INTERNATIONAL THE NEWS

Trade deficit shrinks to $6.167 billion

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KARACHI: Trade deficit shrank 1.25 percent year-on-year to $6.167 billion in the first two months of the current fiscal year of 2018/19 as growth in exports outpaced rise in imports, official data showed on Tuesday.

Exports increased 5.05 percent year-on-year to $3.663 billion in the July-August period, while imports were marginally up 1.01 percent to $9.830 billion during the period.

Analysts said growth in imports was contained due to measures taken by the last government to curtail inbound shipments of non-essential products.

In October 2017, the Federal Board of Revenue slapped five to 80 percent regulatory duties on 731 items, including cars as well as mobile phones.

Adnan Sheikh, assistant vice president at Pak Kuwait Investment Co. said the new government planned to increase regulatory duties as well as expand the list of items to contain outflow of foreign exchange reserves.

The new regulatory duties would also cover Chinese imports, which inundated the market with concessional tariffs under the free trade agreement.

Alone Chinese imports ate up Rs31.4 billion on account of tax concessions during the last fiscal year.

In August, imports rose 1.4 percent year-on-year and increased 3.2 percent month-on-month to $4.922 billion. Exports, however, surged 8.4 percent year-on-year and climbed 22.5 percent month-on-month to $2.017 billion in the last month.

Trade deficit, during the month, slowed down 6.8 percent in August over July and decreased 2.9 percent over the corresponding month a year earlier to settle at $2.975 billion.

Analysts are still wary of exorbitant import bill expanding trade deficit that mainly led to staggering $18 billion in current account deficit in FY2018.