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Falling raw material imports could lead to further slowdowns ahead, says Razak

ISLAMABAD: Commerce Adviser Abdul Razak Dawood said on Tuesday that raw material imports are plummeting, sending a wave of concern through the business community that industrial production is set to slow down further in the coming months.

He shared the fears just few days after Adviser on Finance Hafeez Shaikh, in a news conference, celebrated reduction in the trade gap.

"I don't have the exact figures, but to the extent there are a lot of raw materials imports coming down, that makes me a little bit worried," Dawood said while responding to a question at a news conference on Tuesday.

He agreed that the reduction in industrial raw material is not a good sign.

On the issue of auto-sector, he said that production has declined due to multiple factors. He listed three reasons for the decrease in auto sales: devaluation of the local currency, interest rate hikes and consumer resistance. He went on to add that, consumers are resisting the higher prices, which he said could happen anywhere in the world.

The adviser also defended the businesspersons' meeting with the army chief, which he said was done on direction of the PM.

On the other hand, while discussing the second phase of the China-Pakistan Free Trade Agreement, he said that it would be operational by Dec 1, 2019.

Furthermore, he said that Chinese investment in the country's export processing zones would benefit Beijing mainly to increase its exports to the United States.

He said that China is interested to set up export units in the Faisalabad's special economic zone. He also added that China's concerns have also been resolved after Gwadar Port was operationalised. "It is now fully operational," he said.

Dawood said the government is committed to increase exports by removing obstacles in the way of trade. He said that significant measures have been taken to achieve trade targets.

"I feel that our exports are pretty close to our targets", he said adding that the trade gap is improving as imports are being curtailed and exports are going up, he claimed.

On the issue of difference in export figures of the State Bank of Pakistan and the Pakistan Bureau of Statistics (PBS), the adviser remarked that he has asked relevant stakeholders to resolve the issue in a professional manner. The issue arose because of the double counting of the figures of export processing zones (EPZs), he claimed.

He said it has been agreed in principle to count the figure of EPZs but it cannot be double marking. “We will resolve this issue in the next few weeks”, he said.

The adviser said there would also be an issue of the counting of exports through e-commerce. He said the Ministry of Information Technology would choose any of the international software for the purpose like Pay Pal, Ali Pay, WeChat etc.

According to latest data released by the PBS, Pakistan’ major exports during the first quarter of current fiscal year included rice, which clocked in at $471.1 million, up 50.1pc; men’s garments at $886.1m, up 7.3pc; cotton t-shirts at $123m, up 57.6pc and copper and copper products, which grew by massive 144pc to $91.8m.

Pakistan has witnessed export growth in traditional and non-traditional markets. The country’s exports to Saudi Arabia increased by 51pc, the United Arab Emirates 23pc, Netherlands 17pc, China 14pc. Meanwhile, exports to Africa are also on upward trajectory in value and quantity.

Main import commodities that have declined include Iron and steel, down 23.5pc, fertilisers 62.5pc, palm oil 25.9 pc, plastics and articles of plastic 16.8pc and soya beans 55.8pc.