 2023. The natural gas consumption amounted to around 3,267 MMCFD from JulyMarch FY223, which included 626 MMCFD RLNG. Petroleum Division proposed a draft, which called for government intervention in the allocation of LPG supplies to Sui companies without any bidding process under the new LPG Policy 2024.

In the LPG Policy 2024, the Petroleum Division proposed that all LPG producers would dedicate up to 10% of their production to Sui gas companies and marketing firms for exclusive consumption in LPG air-mix plants.

These plants have been developed and operated by Sui companies for energy supply in far-flung and hilly areas where piped natural gas is not available.

The Petroleum Division proposed that an additional 5% of LPG production would be dedicated to marketing companies for exclusive supplies in Azad Jammu and Kashmir (AJK) and Gilgit-Baltistan.

These dedicated volumes (15%) will be offered without following bidding process and at a weighted average price of LPG. The Oil and Gas Regulatory Authority (Ogra) will ensure compliance with the proposals.

3.6 MACHINERY GROUP

Machinery Group is the vital engine of growth for successful industrial and manufacturing sector development of Pakistan. It is commonly known phenonmena that increased investment in machinary item leads to increase in domestic good production and increased capital inflow from the sales revenue earned from domestic goods. Pakistan's local machinery manufacturing sector is relatively small in size and a majority of the demand for machinery emanating from large industries such as Construction, Textile, Energy etc are met through imports. Imports of machinery have declining trend in recent years and stood at USD 8.5 billion in FY 2024. Mostly item (except power generating and textile machinery) in the machinery groups showing increasing trend during FY 2023 as compared to the FY 2022.

Table 10: Machinery import sector (trade values in USD million)

SUB-SECTORS	July-June FY2024	July-June FY 2023	% Change
MACHINERY GROUP	8,501	5,812	46%
POWER GENERATING MACHINERY	418.1	500	-16%
OFFICE MACHINE INCL.DATA PROC EQUIP	459	339	35%
TEXTILE MACHINERY	149	328	-55%
CONSTRUCTION & MINING MACHINERY	94	85	11%
ELECTRICAL MACHINERY & APPARATUS	3,275	1,674	96%
TELE COM	2367	957	147%
A. MOBILE PHONE	1899	570	233%
B. OTHER APPARATUS	468	387	21%
AGRICULTURAL MACHINERY & IMPLEMENTS	91	41	123%
OTHER MACHINERY	1,647	1,887	-13%

Source: PBS

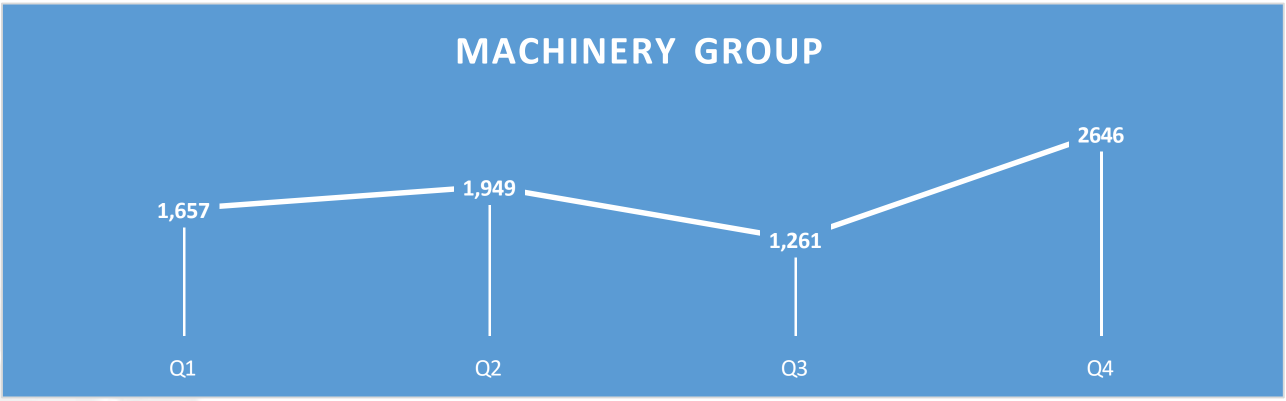
Imported machinery is bundled with "knowledge" in various forms: blueprints, electric city machinery, textile machinery, installation support, quality control software, and services of trained engineers and supervisors. There is direct relationship between machinery import and industrial products.

The imports of the overall machinery group experienced a substantial increase of 46.27 per cent during the last fiscal year compared to the 2022-23 period, the Pakistan Bureau of Statistics (PBS) reported. The surge in machinery imports is poised to enhance productivity and technological advancement across key sectors, driving economic growth and infrastructure development. The imports of the overall machinery group experienced a substantial increase of 46.27 per cent during the last fiscal year compared to the 2022-23 period, the Pakistan Bureau of Statistics (PBS) reported.

The import of agriculture sector machinery and equipment surged by 122.85 per cent from $40.972 million to $91.307 million; office machinery including data processing equipment 35.31 per cent from $339.428 million to $459.288 million; construction and mining machinery 11.16 per cent from $ 84.730 million to $ 94.187; electrical machinery and apparatus 95.67 per cent from $1,673.820 million to $3,275.127 million; telecom related equipment 147.36 per cent from $956.696 million to $2,366.500 million; mobile phone 233.10 per cent from $ 570.071 million to $ 1,898.933 million and other apparatus 20.94 per cent from $386.625 million to $ 467.567 million.

However, during the period under review, the import of power-generating machinery declined by 16.46 per cent from $ 500.450 million to $ 418.085 million; textile machinery by 54.52 per cent from $ 328.427 million to $ 149.364 million; other equipment by 12.73 per cent from $ 1,886.996 million to $ 1,646.768 million.

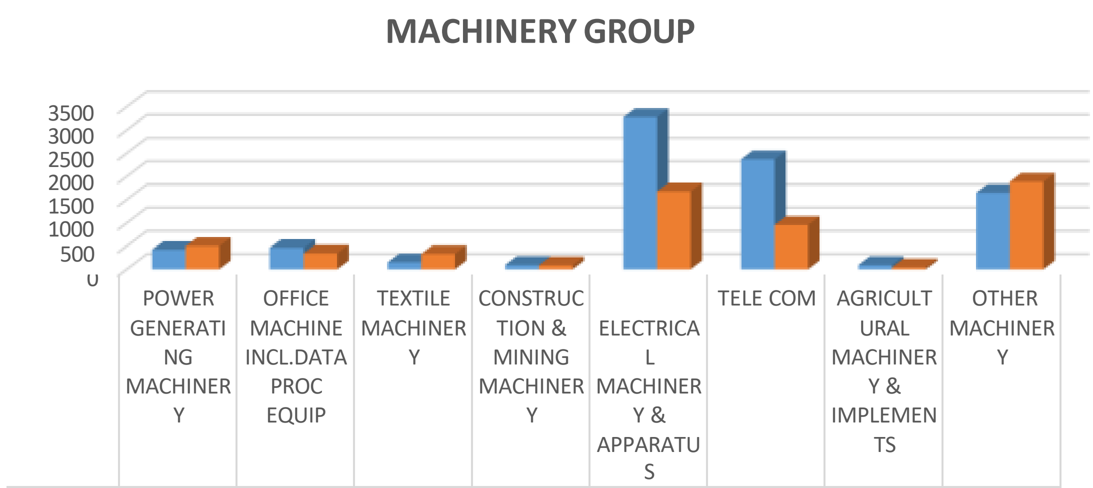
Figure 15: Import of Sub Sector of Machinery Group FY 2024 USD Million)



Source: PBS

Quarterly analysis of machinery groups shows that machinery groups imports showing increased trend except Q3. In the Q1 and Q2 the machinery group import USD 1,657 million and 1,949. When during the Q3 the machinery import decreased and import value USD 1,261 million. The highes ever in the import machinery has been observed in the Q4FY2024 with the import value USD 2,646 million.

Figure 16: Import of Sub Sector of Machinery Group FY 2024 USD Million)



	POWER GENERATING MACHINERY	OFFICE MACHINE INCL.DATA PROC EQUIP	TEXTILE MACHINERY	CONSTRUCTION & MINING MACHINERY	ELECTRICAL MACHINERY & APPARATUS	TELE COM	AGRICULTURAL MACHINERY & IMPLEMENTS	OTHER MACHINERY
FY2024	418	459	149	94	3275	2367	91	1647
FY 2023	500	339	328	85	1674	957	41	1887

Source: PBS

Electrical Machinery and Apparatus

Electrical machinery was the important sector in the import of Machinery bill during FY 2024 which accounts for 39% of total machinery imports and stands at USD 3,275 million.

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

Telecom Machinery- Mobile Phones

Telecom was the second sector in the import of Machinery bill during FY 2024 which accounts for 27.84% of total machinery imports and stands at USD 2,367 million. Pakistan imported mobile phones worth $1.898 billion during the fiscal year 2023-24, reflecting a 233% increase compared to $570.071 million in the fiscal year 2022-23. The imports of telecom and Mobile phone were showing registered showing remarkable increase of 147% and 233% as comapred to same period last year of FY23.

The telecom industry consists of digital infrastructure (such as fiber, telecommunications towers, active networks, and data centers), operators (mobile and fixed broadband, data centers, and cloud computing), and applications (broadband connections, telephony, video, e-commerce, and others).

Local manufacturing and assembly plants produced 13.08 million mobile handsets in the first five months (January-May) of 2024, compared to 0.76 million units imported commercially. In May alone, 2.23 million mobile handsets were locally manufactured or assembled, while 0.11 million were imported commercially.

Of the 13.08 million locally manufactured or assembled mobile handsets, 4.98 million were 2G phones, and 8.1 million were smartphones. As per the Pakistan Telecommunication Authority (PTA) data, 61% of mobile devices on the network are smartphones, while 39% are 2G phones.

Local manufacturing and assembly of mobile handsets declined by around 4% in the calendar year 2023 due to issues related to the restriction of opening Letters of Credit (LCs) for mobile phone accessories. Despite these restrictions, commercial imports of mobile handsets increased.The telecom services industry bears the brunt of a 34.5% tax on telecom services, coupled with a 29% corporate income tax and a 4% super tax imposed last year, with further proposed increases in the budget. The devaluation of the Pakistani rupee has severely affected the sector, as spectrum prices, renewals, and even instalment interest are linked to the US dollar. Due to all these reasons the import bill of telecom sector during FY 2023 is comparatively to the last year.

Office machinery

Another large segment was office machinery, which accounts for 5.39% of total machinery imports. Import of office machinery item showing increase of 35%. Industries have managed to increase imports at a time when the country is undergoing an economic slowdown, indicating their optimism about the future. They are importing such goods despite a high cost of borrowing and a significant increase in financing rate for exporters recently.

Power Generation Machinery

Another large segment was power generating machinery, which accounts for 5% of total machinery imports. During FY 2024, this segment had the negative import of 16%. The imports of power Generating Machinery in terms of USD in FY 2024 were 418 million as compared to USD 500 million in FY 2023. Currently, no investor is willing to start a new venture in the country after the free fall of the dollar and high interest rates. Importers have no idea when to plan imports due to the presence of political instability. If they import now, the machinery and components would be very costly. If they delay, their delivery plans would be disturbed.

Textile Machinery

Import of Textile Machinery has been registered significant decrease of 55% from USD 328 in FY 2023 million to USD 149 million in FY 2024. 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 normalised. 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.

Construction and Mining Machinery

Pakistan imported worth of USD 94 million Construction Machinery during FY 2024 and registered increase of 11%. Construction Machinery includes bulldozers, excavators, cranes, graders and drilling machines. The construction sector is an important engine of employment and economic activity generating Industry, offering job opportunities to millions of skilled and un-skilled labour force. ,ore than 40 allied industries depended on construction industry.

The growth in the import of construction machinery may indicate growth in the construction and infrastructure sectors, reflecting higher investment in development projects such as roads, bridges, and housing. This can boost economic activity, create jobs, and modernize infrastructure, ultimately contributing to long-term economic growth. Additionally, the import of advanced machinery suggests efforts to enhance productivity and efficiency in construction.

Agriculture Machinery

Agricultural machinery comprises of chaff cutters, sugarcane machinery and wheat thrashers. It also includes tractors, cultivators, ploughs, harvesters, threshers and many other types of machinery employed by the agriculture industry in order to assist in various processes such as cultivating, planting and harvesting. Pakistan imported worth of USD 91 million of Agriculture Machinery in FY 2024 with 123% decline as compared to FY23. Recently, The rice in the agricultural machinery indicate efforts to modernize and mechanize the agricultural sector, which is crucial for improving productivity and efficiency. With advanced machinery, farmers can enhance crop yields, reduce labor costs, and make better use of resources such as water and fertilizers. This can lead to higher agricultural output, food security, and rural development. Additionally, mechanization may support the transition from subsistence farming to commercial agriculture, potentially boosting exports and improving farmers' incomes.

3.7 AGRICULTURE AND CHEMICAL GROUP

Pakistan's agriculture sector plays a central role in the economy and accounts for half of employed labour force and is the largest source of foreign exchange earnings. The agriculture sector in Pakistan witnessed robust growth in FY2024, with an overall increase of 6.25 percent.. It is also an important source of foreign exchange earnings and stimulates growth in other sectors. Pakistan is mainly the exporter of agriculture production but the major contribution of agriculture and chemical imports is plastic materials. The total imports of agriculture and chemical groups items in FY 2024 was USD 8,508 million which is almost 5% lower as compared to previous FY 2023.

Table 11:Agriculture and Chemical import sector (trade values in USD million)

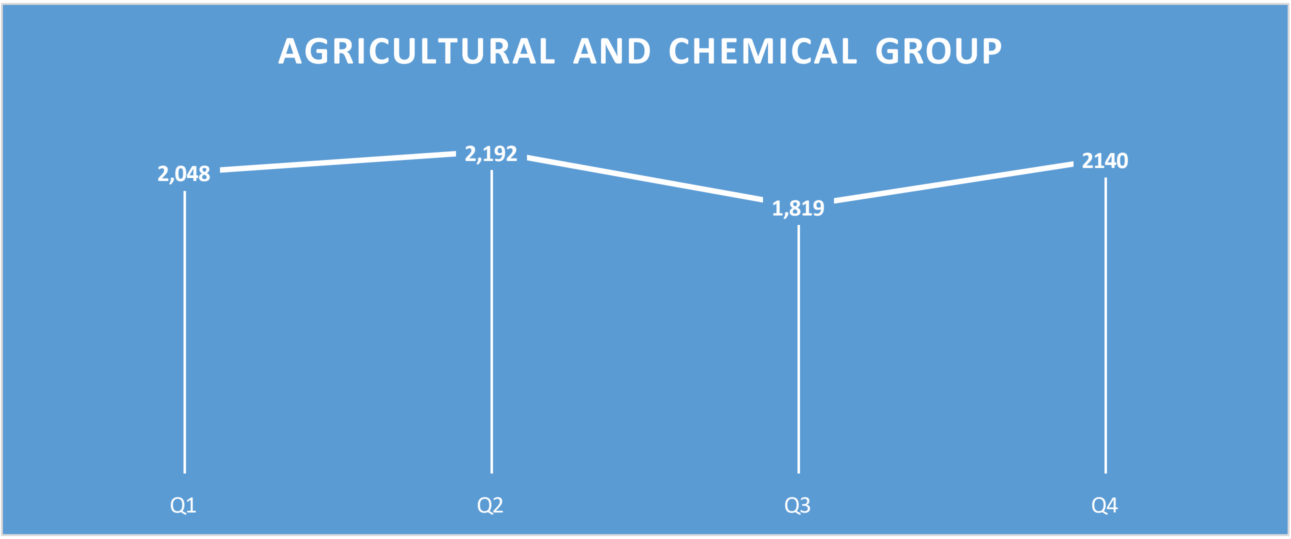
	FY 2024 V/S FY 2023		
SUB-SECTORS	**July-June FY 2024**	**July-June FY 2023**	**% Change**
AGRICULTURAL AND OTHER CHEMICALS GROUP	8,508	8,928	-5%
FERTILIZER MANUFACTURED	685	604	13%
INSECTICIDES	196	205	-4%
PLASTIC MATERIALS	2,271	2,273	-0.1%
MEDICINAL PRODUCTS	1,087	1,329	-18%
OTHERS	4,270	4517	-5%

Source : PBS

Import of Agriculture and Chemical Group drastically increased three quarters. But slightly decreased during Q3. During Q4 FY24, the imports value of agriculture and chemical group worth USD 2140

All imported items of Agriculture and Chemical Group registerded decline (except Fertilized Manufactured) including Fertilized Manufactured (USD 685 million), Insecticides (USD 196 million), Plastic Materials (USD 2,271 million), Medical product (USD 1,087 million), and others (USD 4,270 million).

Figure 17: Quartelry import of Agriculture and Chemical Group FY 2024(USD Million)



Source : PBS

Plastic Material:

Plastic materials have shown decrease of 0.09% during FY 2024 as compared to of FY 2023. Pakistan imported USD 2,271 million worth of Plastic material during reported period.

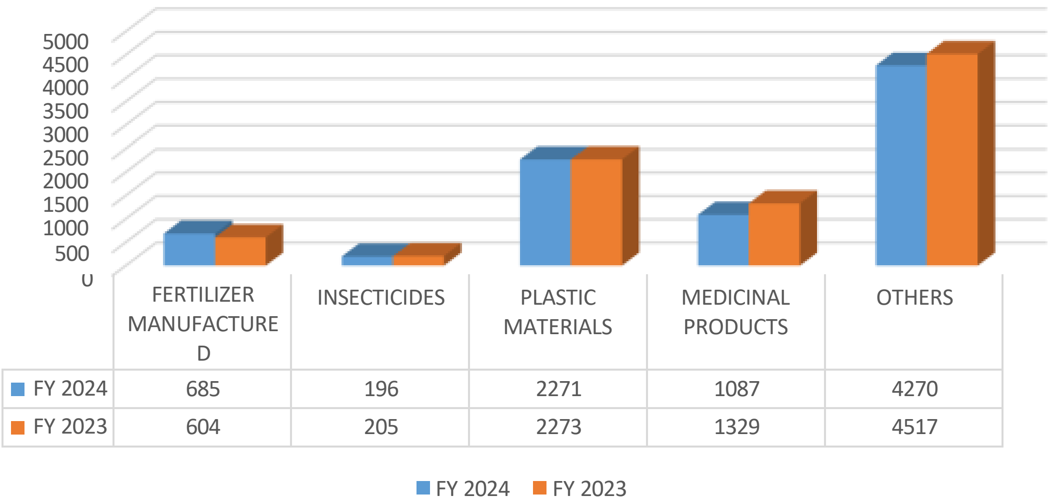
Medicinal Products

The import of Medicinal products decreased by 18% from USD 1,329 million in FY 2023 to USD 1,087 million in FY 2024. The import decrease in medicinal products is due to decrease in import of COVID-19 vaccine.

Insecticides

Insecticides imports has decreased 4% in FY 2024 as compared to FY 2023. Pakistan largely depends upon imports to meet the local demand of the pesticides industry. Pesticides import can be divided into two categories, pesticides products - manufactured pesticides and pesticide active ingredients.

Figure 18:Import of sub-sectors of Agriculture and Chemcial Group FY 2024 (USD Million)



	FERTILIZER MANUFACTURED	INSECTICIDES	PLASTIC MATERIALS	MEDICINAL PRODUCTS	OTHERS
FY 2024	685	196	2271	1087	4270
FY 2023	604	205	2273	1329	4517

Source: PBS

Fertilizer

Fertilizer, one of the key inputs in determining the crop productivity, contributes on an average 30 to 50 percent towards crop's yield. Share of fertilizer in cost of production of major crops in Pakistan is 10 to 15 percent. Urea and Diammonium Phosphate (DAP) are the major fertilizers used in Pakistan. Other fertilizers in use are Calcium Ammonium Nitrate (CAN), Nitrophos (NP), Mono-Ammonium Phosphate (MAP), Single Super Phosphate (SSP), Ammonium Sulfate (AS), NPKs, Sulfate of Potash (SOP) and Muriate of Potash (MOP). There are nine urea manufacturing plants: one DAP, two CAN and NP each, four SSP and one SOP in the country. Overall domestic production of fertilizers during July-June 2024 increased by 51.96 percent over the same period of previous fiscal year.

Fertilizer Manufactured have shown increase of 13% during FY 2024 as compared to of FY 2023. Pakistan imported USD 685 milllion worth of Fertilizer Manufactured during reported period. The Economic Coordination Committee (ECC) of the Cabinet has directed the Ministry of Industries and Production (MoI&P) to formulate a holistic policy for the fertilizer sector covering aspects such as production of fertilizer, provision of gas to fertilizer industry, elements triggering/necessitating imports, fertilizer pricing, and intensive/over fertilization of urea, etc.

FOOD GROUP

Food group imports into the country during fiscal year ended on June 30, 2024, decreased by 12 percent as compared to the imports of the corresponding period of last year. During the period from July-June, 2023-24, the country spent $7.904 billion on the import of different food commodities as compared to the imports of $8.937 billion in the same period last year in order to fulfil the local requirements.

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.

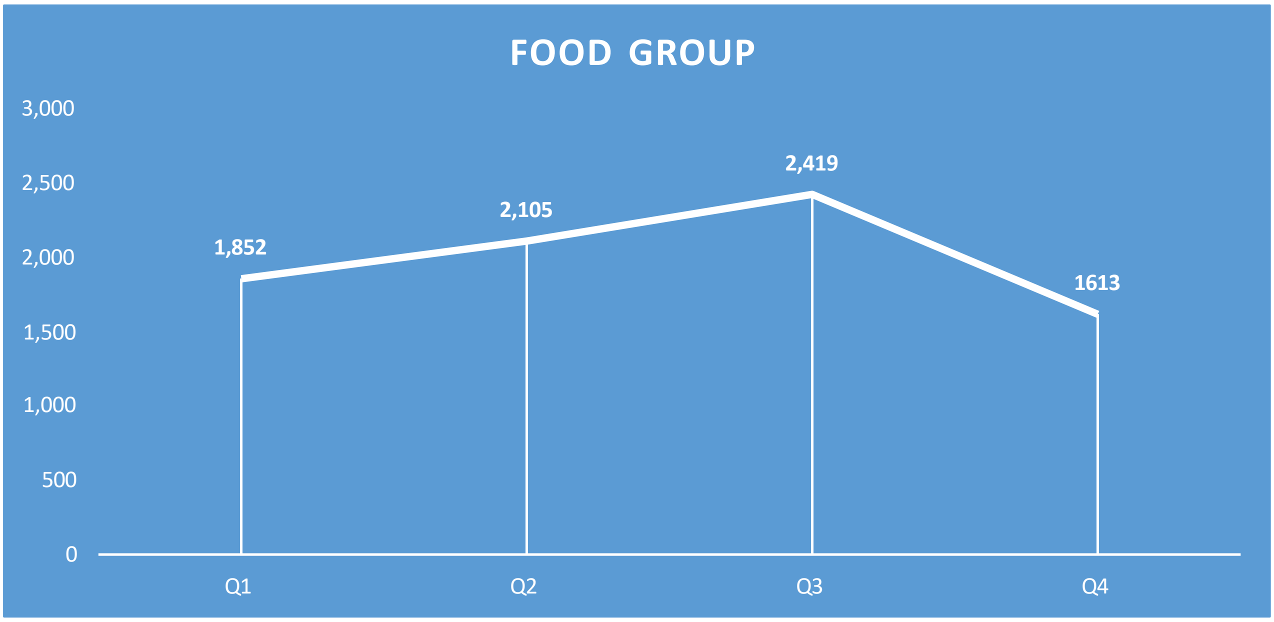
Table 12: Food Group (trade values in USD million)

	FY 2024 V/S FY 2023		
SUB-SECTORS	**July-June FY 2024**	**July-June FY 2023**	**% Change**
FOOD GROUP	7,904	8,937	-12%
MILK,CREAM & MILK FOOD FOR INFANTS	114	144	-21%
WHEAT UNMILLED	1,032	1,072	-4%
DRY FRUITS & NUTS	71	40	77%
TEA	657	569	15%
SPICES	196	151	30%
SOYABEAN OIL	130	316	-59%
PALM OIL	2,779	3,641	-24%
SUGAR	3	6	-41%
PULSES (LEGUMINOUS VEGETABLES)	7,75	9,46	-18%
ALL OTHERS FOOD ITEMS	2,148	2,052	5%

Source: PBS

Figure 19:: Quarterly Imports of Food items FY 2024 (usd Million)

Quarterly comparasions shows asymmetric through the FY 24 depicted a sharp increasing trend during Q1, Q2 and Q3, while Q4 has shown negative trend. Imports in Q1, Q2 and Q3 of FY 24 have increased by USD 1,852 million, USD 2,105 million, and USD 2,419 million. During Q4 of FY 24 showing decreasing trend in the import of Food group.



Source: PBS

Imports of Food Group has shown increasing trend in few products including Dry Fruits & Nuts (USD 71 million), Tea (USD 657 million),), Spices (USD 196 million), and All Others Food Items (USD 2,148).

Within the food group import, few products showing decreasing trend including Milk, Cream & Milk Food for Infants (USD 114 million), Wheat Unmilled (USD 1032 million), Sugar (USD 3 million), Soybean Oil (USD 130 million), Palm Oil (USD 2779 million) and Pulses (USD 775).

Palm Oil and Soybean Oil:

Palm and soybean are the world's most used crops for edible oil and oilseed meals because of their high resource-use-efficiency, measured in terms of oil yield per hectare for oil, and protein yield in the case of meals. The former is important to meet the requirements of a growing human population and rising per capita consumption. Pakistan's reliance on imports of edible oil and oilseed meals to meet domestic demand has been increasing over the past two decades. The import of Soybean Oil, and Palm Oil decreased by 59% and 24% in FY 2024 as compared to FY23.

Sugar:

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. During 2023-24, sugarcane production declined by 0.4 percent, with sugarcane production at 87.6 million tonnes compared to last year's 88.0 million tonnes, compared to 11.0 million tonnes last year.

Year on year comparison shows that import of sugar decrease 41%. Pakistan is currently imported Sugar amounting to USD 3 million in FY 2024. The decrease in import of sugar is due to increase the domestic production.

Tea

Pakistan, one of the biggest importers of tea in the world. a imports into the country during financial year ended on June 30, 2024 increased by 15 percent as compared the imports of the corresponding period of last year.

During the period from June-July, 2023-24 about 260,286 metric tons of tea costing $657 million were imported as against the imports of 231,597 metric tons valuing $569 million of same period last year.

Wheat, Milk,Cream & Milk Food For Infants and Pluses

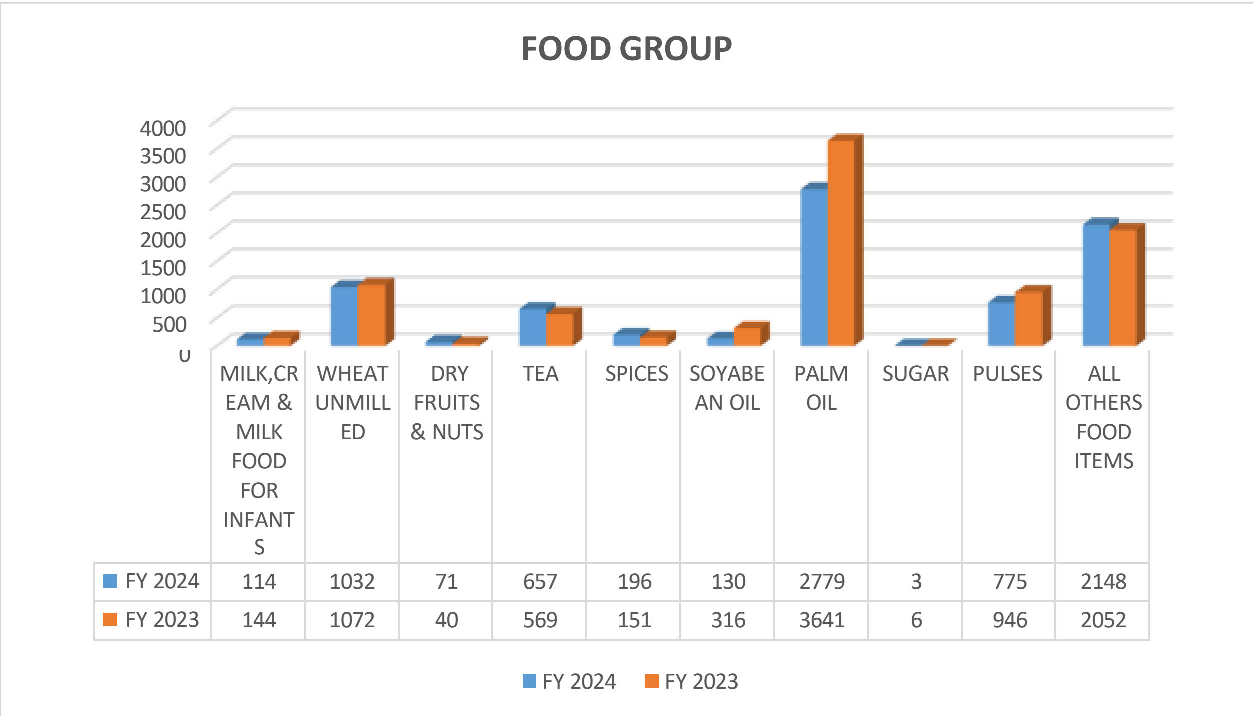
Within the food group import, few products showing decreasing trend in FY 24 including Wheat Unmilled 4%, Milk,Cream & Milk Food For Infants 21%, and Pulses 18%.

Wheat continues to be one of Pakistan's four main agricultural crops, along with rice, cotton, and sugarcane. In terms of its contribution to food security and area grown, wheat is Pakistan's most important crop. The 8.9 million hectares of wheat area is about 40 percent of total field crop land. In irrigated areas, wheat is planted after cotton, rice, and sugarcane, while in rain fed areas wheat is grown at the same time as maize and millet. Wheat sowing occurs FY 2023., Pakistan's wheat production has not increased at a rate to suffice local demand shifting the country from a wheat exporter to a wheat importer. The change is due to climate change (floods), lack of high-yielding research and minimal increase in support prices as mentioned in the report of USDA. Pakistan has regularly imported wheat from global market last few months in moves to improve local supplies.

Dry Fruits, Nuts And Other Food Items

Within the food group import, few products showing increasing trend including Dry Fruits & Nuts 77%, Spices 30%, and All Others Food Items 5%.

Figure 20: Imports of Sub Sectors of Food Group FY 2024 (USD Million)



	MILK,CREAM & MILK FOOD FOR INFANTS	WHEAT UNMILLED	DRY FRUITS & NUTS	TEA	SPICES	SOYABEAN OIL	PALM OIL	SUGAR	PULSES	ALL OTHERS FOOD ITEMS
FY 2024	114	1032	71	657	196	130	2779	3	775	2148
FY 2023	144	1072	40	569	151	316	3641	6	946	2052

Source: PBS

3.8 METAL GROUP

The metal group imports have shown an overall increase of 4% in FY 2024 as compared to the same period FY 2023. Imports during reported period stood at USD 4,315 million as against USD 4,152 million. All other sub sectors in the Metal Group (except Gold and Aluminium) have shown increasing trend during FY 2024.

Table 13:Metal sector (trade values in USD million)

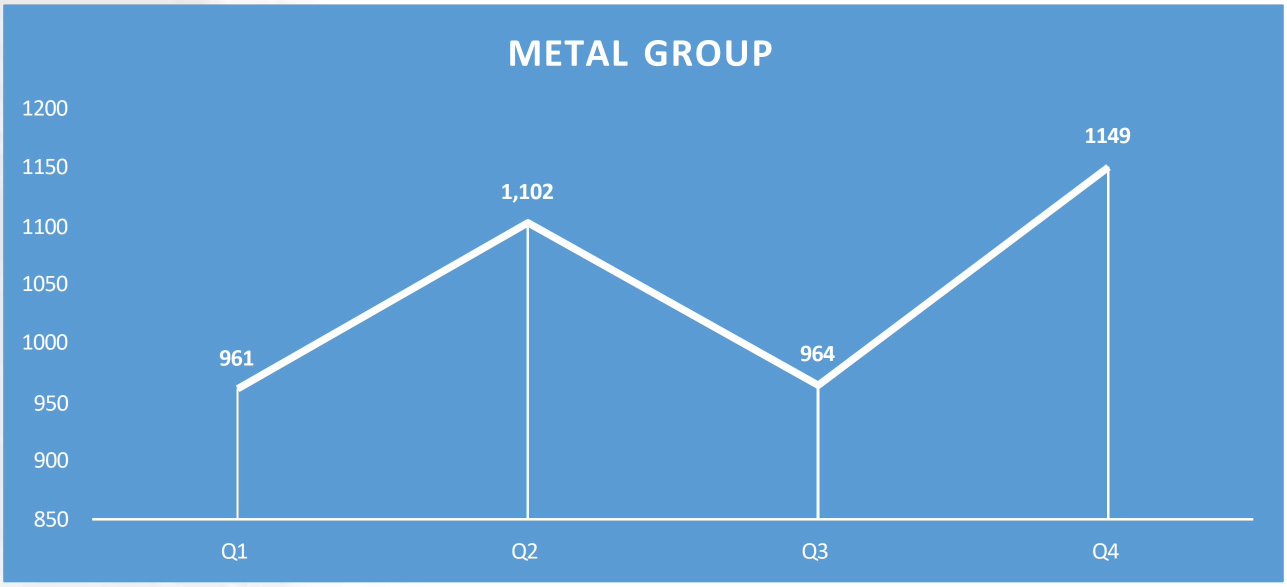
	FY 2024 V/S FY 2023		
SUB-SECTORS	**July-June FY 2024**	**July-June FY 2023**	**% Change**
METAL GROUP	4,315	4,152	4%
GOLD	17	31	-44%
IRON AND STEEL SCRAP	1,230	1,152	7%
IRON AND STEEL	2,043	1,890	8%
ALUMINIUM WROUGHT & WORKED	174	230	-24%
ALL OTHER METALS & ARTICALS	852	849	0.26%

Source: PBS

The Gold (USD 17 million), Iron and steel scrap (USD 1,230 million), Iron and steel (USD 2,043 million), Aluminum wrought & worked (USD 174 million), and others Metals item (USD 852 million) in FY2024.

Metal group has asymmetric trend in the all quarters of financial year FY2024. The highest ever import has been witnessed Q4 FY 2024 stood at 1149 million and lowest import noticed during Q1 FY 2023.

Figure 21:Quarterly imports of Metal Group FY 2024 (USD Million)



Source: Author's calculation based on PBS data

Gold

The imports of gold decreased by 44 percent during the fiscal year 2023-24 as compared to last year. The gold imports during the July-June (2023-24) were recorded at $17 million as compared to the imports of $31 million during July-June (2022-23), according to the data. In terms of quantity, Pakistan imported 262 kilograms of gold during the months under review as compared to the imports of 567 kilograms last year, showing decline of 53.70 percent.

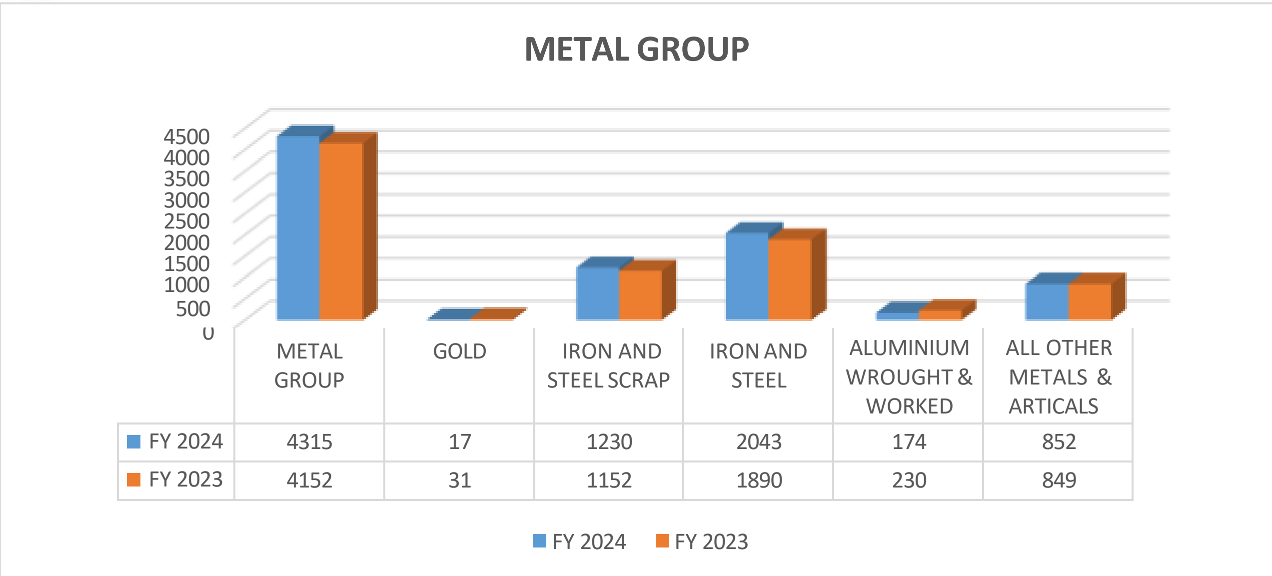
under SRO760, two schemes exist for gold import — the Entrustment Scheme and the self-consignment (locally procured).

On Feb 22, the Federal Board of Revenue (FBR), without any prior notification, lifted the 18pc sales tax exemptions on the import of gold (under SRO760), leading to a complete halt in the import of advanced gold (received from foreign party) starting from the date mentioned in point number 2 (above) until July 8. This decision taken by the FBR had incurred losses to the government in gold jewellery foreign exchange

Iron and Steel

Iron and Steel Metal group imports increased by 8 percent and reached US$ 2,043 million. In terms of quantity, Pakistan imported 2,856,938 mertic tonns of gold during the months under review as compared to the imports of 2,243,210 mertic tonns last year, showing decline of 27.36 percent.The imports of iron and steel increased both in quantity and value.

Figure 22: Imports OF Sub Sectors of Metal Group FY 2024 (USD Million)



	METAL GROUP	GOLD	IRON AND STEEL SCRAP	IRON AND STEEL	ALUMINIUM WROUGHT & WORKED	ALL OTHER METALS & ARTICALS
FY 2024	4315	17	1230	2043	174	852
FY 2023	4152	31	1152	1890	230	849

Source: PBS

3.9 TEXTILES GROUP

Textile is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, dyeing and finishing, made-ups and garments. Year on year comparsion shows that Pakistan imported Textile Group worth of USD 2,714 million during FY 2024 as against USD 3,742 million during FY2023 showing an decrease of 27%.

Table 14: Textiles group imports (trade values in USD million)

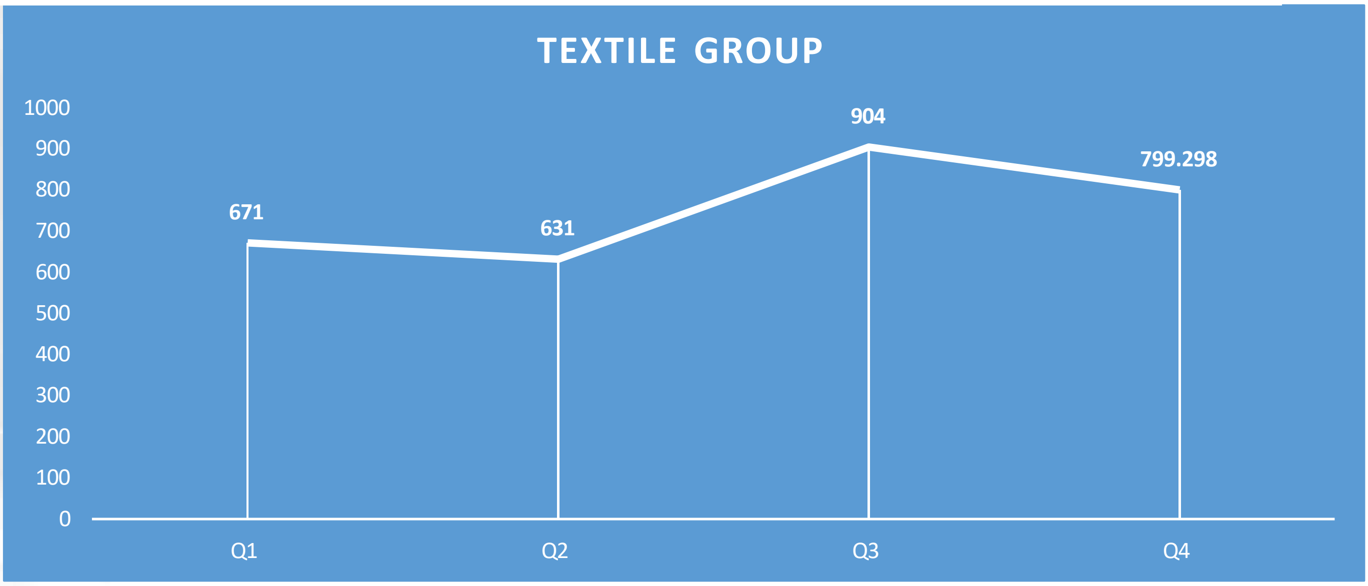
	FY 2024 V/S FY 2023		
SUB-SECTORS	**July-June FY23/24**	**July-June FY'22/23**	**% Change**
TEXTILE GROUP	2,714	3,742	-27%
RAW COTTON	448	1,679	-73%
SYNTHETIC FIBRE	494	485	2%
SYNTHETIC & ARTIFICIAL SILK YARN	605	583	4%
WORN CLOTHING	434	371	17%
OTHR TEXTILE ITEMS	733	624	18%

Source: PBS

Quarterly comparasion shows that the textile imports depicted a sharp surge during Q3, quarter, while Q2, and Q4 has shown negative trend.

The textile sector is an important contributor to the country's GDP, and any adverse expansions in this industry have a ripple effect on the broader economy. Due to decline in the import sectors raw material , the export of texile sector decreased dramatically.

Figure 23: Quarterly Imports of Metal Group FY 2024 (USD Million)



Source: Author's Calculation based on PBS da

Raw Cotton

Pakistan is the fifth largest cotton producing country with tremendous potential in further improvement in its world share. But still unable to meet its own domestic demand. In FY 2024, import of raw cotton has decreased by 73% as against same period of FY 2023. The growing import of cotton in the textile group are a matter of concern for our domestic textile industry. Pakistan fell to the fifth spot globally in cotton consumption, most certainly falling below Bangladesh, and potentially also below Viet Nam. Sector watchers would recall that Pakistan has remained the world's third-largest cotton spinner for at least the last six decades, only smaller than China and India. Cotton production, which was severely damaged by floods and rains last year, recorded 10.2 million bales compared to 4.9 million bales last year, growing by 108.2 percent However, years of a secular decline in local cotton production have slowly shrunk the processing industry as well.

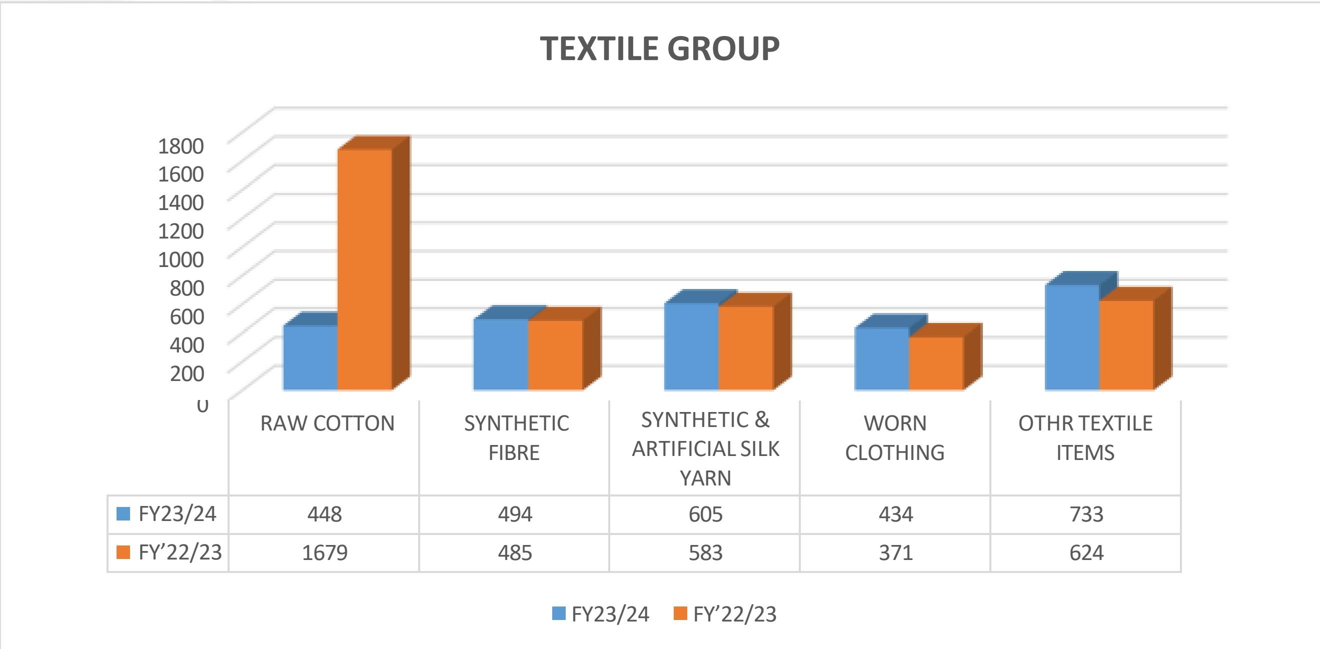
Worn Clothing

Import of worn clothing increased by 17% during FY 2024. . The worn clothing imports during the July-June (2023-24) were recorded at $434 million as compared to the imports of $371 million during July-June (2022-23).

Synthetic Fiber And Synthetic & Artificial Silk Yarn

An increase of 2% and 4% have been registered in the import Synthetic Fiber And Synthetic & Artificial Silk Yarn respectively.

Figure 24: Imports of Sub Sectors of Textile sectors FY 2024 (USD Million)



	RAW COTTON	SYNTHETIC FIBRE	SYNTHETIC & ARTIFICIAL SILK YARN	WORN CLOTHING	OTHR TEXTILE ITEMS
FY23/24	448	494	605	434	733
FY'22/23	1679	485	583	371	624

Source: PBS

3.10 TRANSPORT GROUP

The import of transport group has shown significant increase of 5% in FY 2024 as compared to same period last year. The Imports of Road motors increased by 5 percentv¸although CKD import little but decreased asf compared to the last year **but stil** the demand is quite high. Some market experts believe that thriving CKD imports by the local assemblers were also due to the low localisation of parts in locally assembled vehicles, especially being rolled out by the new entrants under incentive packages offered in the 2026-2021 Auto Policy. Besides, the new models of old players also carry low volumes of locally made parts, thus nullifying assemblers' tall claims of achieving the highest-ever localisation.

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

FY 2024 V/S FY 2023			
SUB-SECTORS	**July-June FY2024**	**July-June FY2023**	**% Change**
TRANSPORT GROUP	1,840	1,757	5%
ROAD MOTOR VEH. (BUILD UNIT,CKD/SKD)	1,647	1,564	5%
19.1 CBU	344	181	90%
A.BUSES,TRUCKS & OTH. HEAVY VEHICLES	73	108	-32%
B.MOTOR CARS	269	72	274%
C.MOTOR CYCLES	2	2	27%
19.2 CKD/SKD	1009	1076	-6%
A.BUSES,TRUCKS & OTH. HEAVY VEHICLES	191	284	-33%
B.MOTOR CARS	780	750	4%
C.MOTOR CYCLES	39	41	-5%
19.3 PARTS & ACCESSORIES	260	282	-8%
19.4 OTHERS	34	25	36%
AIRCRAFTS, SHIPS AND BOATS	130	134	-3%
OTHERS TRANSPORT EQUIPMENTS	63	59	7%

Source:PBS

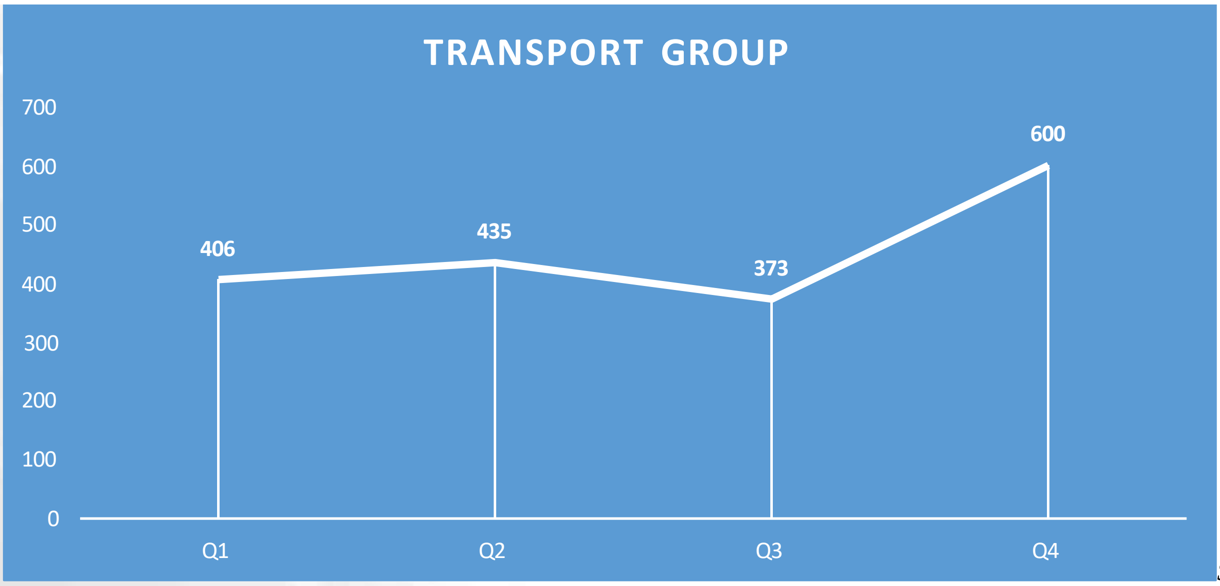
The import of motor cars increasfed 274 percent. Used car imports surged dramatically in the fiscal year 2023-2024. At the beginning of 2024, it had become one of the top 50 used car importers in the world. According to the survey, there are certain reasons why Pakistan promotes the usage of Japanese imported cars. It is due to their low cost, fuel efficiency, and cutting-edge technology, which makes them dominant over locally assembled vehicles. Favourable taxation and duty policies towards used car imports have also played a part in crippling the local assembling industry, leading to reduced demand for domestically assembled automobiles. The automobile manufacturers are also concerned that grey channel transactions for used car imports pose a significant threat compared to legal transactions for local manufacturers, resulting in potential revenue losses for the economy. Despite facing these challenges, the local automotive manufacturers continue to persevere therir production capacity.

The Federal Board of Revenue (FBR) issued SRO 1571(I)/2022 to increase the rate of regulatory duty from 90 to 100% on import of motor vehicles. In order to apply the new rate of regulatory duty the FBR through instant notification amended the SRO 966(I)/2022 issued on June 30, 2022. The regulatory duty at the rate of 100% has been imposed on imported vehicles included: mini vans in completely build units (CBU); 4X4 vehicles CBU; vehicles of a cylinder capacity exceeding 1000CC but not exceeding 1300CC; sports utility vehicles. The regulatory duty on import of motor vehicles has been enhanced in the wake of high outflow of foreign exchange reserves..

he government was discouraging the import of luxury cars by increasing taxes on them. In order to discourage the import of luxury items a customs duty of 100%, along with regulatory duty and 35% additional customs duty has been imposed on the import of luxury cars. Due to all these measures the transport group import decreasd.

The Road Motor Veh Build Unit (USD 1,647 million), CKD/SKD (USD 1,009 million), CBU (USD 344 million), Part & Accessories (USD 2,60 million), others (USD 34 million), Aircrafts, Ships and Boats (USD 1,30 million), and other transport equipment (USD 63 million) in FY2024.

Figure 25: Quartely Import of Transport Group FY 2024 (USD Million)

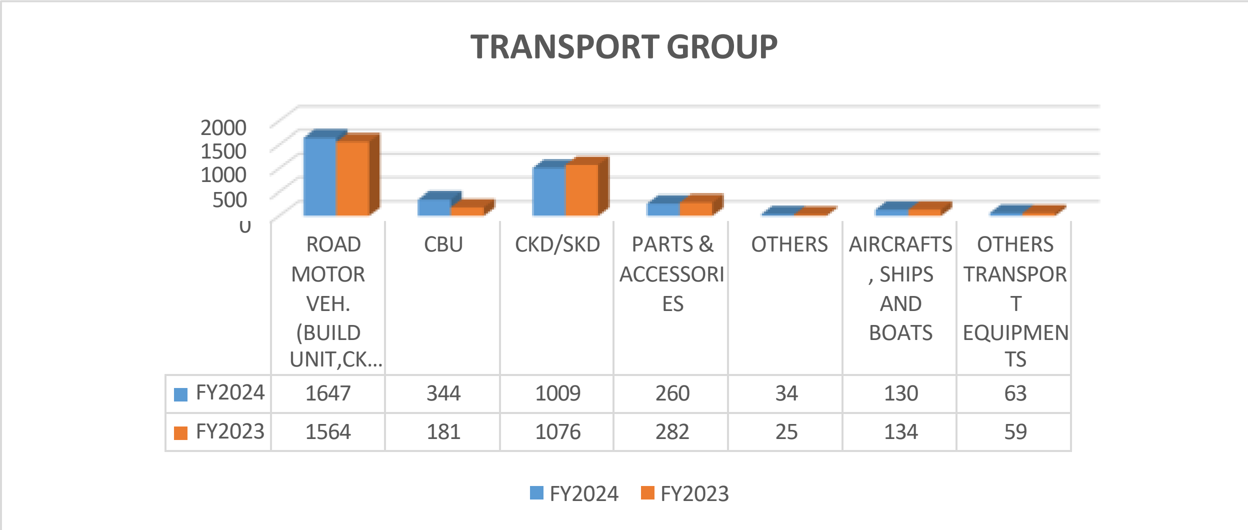


Source : Author'S calculation based on PBS data

Electric Vehicles:
The Government had recently announced new Electric Vehicle (EV) Policy, which would create competition among auto sector players besides pollution-free environment.

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

Figure 26: Import of Sub Sectors of Transport Group FY 2024 (USD Million)



Source: PBS

3.11 MISCELLANEOUS GROUP

The miscellaneous group imports have seen an overall 3% increase with increase in imports of all sub sectors except Jute and paper & paper board . Crude rubber, rubber tires & tubes, Wood & cork , and all others items have decreased by 22%, 9%, 26%, and 4% respectively.

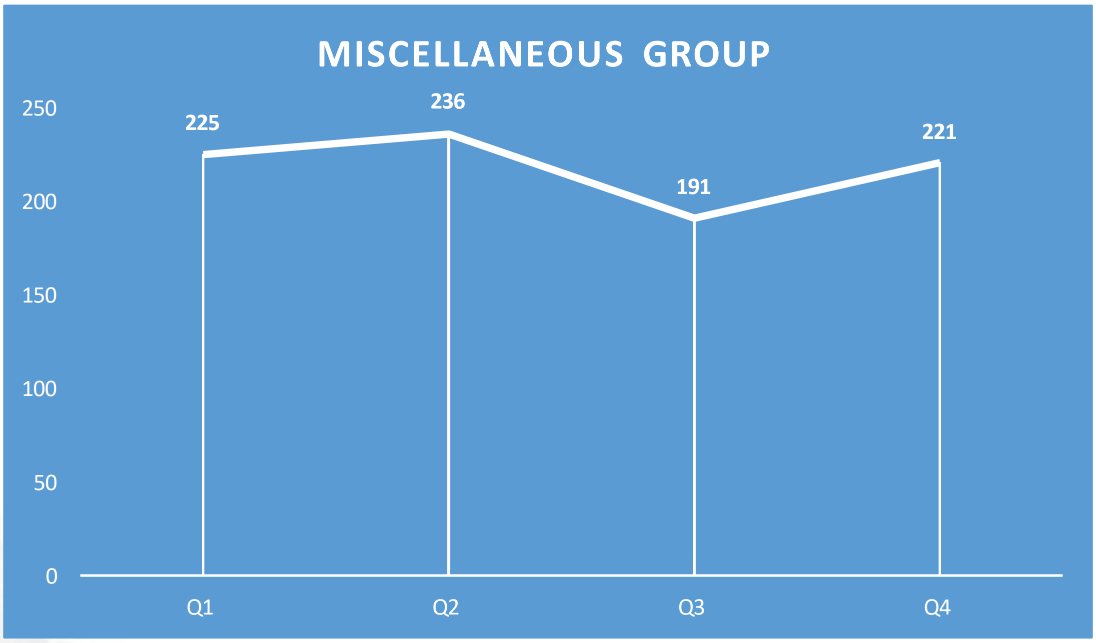
Table 16:Miscellaneous group imports (USD million)

YOY 2024 V/S YOY 2023			
SUB-SECTORS	**July-June FY23/24**	**July-June FY'22/23**	**% Change**
MISCELLANEOUS GROUP	894	869	3%
RUBBER CRUDE INCL. SYNTH/RECLAIMED	254	209	22%
RUBBER TYRES & TUBES	101	93	9%
WOOD & CORK	106	84	26%
JUTE	25	58	-57%
PAPER & PAPER BOARD & MANUF.THEREOF	408	426	-4%
ALL OTHERS ITEMS	3211	3987	-19%

Source: PBS

The Miscellaneous Group of FY 2024 showed showed non linear trend. Q2 shows the highest import of Miscellaneous Group Miscellaneous Group ¸while Q3, has shows the lowest import.

Figure 27:Quarterly Import of Miscellaneous Group



SECTION 4

4.1 TRADE IN SERVICES

Overall exports of Services during July-June FY2024 registered positive growth. Trade statistics of Services are based on a balance of payments recorded by State Bank of Pakistan. Export of Maintenance and repair services has shown remarkable performance and registered growth of 537 % during FY 2024.

As per Extended Balance of Payments Services Classification (EBOPS 2010), Trade in Services has been divided into 12 categories. The cumulative exports of Services in FY 2023-24 stood around USD 7.8 billion increased by 3% from the previous year exports of USD 7.5 billion in the FY2023.

Table 17: Services exports (trade values in USD million)

SERVICES	FY24	FY23	%Change
Total Export of Services	7806	7595	3%
Maintenance and repair services n.i.e.	5	1	537%
Transport	861	927	-7%
Travel	759	971	-22%
Construction services	69	36	90%
Insurance and Pension services	76	60	26%
Financial services	53	239	-78%
Charges for the use of intellectual services	11.72	11.67	0.4%
Telecommunication, Computer and information services	3223	2597	24%
Other business services	1550	1626	-5%
Personal, cultural, and recreational services	23	14	62%
Government services, n.i.e.	1175	1112	6%

Source: PBS

Table 18: Services imports (trade values in USD million)

SERVICES	FY24	FY23	% Change
Total Import of Services	10119	8639	17%
Maintenance and repair services n.i.e.	90	57	57%
Transport	4302	4058	6%
Travel	2271	1877	21%
Construction services	29	15	88%
Insurance and Pension services	420	333	26%
Financial services	355	512	-31%
Charges for the use of intellectual services	192	56	242%
Telecommunication, Computer and information services	396	299	32%
Other business services	1647	1225	34%
Personal, cultural, and recreational services	1.5	1.7	-12%
Government services, n.i.e.	416	204	104%

Source: PBS

4.2 SECTORAL ANALYSES OF TRADE IN SERVICES

The most recent statistics shows that export of services trade registered an increase of 3% in FY 2024. The statistics shows that the export services of Maintenance and repair services, Construction services, Insurance and Pension services, Charges for the use of intellectual services, Telecommunication, Computer and information services, Personal, cultural, and recreational services, Government services have increased. Maintenance and repair services by 537%, Construction services by 90%, Insurance and Pension services by 26%, Charges for the use of intellectual services by 0.4%, Telecommunication, Computer and information services by 24%, Personal, cultural, and recreational services by 62%, Government services by 6%. Pakistan earned USD 3,223 million by providing different information technology (IT) services in various countries during the fiscal year 2024, showing positive trend of 24% as compared to USD 2,597 million earned during the corresponding period of FY2023.

The import services trade registered an increase of 17% during FY 2024 as compared to previous year. The import of services shows that out of eleven categories, ten categories depict positive trend during FY 2024 as compared to FY 2023. only Financial services showing remarkable decrease 31% during FY 2024 as compared to FY 2023.

4.3 Travel Services

Travel services exports for Pakistan was reported USD 759 million during FY 2024. Travel services exports of Pakistan has shown negative trend of 22% in FY 2024. But still this service remain an important services in contributing the export of services. It includes services acquired from an economy by non-resident travelers during visits shorter than one year. Pakistan has relaxed restrictions on international travel and revenue mainly increased due to these reasons. Recently, the Civil Aviation Authority (CAA) has announced that the requirements regarding COVID-19 vaccination and testing proof when traveling to Pakistan have been removed.

4.4 Insurance and pension services

Insurance and pension services exports for Pakistan was reported USD 69 million during FY 2024. Insurance and pension services exports of Pakistan has recorded growth of 90% in FY 2024. Government introduced several measures in services sector. Few steps are reported below for Telecom sector.

i. **Roshan Pension Plan Roshan Pension Plan**

Roshan Pension Plan Roshan Pension Plan (RPP) has been introduced as another useful addition in the product suite of Roshan Digital Account (RDA). RPP is an exclusive product for the Non- Resident Pakistanis (NRPs) and Pakistani Origin Card (POC) holders to digitally and remotely contribute in RPP financially securing their post retirement life.

ii. **Roshan Digital Business Account (RDBA)**

In order to facilitate the business entities incorporated abroad with majority shareholding of NRPs, the authorized dealers/banks have been given general permission to open and maintain RDBAs of such entities. This landmark initiative taken by SBP will strengthen the business alliances of NRP owned entities abroad with their homeland Pakistan.

4.5 Personal, Cultural and recreational services

Personal, cultural, and recreational services exports for Pakistan was reported USD 23 million during FY 2024. Personal, cultural, and recreational services exports of Pakistan has recorded growth of 62% in FY 2024.

4.6 Transport Services

Transport export has reported at 7% decrease during FY 2024 as compare to same period last year. Pakistan exported worth of USD 861 million in FY2024. Transport covers all transport services (sea, air, land, internal waterway, pipeline, space and electricity transmission) performed by residents of one economy for those of another and involving the carriage of passengers, the movement of goods (freight), rental of carriers with crew, and related support and auxiliary services. Also included are postal and courier services. Excluded are freight insurance (included in insurance services); goods procured in ports by nonresident carriers (included in goods); maintenance and repairs on transport equipment (included in maintenance and repair services n.i.e.); and repairs of railway facilities, harbors, and airfield facilities (included in construction).

4.7 Telecom Sector

The telecom sector is one of the fastest growing segments of Pakistan's economy and is a key driver for growth. There are an estimated more than 100 Million cellular users and the sector directly or indirectly employs approximately 1.36 Million people. Pakistan exported USD 3.22 billion worth of telecom services (including IT services) to the world in FY 2024. Although the export of telecom sector is 24% high as compared to FY 2023. But government introduced several measures in services sector. Few steps are reported below for Telecom sector.

i. **Measures for introduction of 5G in Pakistan[3]:** Pakistan has targeted to commercially launch the most advance internet 5G by December 2022. The government has set the target of increasing IT exports to $5 billion by the time it completes its elected five-year tenure in 2023.

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

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

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

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

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

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

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

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

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

4.8 Other business services

Other business services and Personal, cultural, and recreational services exports for Pakistan were reported USD 1,550 and 23 million during FY 2024, respectively. Personal, cultural, and recreational services exports of Pakistan has recorded increase of 62% in FY 2024. But government has taken different steps to increase the export of other business servies;

- National Business Development Program for SMEs (NBDP)
- SMEDA ONE WINDOW (SOW) – A Step towards Creating a Hassle-Free Business Environment for SMEs
- Technology Up-gradation, Common Facility Centers & Business Facilitation Centers

4.9 Construction Services

Construction services exports for Pakistan was USD 69 million showing a increase of 90%. Though Pakistan construction services exports fluctuated substantially in recent years due to increasing cost of raw materials and higher inflation.

TDAP INITIATIVES & ACHIVEMENTS

TDAP prepared and implemented the **Annual Business Plan 2023-24**, which outlines strategic initiatives aimed at boosting exports, enhancing trade facilitation, and expanding market access for Pakistani products globally.

The plan includes key activities such as organizing trade exhibitions, facilitating delegations, and promoting sectoral growth in areas like textiles, agro-food, and engineering. It also emphasizes fostering international collaborations and supporting small and medium enterprises (SMEs) through targeted training and development programs.TDAP participated in 93 international exhibitions focusing on markets such as Europe, North America, China, Middle East, CARs and Africa. We also sent delegations to explore new market opportunities, emphasizing the Look Africa Policy and market initiatives in Central Asia and ASEAN Region. The sector & region wise breakup of marketing & promotional activities during FY 2023-24 is given below:

International Exhibition

Sectors	2023-24
Agro Food Division	17
Textile and Leather Division	23
Engineering and Mineral Division	20
Services Division	21
International Marketing Development Division	12
Total	93

Trade Delegations 2023-24

Sector	Outgoing	Incoming
Agro and Food Division	2	6
Textile and Leather Division	3	2
Engineering and Mineral Division	3	2
International Marketing Dev Division	3	1
Total	11	11

Pakistan receives Best Pavilion" award at Global Sourcing Expo which is being held in Melbourne Convention Center, Australia from 19-21 November, 2024. This is the largest exhibition of textiles, leather, leather garments, home textiles products in Oceania region and TDAP regularly participates in the event.

Australia is a big market of textiles and leather garments from Pakistan and out of total exports of US$ 300 million, US$ 190 million are exports of these products. In addition to Pakistan, China, India, Bangladesh, Vietnam, Cambodia and other ASEAN countries are participating in the exhibition and Pakistani textiles products compete with these countries in most of the destinations. Pakistan Pavilion received the award of the "Best Pavilion" and a shield from the Event Organizers' in Welcome Reception.

Flagship Events of TDAP

5th TEXPO (October 2024)

- 274 Exhibitors of Textile and Leather
- 60 Countries Participated
- Visited by 527 Foreign DELEGATES
- USD 980 million export order to be realized in FY 2024-25
- HIGH END Fashion show
- 2762 B2BMeetings
- 13 MoUS
- High profile meetings: Argentina, NL, Italy, SL, Turkey, Kenya, Saudi Arab, Colombia and Brazil
- 10 factory visits

2nd FoodAg (August 2024)

- 350 Exhibitors sectors of Agro Food
- Participation from BalOchistan and Sindh under the banner of GRASP
- 68 countries Participated - Largest participation was from China (150 buyers
- 650 Foreign Companies Attended
- USD 1.2 Billion exports to be realized in FY 2024-25
- 6,425 B2B meetings, 13 Regulatory authorities from different countries participated
- GLOBAL FOOD Cuisine show

3rd Engineering Healthcare Show (January 2024)

- 650 foreign delegates
- 190 exhibitors
- & Engineering and healthcare start-ups
- 2100 sectors specific B2B meetings
- 10 MOU's were signed
- USD 245 Million business deals
- Mineral investment Lounge

Market Diversification

TDAP uses marketing tools including include the *Look Africa Policy*, and Focusing Central Asian Republics and ASEAN Region.

4th Pakistan-Africa Trade Development Conference & Single Country Exhibition, Cairo

- annual event under the policy of "Look Africa".
- Previous editions were held in Kenya, Nigeria and South Africa.
- 4th Edition was held in Cairo, Egypt from 9th-11th January, 2024.
- More than 100 Pakistani companies participated in the event

Made In Pakistan Exhibition Tashkent - June, 2024

- First Single Country Exhibition in CAR
- 100 Companies participated in the exhibition
- More than 2300 B2B were held

Product & Market Development & Diversification

Product promotion includes: Focused on enhancing product quality, diversification and value addition, TDAP supports sectors such as textiles, agriculture, engineering goods, minerals, and IT, helping businesses develop value-added products for global markets.

Agro Food

Brussels - 77 interceptions of rice in EU during September 2024

- TDAP organized a series of workshops in rice growing areas of Punjab & Sindh to address maximum Residue Limit of Pesticides and Aflatoxin)
- Vietnam - Khappra beetle Interventions in Maize crop
- Seminars were held in Okara, Sahiwal and Pakpattan
- Webinar was held with stakeholders
- DPP was sensitize to take appropriate actions

Russia - potatoes & reduction in supply of potatoes due to Red Sea issue in Russia

- Webinars, seminars & virtual B2B meetings
- NLC to set up a cold storage facility for Agro products in Russian Market

UAE - restrictions on meat exports from Pakistan due to quality and packing issues

- TDAP organized multiple meetings with stakeholders & conducted a third-party Audit through SGS
- TIO held follow-up meeting with the UAE Authorities & the meat trade was restored after it was aligned with the new regulatory requirements

USA - Fisheries ban on Shrimps exports from Pakistan

- Workshops and seminars on regulatory requirements of shrimps import to USA
- TDAP submitted dossier to US Authorities in collaboration with Marine Fisheries (MFD) and Sindh Fisheries Department

South Korea, Vietnam – Maize

- Seminars in Okara, Sahiwal, Pakpattan, and Vehari in April, 2024

UK – Dates

- Arranged Seminars, Webinars & B2B sessions & invited stakeholders for FoodAg exhibition

Indonesia – Rice GoVT Procurement

- TDAP informed REAP and facilitated their visit of REAP and asked TIO to participate in the conference and facilitate Pakistani Rice exporters (around US$ 200 million Rice order received)

China, KSA, Jordan - Sesame

- Seminars in Layyah, Bakhar, Khanewal, and Sahiwal in February, 2024
- Virtual sessions on Saudi Arab and Jordan markets

Kazakhstan, Kyrgyzstan, Uzbekistan, Sri Lanka, Russia, Afghanistan - Potatoes & Citrus

- TDAP arranged virtual B2B meetings in September & October 2023

Philippine - Rice

- TDAP informed and facilitated the visit of REAP and Rice exporters
- Garibsons awarded "Best Market Achievement Award"
- G2G procurement information conveyed to TCP

Philippines - Pakistan faced 10% duty on exports of citrus & our competitors (Australia & China) has zero duty on Citrus

- TDAP is coordinating with growers for submitting maximum number of online Appeals for zero duty

Textile & Leather

EU Green Deal

EU sensitized TDAP on the European Green Deal, approved in 2020, with the following objectives set by EU in the Textile sector:

- Sustainable growth
- Climate-neutral
- Energy and resource efficient
- Respectful of nature

- Build clean and circular economy

- A series of seminars were organized on **Circularity in Textiles** in collaboration with NTU in Lahore, Karachi, Multan, Sialkot, Faisalabad
    - The focused key areas are:
    - Three “Rs”: repair, recycle reuse and durable
    - Extended producer responsibility
    - Recycling technologies
- Three seminars were held on the sideline of TEXPO:
    - “Green Threads: Weaving Sustainability into Pakistan's Textile and Leather Sectors”
    - “From Waste to Worth: Innovations in Circular Product Development”
    - “Smart Moves: Transforming SMEs into Green Power Houses”

Russia - Due to Ukraine war many exporters left Russia which has created space for Textile & Leather exports

- 21-member Delegation sent to Russia in October 2024 (Expected business $16 Million)

Argentina - Non-traditional market with Textile export

- Pre-Event B2B sessions of 6 Argentinian buyers were arranged by TDAP with Pakistani counterparts (expected business $6 million)

Malaysia - Non-traditional market company namely M/s AEON Malaysia

- B2B Session of M/s AEON Malaysia was held with Nishat Chunia and Lucky Group in October 2024

Sri Lanka - Non-traditional market for Home Textile, Apparel & Footwear

- Pre-Event B2B sessions of 11 Sri Lankan buyers were arranged with Pakistani counterparts. Huge delegation from Sri Lanka participated in TEXPO 2024 (expected business $18 million)

Engineering & Minerals

Rwanda – Pharmaceuticals

- In Rwanda, Pharmaceutical industry is being encouraged for foreign investors/manufacturers. This information was shared with Pharmaceutical Association in September 2024
- TDAP sensitized Pharma Association on the issue and arranged the visit of related Inspectors from Rwanda in April 2024

Kyrgyzstan– Pharmaceuticals

- TDAP has shared this information to Pharmaceutical Association for circulation among manufacturing companies in September 2024

Cote d Ivory – Fan & Rubber

- TDAP took up the matter with Fan manufacturers Association in October 2024

USA - Paper Plates (Anti-Dumping duties & CVD on Paper plates imports from China, Vietnam & Thailand)

- All Pakistan Paper Merchant Association was informed regarding the market opportunity in US as a result anti-dumping duties on competitors in November 2024

USA – IT

- TDAP arranged business delegation & conference in USA for the leading I.T. Companies to be held in November

Canada – Minerals

- PDAC 2025 - Barek Gold is major investor in Rekodiq Project. Its one of the biggest exhibition of Minerals in the World. On the lead of TIO Toronto in October 2024, TDAP has extended invitation to the prospective exporters

China - largest B2B portal of China by the Chinese Importers.

- TDAP has provided the list of leading exporters to be registered on the portal. www.china.com.cn

Syria

TDAP organized 21-member multi sector business delegation in September 2024 to Syria .

Local Shows

TDAP mandated to plan and organize local, international and inter-provincial export promotional conferences, workshops, seminars etc. for the support of SMEs

- Her Hunar 4-5 March, 2023
- WEXNET (30th September, 2023 to 2nd October, 2023)
- 39th International Handmade Carpet Exhibition, 4-6 Oct 2023 Lahore
- Mega Leather Show, 27-29 January 2024
- Trade Exhibition Sukkur 17-18, Feb 2024
- 2nd Edition of Handicrafts and Bangles Show Hyderabad (June 2024)

- Turbat Handicraft Show and Seminar (27-28 June 2024)

Trade Facilitation

To facilitate exporters, export oriented small and medium enterprises, risk management of exporters and international buyers, energy and infrastructure needs of exporters and related industrial areas and zones, quality management, social, environmental and security needs and generally all aspects of export facilitation etc.

- Providing exporters with advisory services, TDAP assists in market access and simplifies processes to support businesses in navigating international trade.
- TDAP also facilitates the sectoral councils on 16 different sectors to engage the public and private sector in policy dialogues addressing current issues faced by the business communities
- Visa Facilitation

Awareness & Capacity Building

Through initiatives like the National Exporters Training Program (NETP), Women Entrepreneurship Development Policy Framework and E-commerce training, TDAP equips exporters & women entrepreneurs—with the skills to succeed in global markets

- National Exporters Training Program(NETP) – 32 sessions and 3500 participants
- Amazon Training (35 sessions and 3400 exporters participated)
- Al-Noor Rice Mills and other companies became part of TDAP initiatives and significantly increased exports of Pakistan

E-Commerce initiatives

Pakistan Trade Portal acts as a digital marketplace for various products, including textiles, leather goods, surgical instruments, and more. Both buyers and sellers can create accounts to access wholesale products and servicesAdditionally, TDAP's **B2B Portal** focuses on showcasing Pakistani products to global buyers. Pakistani companies, especially MSMEs and women-led businesses, are encouraged to register to feature their products. TDAP even provides photography services to enhance product listings for selected companies

- **E-Commerce initiatives**
  - User friendly trade portal www.tdap.gov.pk
  - Pakistan Trade Portal (Companies 4700, product 8000, Visitors 256271)
  - Pakistan Digital Export Gallery Virtual Display Centre(39,719 hits, products 52)

TDAP online portals

TDAP offers several online portals aimed at promoting Pakistani exports and facilitating international trade.

- **TDAP user friendly website (https://tdap.gov.pk/)**
- **Pakistan's Trade portal (https://pakistantradeportal.gov.pk/**
- **Pakistan's Export Gallery (https://pakistanexportgallery.gov.pk/)**
- **Online application system of trade fair participation (https://tdap.gov.pk/mis/)**
- **Online application system of booking of Expo centre (https://kec.pakistanexportgallery.gov.pk/)**

- **Websites of Flagship events of TDAP (https://agro.tdap.gov.pk/ , https://ehcs.tdap.gov.pk/ , https://texpo.tdap.gov.pk/**

- **Website "Women Entrepreneurs" (https://we.tdap.gov.pk/)**

- **Tourism App "Meet Pakistan" (https://tdap.gov.pk/pakistan-tourism-applications-android-ios/)**

Women Entrepreneurship Development

TDAP also conducts research on export sectors, publishing reports, trade data, and policy briefs to help identify opportunities and challenges, guiding exporters with data-driven insights

- Training, Seminars and Workshops
- Women Entrepreneurship (WE) - 27 sessions, 2065 participants

Stakeholder Engagement

By organizing seminars, webinars, and consultations to engage with exporters and industry leaders, TDAP aims to foster collaboration and sharing best practices in trade development

Seminars and webinars by TDAP

- Engineering & Minerals (75)
- IMDD (21)
- Agro & Food (84)
- Textile & Leather (29)
- Punjab (04)
- Sindh & Balochistan (21)
- Women Entrepreneur (06)

Trade Reports

- Monthly Trade Reports (since October 2021) (38 Monthly Trade Reports)
- Pakistan's Trade Perspective - Quarterly Trade Reports (since July 2021) – (13 Quarterly Reports)
- Annual Trade Review 2021, 2022, 2023, 2024

Research & Development

TDAP also researches export sectors, publishing reports, trade data, and policy briefs to help identify opportunities and challenges, guiding exporters with data-driven insights

Engineering Sector

- Pakistan's potential exports of Motorcycle Industry
- Furniture Industry of Pakistan: Trade, Obstacles and Opportunities
- Toy Industry – A case Study of Pakistan
- Petroleum Sector of Pakistan and Its Dynamics
- Import Substitution for Raw Materials used in Textile Industry: Case for Towels
- Medical Device Regulation in the European Union - Costs and Procedures: How the Government can Support Exporters
- Export Potential for OTC Drugs in Central Asian Countries
- Concession of Tariff Given to Raw Material Used in Pharmaceutical

TRADE DEVELOPMENT AUTHORITY OF PAKISTAN | MINISTRY OF COMMERCE

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

Tel: +92-21-99206487 - 90 UAN: 111-444-111

URL: www.tdap.gov.pk /tdapofficial /tdap_official