

Exports show signs of revival as pace of decline slows in June

ISLAMABAD: Pakistan's exports fell for the fourth consecutive month in June to \$1.609 billion, down 6.3 per cent year-on-year from \$1.717bn in the corresponding month last year, data released by the Ministry of Commerce showed on Thursday.

The exports in June fell at a much slower pace compared to a month-on-month drop of 33.6pc in May and 54pc in June, due to a recovery in export orders from international buyers mainly in the textile and clothing sectors.

Between July to June, exports fell by 6.83pc or \$1.57bn to \$21.4bn compared to \$22.97bn of last year.

However, continuous fall in imports is providing some breathing space for the government to manage external account despite negative growth in exports from the country. In June, the import bill also posted a negative growth of 16.5pc to \$3.643bn against \$4.364bn over the last year.

In the outgoing fiscal year (2019-20), the import bill witnessed a steep decline of \$10.29bn or 18.78pc to \$44.509bn compared to \$54.799bn last year. However, during the same period, exports declined by \$1.57bn, while the import bill was lower by \$10.29bn, narrowing the current account deficit.

According to the commerce ministry data, the current account deficit shrank by \$8.7bn or 27.4pc in the financial year 2019-20 due to a substantial decline in imports compared to moderate fall in export proceeds from the country.

The country's trade deficit also came down by 27.41pc in the FY20 from a year ago. The decline is mainly due to a double-digit fall in imports. Meanwhile, government's corrective measures also helped slow down imports to reduce pressures on foreign exchange reserves.

In absolute terms, the trade gap narrowed to \$23.099bn in July-June from \$31.820bn over the corresponding months last year. On a monthly basis, the deficit fell by 23.2pc to \$2.034bn in June from \$2.647bn during the same month last year.

At the height of lockdown, Adviser on Commerce Razak Dawood in a statement said that he was expecting much worse export results, but Pakistan has successfully bounced back. "I would like to congratulate all our respected exporters for their efforts", he said, adding the "overall declining trend in exports, due to Covid-19, has been arrested".

Dawood said the government will strategise in the next few weeks on how to recover our exports, continue the momentum and expand with new products and diversification.

The figures reviewed by Dawn showed that an amount of Rs51.2bn was released to textile and clothing sectors between July-May 2019-20 under the PM's cash subsidy scheme commonly known as the drawback of local taxes and levies. And another Rs4bn was also released to the non-textile sector.

At the same time, the government has also lowered the rate of gas for the export sector besides releasing the stuck sales tax refunds in the outgoing fiscal year 2019-20.

An official statement issued by the commerce ministry to analyse the impact of Covid-19 on export sector said that in the pre-pandemic days near the end of February, Pakistan's exports were on an upward trajectory and posting an increase of 14pc in dollar value terms, as compared to the same month last year.

In March, exports declined by 8pc due to the lockdown to control the spread of pandemic, followed by a global economic slowdown. The situation persisted in April and May .

In addition to the upward trend in exports, the figures also indicate that the government's strategies for geographical and product diversification are also bearing fruits. The ministry noted that there is a significant improvement in exports to Africa as well as the Middle East.

Similarly, in the overall textile sector, value-added products have shown improvement while at the same time, cotton yarn and fabric exports have gone down.

He remarked that the beginning of export of home appliances and geographical diversification of cement export to China and Philippines are clear signs of success.