

Protecting exports

Full marks to Pakistan's exporters, the commerce ministry and associated departments for working together to raise the country's exports for July 2020 by 5.8 percent, in dollar terms, over the same period of last year. The achievement is all the more praiseworthy considering that international trade, which dropped to a trickle because of the coronavirus, has not yet bottomed out. That is why even within the region India's and Bangladesh's exports dipped by a good 13.7 percent and 17 percent, respectively, in July. Indeed, Pakistan too had been feeling the pinch for four months prior to the turnaround last month, since March 2020 when Covid-19 and associated lockdowns practically everywhere in the world started having a very telling impact on international trade. And it is nothing short of a miracle that while much of the rest of the world is still struggling, Pakistan has been able to pull back from a 54 percent plunge in exports in April, a 35 percent fall in May, another 6 percent drop in June, to almost six percent growth in July, which means a trend reversal of about 12 percent in just one month. The breakdown of the trade figures brings yet more welcome news. It turns out that while overall exports grew by 5.8 percent, textile exports increased by a record 14.3 percent over the same time.

This is a very encouraging trend and it must be preserved and protected at all costs. It shows very clearly that the country's trade machinery stood ready to fall into action just as soon as the lockdown was lifted at home, and that is perhaps why we were able to tap into a few markets that traditional suppliers might not have been in a position to cater to. The government must now make sure that all measures that contributed to this good piece of news are not just maintained but strengthened. Using trade revenue to lubricate a fast drying national kitty is no mean achievement, especially in the present environment of uncertainty when even export powerhouses are running from pillar to post trying to maintain their traditional revenue streams. No doubt Pakistan has been able to do all this because the government's policy of enforcing smart lockdowns, which shut down coronavirus-sensitive spots but allowed usual production and commerce to continue, brought such encouraging results. Fewer infections and deaths meant more people could work and therefore more things could be produced and then exported, which is why everybody involved in the decision-making process all the way up to the prime minister deserves a pat on the back for all the jobs increased production has created and all the revenue enhanced exports are bringing in.

One reason to not just protect this trend but make it grow is that the International Monetary Fund (IMF) has just announced in its latest report, "External Sector Report Global Imbalances and the COVID-19 Crisis", that a decline in remittances is set to bring many hardships to households and small businesses in countries just like Pakistan, where such inflows represent more than five percent of Gross Domestic Product (GDP), as their economies are hit by the synchronised nature of Covid-19. It is no surprise that as joblessness rises in countries where most Pakistani expatriate workers live they are among the first to be laid off, since the axe of unemployment is far more likely to fall on

migrant workers before native ones. And since remittances have been contributing about just as much annually to the national kitty as export earnings for quite a few years, something like this should ring some serious alarm bells in Islamabad, especially since this is not a problem that can be solved by any manner of policy-making or even legislation at home. All that can really be done is prevent unnecessary leakages as much as possible and find new, innovative ways of keeping revenue piling. A World Bank report for 2020 has also forecast an average 20 percent fall in remittance flows this year based on an empirical model that links remittance inflows to migrant incomes proxied by the per capita incomes of the economies of their destinations.

All things considered, it is hoped that the commerce ministry will leave no stone unturned in trying to diversify our export basket and finding new trade destinations. So far Pakistan has been one of the first countries in the world to record a reduction in fresh coronavirus cases and deaths, get the economy going again, as well as witness a healthy surge in exports. It must now build on all this to become one of the first countries to also carve out fresh trade markets as the world recovers from Covid-19.