

State of exports

Last week a list of (supposedly) top 100 exporting companies from Pakistan kept making rounds in business and economics circles. BR Research made a plethora of calls to find out the source, origin, and accuracy of that data in that list, but all leads led to a cul-de-sac. However, since a host of sources in corporate sector found that list by and large reliable, we thought best to take a quick look at the numbers and see what insights they have to offer.

Unsurprisingly, textile sector dominates the list with 69 out of top 100 exporting companies in FY20 being from that sector. The sector contributed about two-third (76%) of the total \$8.8 billion worth of overseas earnings booked by top-100 exporters last year.

What is rather surprising though is that outside of textile, no other company from the so-called 'export-oriented sectors' – the ones that demand zero-rating every now so often – is part of the top-100 list. The likes of cutlery, surgical goods, leather, carpets aren't in the top-100 list, save for a single sports goods firm that sells polo goods, such as horse saddles, polo sticks, etc.

These statistics are indicative of the small and medium nature of the country's export-oriented sector, which is also perhaps why firms from Karachi, Lahore and Faisalabad dominate the list of top-100 where Karachi alone boasts 53 of the top-100 exporters accounting for 54 percent total exports of these top dollar earnings companies. This reiterates why when Karachi bleeds, or drowns (in rainwater), the political community and the state machinery must listen.

It's quite obvious that Karachi would also dominate the top-69 textile exporters from the list of top-100 exporters. With 33 textile exporters contributing nearly half of total textile exports of the top 69 players, Karachi has a clear lead. Lahore follows with 21 textile players contributing a third of total textile exports of the top 69 players, followed by 9 from Faisalabad.

In addition to textile, of the top 11 rice exporters included in the list of top-100 exporters, nine are from Karachi. In other words, one can say that top 9 rice exporters of the country that boast about 30 percent share in total rice exports of the country are based out of Karachi.

It's interesting to see that total exports of top-100 firms were about 41 percent of Pakistan's total goods exports in FY20, where top-69 textile exports accounted for about 54 percent of the country's total textile exports last year. This reading too points to the small and medium nature of the country's textile sector, as does the fact that top 11 rice exporters account for only a third of total rice exports of the country.

Yet for many long years, SMEs in the country continue to face a long list of problems for which successive governments promise a lot but deliver very little.

And for those who might wonder, only 28 of the top 100 exporters are listed at Pakistan Stock Exchange, of which 19 are in the textile sector. The combined market capitalisation of these top 28 exporters is less than 0.000042 percent of top 100 companies at the PSX that form the benchmark KSE-100. Need one say more!

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Share in total

No. of sectoral

companies Share in top-100 exports in FY20

(*) exporting firms (**)

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Textile 69 76% 54%

Commodity/Rice 11 8% 33%

Misc. 2 2.90% -

Oil and Gas 3 2.90%

Cement 3 1.90% 65%

Food 3 1.60% -

Of which: Meat 1 0.70% 20.00%

Steel 2 1.40% -

Engineering 1 1.10% -

Mines & Minerals 1 0.70% -

Footwea/Rubber 1 0.70% -

Pharma 1 0.70% 28%

IT base solution 1 0.60% -

Sugar 1 0.60% 71%

Sports 1 0.50% 18%

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Total 100

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Memo: Total exports of top 100 USD 8803 billion

Source: *Uncited industry report; ** Based on PBS