BUSINESS RECORDER
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# Exports: volume meets value

Exports are happening. Make no mistake about it. Up tick in export volumes had been building for some time, but it almost came to a point where it was being mocked, as it was not yielding results in value terms. 4MFY20 export numbers reaffirm the trend – as the increase in volumes, is slowly but surely starting to reflect in dollar terms too – as the 4MFY20 exports went up 4 percent year-on-year.

Don't forget the global economic outlook does not instill a lot of hope, and the commodity prices have for some time been reflecting just that. The average export unit pries for most of the key categories have shown continuous decline – with a few exceptions in rice, which seems to have rebounded in the last few months.

So the onus rests on the volumes – and textile sector, Pakistan's heart line of exports, has responded rather well to the situation, putting to rest earlier concerns as regards Pakistan's ability to compete globally, and the country's capacity of managing an exportable surplus at all.

Consider this. Pakistan's readymade garment export quantity has increased by 32 percent year-on-year in 4MFY20. That of bed wear and knitwear is up by 19 and 7 percent, respectively. The volumes for most of these exporting categories are hitting all-time periodic highs. Combined, these three constitute nearly 40 percent of the country's total exports, and the trend is very heartening.

The rise in textile exports will surely soon reflect in LSM numbers too, as it is based primarily on volumetric increase. Assuming domestic demand has not dropped sharply, considerably higher textile merchandise being exported should mean more labour hours worked, more raw material consumed, and more energy off-take. The textile sector is the single largest industrial employer in the country, and if the stories of sizeable expansion in the sector have meat, the sector employment and engagement will surely go higher in the months to come. And this is precisely what Pakistan needs at this juncture, having largely dealt with the current account deficit crisis.

While, diversification in exports should stay a long-term goal, textile's significance in reviving Pakistan's export, and also serving as an engine of industrial growth, should not go unnoticed. To this end, the efforts aimed at keeping the sector competitive via reduced energy rates, and swifter settlement of refunds – have played a vital role, and there is no reason why these measures should not continue.

And it is not textiles alone, as others have also chipped in – particularly the food group. Pakistan seems to have found the lost touch in the rice market, where both Basmati and other rice have made a resounding comeback, showing double-digit growth – with Basmati volume going up by as much as 72 percent year-on-year – and overall rice quantity went up by a mammoth 42 percent year-on-year. Contribution of rice in exports has also gone to multiyear high levels of 8 percent.

Given the large reliance of exports on the agriculture sector performance, it would not hurt if the concerned authorities start treating the sector more seriously, and with long-term planning. The seeds, the yields, the cost, will all decide the fate of exports. Probably, the advanced phase of CPEC, where agriculture is supposed to be the cornerstone, needs to come sooner.