

Exports unlikely to recover: FPCCI

KARACHI: After a 20 per cent year on year (YoY) drop in August 2020, exports are unlikely to recover in September due to the rains and subsequent floods flooding in the country — particularly in Karachi — which affected overall industrial operations, Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Mian Anjum Nisar said on Tuesday.

Power breakdowns, slowdown in business activities, delay in transportation and hampering of port operations were some of the issues exporters faced due to the unprecedented rains, the FPCCI president said in a statement.

Liquidity problems and issues of increasing cost, the rains and subsequent urban flooding also caused significant damage to the infrastructure, disrupting the supply chain and affecting industrial operations, the statement added.

Country's exports drop-ped by 20pc to \$1.58 billion in August 2020 which is startling for the economic managers who claimed the economy was recovering from slowdown induced by the pandemic.

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The drop in exports during August was really surprising, calling for out-of-the-box solutions for economic growth in these crucial times, as Covid-19 had adversely impacted the world economy as well as the Pakistan trade and industrial sectors, the FPCCI chief said.

He expressed surprise that the dip in August export figures came after a surge in exports during July 2020 when Covid-19 restrictions were more stringently in place. In July-August 2020, exports also went down by nearly 4pc, however, the country's trade deficit contracted to \$3.4bn due to shrinking imports.

The trade deficit, which stood at \$3.7bn in the comparative period of last fiscal year, shrank to \$3.4bn during July-August of 2020-21. In absolute terms, there was a reduction of \$307 million or around 8pc in trade deficit in the current fiscal year. Overall, imports fell by 6.3pc to around \$7bn during the July-Aug.

He urged the concerned provincial governments to upgrade drainage system in business hubs of all cities.

The statement said that rainwater entered the factories, godowns, shops and basements, damaging goods, plants, machinery, raw materials and infrastructure.

The FPCCI urged the government to take immediate steps for timely-refunds of sales and income tax, issuance of income tax exemptions on utility bills and resolve issues faced by the industrial sector.