

Exports rebound after four months of decline

ISLAMABAD: Pakistan's exports bounced back in July following a steep fall for four consecutive months since March when the government imposed lockdowns to contain the spread of coronavirus.

The new fiscal year started with a positive note as export proceeds grew 5.8 per cent to \$1.998 billion in July, from \$1.889bn in the corresponding month of last year, data released by the Ministry of Commerce (MoC) showed on Tuesday.

In rupee terms, the export proceeds jumped 11.3pc year-on-year in July.

Visible improvement was observed in export orders from international buyers, mainly in the textile and clothing sectors since May. The decline had widened in April with a plunge of 54pc, which relatively improved but still came in at 35pc contraction in May and 6pc in June.

In FY20, exports fell by 6.83pc or \$1.57bn to \$21.4bn, compared to \$22.97bn the previous year.

Imports fall 4.2pc in first month of FY21

The continuous decline in imports is also providing some breathing space for the government to manage external account despite a downward trend in exports the last four months.

In July, the import bill decreased by 4.2pc to \$3.54bn, as against \$3.696bn over the corresponding month of last year.

During 2019-20, the import bill witnessed a steep decline of \$10.29bn or 18.78pc to \$44.509bn compared to \$54.799bn last year.

The country's trade deficit also came dipped by 14.7pc in July from a year ago, mainly due to a fall in imports and paltry growth in export proceeds. However, imports are also expected to bounce back in the coming months following abolishing of regulatory duty on imports of raw materials and semi-finished products.

In absolute terms, the trade gap narrowed to \$1.542bn in July, as compared to \$1.808bn over the corresponding month of last year. During FY20, it narrowed to \$23.099bn, from \$31.820bn.

Data breakdown shows that export of 10 products posted impressive growth during the month under review: worn clothing and clothing accessories surged by 2,078pc, followed by food preparation 344pc, made-up clothing accessories, knitted or crocheted 313pc, tarpaulins, awnings and sunblinds 154pc, tracksuits 135pc, gloves, mittens and mitts 83pc.

Similarly, export of fish and fish products soared by 50pc, jerseys, pullovers, cardigans, waistcoats and similar articles 44pc, women's garments 34pc, leather apparel 28pc, made-up articles of textile materials 27pc, home textiles 24pc, copper and articles thereof 19pc, and men's garments 10pc.

The export proceeds of some important products posted a decline during the month under review including wheat, wheat flour, cotton, synthetic filament yarn, raw leather, ethyl alcohol, cotton yarn, plastic products, tanning, dyeing extracts, rice and cement.

Meanwhile, top 10 importing products which increased in July were: soya beans up by 616pc, petroleum coke 192pc, palm oil 190pc, rubber 36pc, fruits and vegetables 24pc, pharmaceuticals products 17pc, inorganic chemicals 14pc, iron and steel 12pc, tea 11pc, plastic products 8pc, electrical and electronic equipment 5pc.

On the other hand, items that saw a decline in imports included rape seeds, cotton yarn, motor cars, footwear, parts and accessories for tractors, petroleum gas, petroleum oils, coal, machinery, fertilizers, organic chemicals, petroleum oils excluding crude and paper and paperboard.

Commerce Adviser Abdul Razak Dawood underlined that the MoC will be evaluating its geographical diversification in order to realign the focus towards new opportunities. He also advised the ministry officers to extend all kind of necessary support to exporters in order to achieve the targets, not only in terms of numbers but also with regards to intended policy outcomes.