INTERNATIONAL THE NEWS

Machinery imports fall 23pc in July

Page No.15 Col No.01

KARACHI: Machinery imports sharply fell around 23 percent year-on-year to $787 million in July, signaling a bad sign for the country that is already facing a low level of industrialisation.

Pakistan Bureau of Statistics (PBS) data showed that machinery imports amounted to $1.02 billion in the corresponding month a year earlier. July's machinery imports slid 17 percent over June.

Mufassir Malik, president of Karachi Chamber of Commerce and Industry (KCCI) said this fall was more to do with slowdown in infrastructure developments. "I personally think that no mega project has recently been started," Malik said.

Infrastructure developments, led by $60 billion China-Pakistan Economic Corridor (CPEC) projects, spurred an influx of machinery imports over the last couple of years. Since most of the projects are reaching advance stage the capital-intensive imports started decelerating, a fact that was also mentioned in a report by the State Bank of Pakistan.

Industrialists are, however, concerned about passive industrialisation that is turning the country into net importer, lifting its annual trade deficit up to $37 billion.

Malik said fall in machinery imports are not positive for the economy that already has low level of industrialisation.

Machinery imports decreased around two percent year-over-year to $11.569 billion in the last fiscal year of 2017/18.

Businessmen have been demanding transparency in CPEC projects and incentives awarded to Chinese companies relocating to or being set up at the special economic zones under CPEC. They feel threatened by the penetrative trend of Chinese industries coming into the country following inundation of goods that is posing competition and annihilating local substitutes.

"Now, China is also planning two mega steel mills in Pakistan and we are also concerned about the fate of local steel makers," a senior businessmen said, requesting anonymity.

PBS data further showed that non-oil imports, including those of machinery, fell 11 percent year-on-year to $3.1 billion in July. These imports amounted to $3.5 billion in the same month a year earlier.

Analysts said regulatory duties on non-essential imports are still playing an attrition magic. Last government slapped regulatory duties on a number of non-essential items to ease pressure on swelling current account deficit led by widening gap between imports and exports.

Businessmen favour coercive taxation on inbound shipments of non-essential products, but they said the government should give tax and duty concessions on industrial balancing, modernisation and replacement.

In July, the major decrease in non-oil imports after machinery was witnessed in transport group. Imports of transport decreased to $249.3 million in July compared to $354 million in the corresponding month a year earlier. Food imports declined to $469.6 million compared to $535 million. Imports of raw cotton, synthetic fiber, artificial silk and worn clothing fell to $239.5 million from $248.9 million. Imports of gold, iron and steel scrap and aluminum declined to $462.2 million from $467 million. Imports of fertiliser, insecticides, plastic materials and medicinal products, however, increased to $747 million in July from $728 million in the same month a year ago.