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Our Correspondent

Textile exports surge 86pc in May as lockdown eases

KARACHI: Textile sector saw its exports climb 86 percent in May over April after partial ease in lockdown, but it is still a double-digit short of export revenue earned in the corresponding month of a year earlier, official data showed on Tuesday.

Pakistan Bureau of Statistics (PBS) data showed that textile sector that accounts for 60 percent of the country's total exports brought in $751 million in May, compared to $403.8 million in April. However, the monthly exports were down 36.7 percent from $1.2 billion in May 2019.

The government started to ease the lockdown imposed since late March, ceasing all industrial settlements and stopping economic activities, following the outbreak of COVID-19, novel coronavirus.

Value-added exports that were seen on the downward trend in May over the same month a year ago depicted approximately 100 percent jump when compared with the preceding month.

However, textile exports, in the first 11 months of the current fiscal year, failed to cross the previous year's level with a 6.1 percent drop to $11.6 billion over the comparable period a year earlier, according to the PBS.

Value-added sector that is the revenue spinner in the textile group struggled to come out of the contraction during the July-May period despite rupee devaluation that was believed to boost the dampened sentiments of financially-constrained exporters' community.

Traders have been complaining about high energy tariffs and pending tax refunds for long and these concerns couldn't be resolved despite promises and commitments by the government that completed two years in the office.

Stabilisation measures it's taken over the period were believed to ameliorate external account sector, but they would succeed in restricting imports including those needed for industrial production. The growth contracted 0.4 percent as opposed to the projection of 3 percent this fiscal year in the aftermath of the greater lockdown. Even prior to the coronavirus crisis, the growth was seen falling to 3.3 percent last fiscal year, compared to 5.5 percent a year earlier.

The budget for the next fiscal year removed additional customs duty, withdrew regulatory duty on inputs and reduced withholding tax on import of plant and machinery. However, traders doubted over the decisions' efficacy in achieving even the current export level till June-end now when the global demand is waning. Overall, exports fell around seven percent to $19.8 billion in the July-May period.

Reliant on imports of inputs to run industrial wheel, Pakistan saw around 19 percent decline in imports to $40.9 billion in the July-May period.

Import of petroleum products dropped 25.3 percent to $9.8 billion. The drop was mainly due to falling oil prices in the international market. Machinery imports fell 5.2 percent to $7.8 billion. Imports of fertiliser, insecticides, plastic materials and other agricultural products slid 17.3 percent to $6.7 billion. Food imports fell 6.3 percent to $4.9 billion. The country imported $3.7 billion of iron and steel and metals during the period under review, down 18.4 percent year-on-year. Imports of raw cotton, synthetic fiber and other textile items decreased 20.2 percent to $2.3 billion.