DAWN

Trade gap hits record $37.7bn

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Imports refuse to subside despite multiple rounds of regulatory duties and currency depreciations in the last fiscal year.—White Star

ISLAMABAD: Pakistan's trade deficit widened to an all-time high of $37.7 billion in the outgoing fiscal year, contributing to the rising current account deficit of the country.

The deficit soared almost 16 per cent during the 2017-18, posing a serious challenge for the government to control the menace of rising current account deficit, according to official figures released by the Pakistan Bureau of Statistics on Wednesday. Data show that the import bill recorded a rise of over 15pc to $60.89bn in 2017-18 from $52.91bn over last year. Similarly, on a monthly basis, the import bill recorded a growth of 26.2pc to $5.69bn from $4.5bn over the corresponding month of last year.

It rose to $3.8bn in June, a 46pc year-on-year increase. Import growth refuses to decelerate even as exports regain lost ground. The rising trade deficit had been one of the most serious challenges for the PML-N government in the last year of its five-year term completed on May 31. The only official explanation offered for the rising import bill was high oil prices and increased volume of import of fuels and machinery (especially those imported for China Pakistan Economic Corridor) projects to overcome the energy deficit. The import bill is growing due to an increase in the arrival of capital goods, petroleum products and food products.

Imports gallop on, crossing $60bn

In June exports proceeds also showed negative growth falling to $1.88bn from $1.9bn over the corresponding month of last year, shrinking by 1pc. The shrinkage is the first after a string of months that saw exports recovering lost ground since early 2017. Exports continued to post figures over $2bn for the third consecutive month since March. May witnessed an increase of 32pc year-on-year compared to the same month last year.

In rupee terms, the export proceeds posted a growth of 12.3pc in June over the last year.

The overall exports in FY18 have reached $23.2bn, which is almost 13.74pc higher than the annual figures of 2016-17. When the PML-N came to power in 2013, the country's export proceeds had already touched $25bn but since then have been steadily on decline when they hit their lowest level of $19bn.

The rise in exports is a result of improvement in energy supply, partial releasing of refunds and cash subsidies under the Prime Minister Export Package, in addition to a rebound in key international markets. The PML-N government had also imposed additional regulatory duties on luxury items besides restrictions on imports of certain goods to curtail flows of imports.

In 2016-17, the trade deficit rose to $32.58bn, representing annual growth of 37pc. When the PML-N government came to power in 2013, the country's annual trade deficit stood at $20.44bn but has been continuously on the rise since then.

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