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Exports fall again in May, but recover from April low

ISLAMABAD: Pakistan's exports tumbled for the third consecutive month in May falling 33.6 per cent year-on-year to $1.39 billion compared to $2.09bn in the corresponding month last year, data released by the Pakistan Bureau of Statistics showed on Thursday.

Compared to 54pc decline in April, when exports fell to $957 million, month-on-month proceeds in May fared better owing to gradual recovery in the textile and clothing shipments to international markets.

The impact of global lockdown in the North American and European countries — top export destinations for Pakistani goods — brought down the demand for country's exports during the last four months since the spread of pandemic.

However, the data showed exports grew 45.35pc in May, compared to April indicating a revival in exports. One of the main reasons for the rebound is the resumption of orders. International buyers had earlier, in the last few months, deferred and cancelled various import orders due to the global lockdown.

Gradual easing of lockdowns across the world has helped trade

The government has also allowed exports through the land routes during the month to Iran and Afghanistan. The data showed resumption of exports on land routes also contributed to an improvement in overall exports from the country.

Cumulatively, exports during July-May fell to $19.79bn compared to $21.25bn over the corresponding months of last year, indicating a decline of 6.87pc.

In order to offset some of the impact of falling exports, the government has recently allowed exports of textile masks.

On the flipside, exporters say that they are now receiving orders for anti-bacterial and anti-fungus clothing, pillows cover, medical gowns, towel, bedsheets, and masks. Provincial governments of Sindh and Punjab have also allowed industries to resume operations to spur economic activity and help increase exports.

In the pre-Covid-19, the government had projected exports during the ongoing fiscal year to reach $26.187bn, from $24.656bn in FY19.

Contrary to this, imports continued their downward trend, providing some breathing space to the country.

The data showed imports falling to $40.85bn during the first 11 months of the current fiscal year, down 18.96pc, from $50.41bn in the same period last year.

The decline in the value of imported goods in May was 43.17pc to $2.85bn against $5.01bn during the same month last year.

As a result, the trade deficit narrowed by 27.77pc in the first 11 months of current fiscal year mainly on the back of a double-digit fall in imports.

In absolute terms, the trade gap narrowed to $21.05bn during 11MFY20, from $29.15bn over the corresponding months last year. In May, the deficit plunged 50pc to $1.46bn, from $2.92bn in the same month last year.

The government has recently released refunds as well as cash subsidies to export-oriented sectors to help them overcome the liquidity crunch.

The Federal Board of Revenue released refunds and rebates to the tune of Rs116.961bn in July-April as against Rs65.150bn over the corresponding period of last year.

In addition to this, the Ministry of Commerce has so far, in the last three quarters, released over Rs47bn to the textile and non-textile sectors as cash subsidies under the PM's Export Enhan-cement Package. Of these, textile and clothing sectors received an amount of Rs45bn between July-April under the drawback of local taxes and levies.