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By Our Staff Reporter

Trade deficit narrows over 33pc in July-October

KARACHI: The country`s trade deficit fell by massive 33.5 per cent on account of substantial declines in imports during the first four months of this fiscal year.

According to the Ministry of Commerce data released on Saturday, the trade deficit dipped to $7.8 billion during July-October from $11.7bn in the corresponding last year.

In October it fell by 32pc to $1.97bn compared to $2.9bn in the same month last year.

The continuous shrinkage in imports is likely to bring the overall trade deficit to $19bn by end of the current fiscal year from $32bn in 2018-19.

The government has managed to reduce the current account deficit (CAD) by 64pc in the first quarter of 2019-20 thanks to sharp reduction in trade deficit and improved inflow of remittances.

Imports recorded contraction of 19.3pc to $15.3bn during the July-October period f rom $19bn in the same period last year. The PTI government has to introduce several policy measures to bring down the record-high trade deficit of $37.643bn booked by the PML-N government in last year of its tenure.

Year-on-year, imports during October plunged by 17pc to $3.9bn compared to $4.8bn during the same month last year.

Imports remained well above the $3bn mark since October 2016 and have risen consistently over the period peaking at $5.8bn in May 2018. The PTI government has taken several measures to curtail rising import bill since coming into power in August 2018.

On the other hand, the country`s merchandise exports during the period grew by a meager 3.6pc to $7.5bn from $7.3bn during the four months under review. In October, year-on-year exports increased by 6pc to $2bn from $1.9bnd.

The tepid growth in exports comes amid declining overall manufacturing output. The Large-Scale Manufacturing Index (LSMI) has seen persistent declines for the last six months led by a fall of 14pc in the production of petroleum products, 12.82pc in automobile sector, 12.58pc in nonmetallic minerals, 9.96pc in fertilisers, 9.81pc in pharmaceuticals, 5.63pc in chemicals, 5.43pc in engineering, 5.10pc in iron and steel and 0.08pc in textile sector.