

Have exports turned the corner for real?

The world is still in the process of resettling and the trade outlook is marred with the risk of a second wave of Covid-19 cases. But Pakistan has surprised itself with the export performance in July after toeing the global trend of hitting historic trade lows in the April-June quarter.

Pakistan managed to post 5.8 per cent growth in exports in July on a year-on-year basis after recording an annual drop of 54pc in April as the health disaster–forced lockdown disrupted the mobility of men and merchandise.

The downward swing started in March 2020 when exports fell 8pc. After a vertical fall in April, May fared relatively better as exports shrank by 33.4pc. June witnessed a drop of 6pc after which exports entered the positive zone.

In a rare display of mutual admiration, the exporters' community is thanking the government for its relentless support while government officials are singing the praises of progressive entrepreneurs, techies and fruit and vegetable traders who did not let the health scare numb their competitive spirit and succeeded in beating all odds in the worst phase for trade in recent history.

Abdul Razak Dawood, adviser to the prime minister on commerce, was excited as the current data, he thought, endorsed his position on incentivising exports through subsidies and concessions for the economic turnaround. Talking to Dawn, he expressed confidence in the future of exports, assuming the gradual return to normalcy around the globe. He promised to lift the ban on the export of personal protection equipment (PPE) in Tuesday's cabinet meeting to expand Pakistan's footprint in this niche market.

'How far can greens, call centres and facemasks take us in exports? The loss of jobs cannot be addressed until the base of the economy is widened'

"The people in the health ministry feared a disaster in Pakistan back in March. Their paranoia made the government ban the export of PPE, compromising the full utilisation of the installed production capacity of such items in the country. We later made an exception for cotton facemasks and activated commercial attachés to hook locals with overseas clients."

He acknowledged that the lingering price hike in essential food items and power supply disruptions are two most crucial issues that need urgent government attention. He said he has been approached to take up the issue of frequent power supply disruptions to industries in Karachi with K-Electric. "I intend to call the CEO of KE soon to impress on him the economic cost of power supply disruptions on the industry and its fallout on the economy," he said.

Expanding on his commitment to free trade, he shared details of his efforts directed towards geographical and product diversification, duty-free import of raw materials and tariff rationalisation strategy over the remaining three years of the PTI government.

He also resented the dumping of sub-quality products in the market that hurt the local industry while hinting indirectly at China. “We are working closely with the Ministry of Industries and the Ministry of Science and Technology to strengthen the Pakistan National Accreditation Council to expand certification infrastructure and make it credible.

“We are engaging with sectoral trade leaders and chambers to remove hurdles in exports.”

The hierarchy in the ministry sounded the same: high on claims and low on homework. Ayesha Humair, spokesperson for the Ministry of Commerce, boasted that the ministry’s role in facilitating e-commerce translated into better export performance by techies. On the request to share the structured assessment of the export industry or new potential markets in the changed global environment, she said the ministry is in the process of getting input from chambers of commerce and trade bodies to later put the strategy on paper. Other officials mentioned subsidised power rates, cheap credit and release of withheld duty drawback claims, but nothing in terms of guidelines for old players and new entrants into the export business.

The top guns of the business world, however, put in a word of caution. They cited persistent long power breakdowns in Karachi and the limitations of control-addicted bureaucracy resistant to shake off old habits to swiftly spring into action to respond to the demands of the changing times.

“Enjoy as long as it lasts,” a Karachi-based businessman mocked the euphoria in the government circles over July export data. “When the industry is in stress in Pakistan, it would be silly to assume stellar performance in exports. You need a wide stream of value-added products to sustain and gain export markets. Besides, in the absence of better compliance with international standards and a credible certification infrastructure to check the health and sanitary status of each consignment headed abroad in a world enduring a pandemic, one mishap related to a contaminated container sourced from Pakistan anywhere can compromise the scope of all exports.

“How far can greens, call centres and facemasks take us in exports? Today, business as normal can’t work. Please address the real issues. The loss of jobs and the drop in income of families cannot possibly be addressed till the base of the economy is widened through fast-paced industrialisation.

“Talking about geographical and product diversification is a farce when the industry is crippled and the balance sheets of leading business groups are in red for the drop in demand,” he warned.

The few who did well on the strength of switching operations to digital platforms and changing production lines said they trusted the current team in the Ministry of Commerce as for once they were entertained and not snubbed by the higher-ups.