




MARCH 2020

# TRADE PAK

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## 1. HIGHLIGHTS

- The scale and the uncertainty of the ongoing effects of the Lockdown has been affecting the socio-economic dynamics of the country.
- The International Monetary Fund (hereafter “IMF”), in its recent report, rings alarm bells for Pakistan, as it projects the GDP of Pakistan to shrink by -1.5% this year, in light of the pandemic and a global recession. It has further projected that the GDP could only grow by 2% next year.
- The IMF expects Pakistan’s exports to deteriorate further by \$2.2 billion in 2019-20 to \$23.73 billion due to the pandemic.
- Pakistan’s exports have dropped by 15% to \$1.8 billion in March 2020 vs. \$2.14 billion in Feb 2020.
- Due to the ongoing recession, the imports of power generating machinery have dropped significantly by 62% in March 2020.
- Pakistan’s balance of trade contracted by 26% to -\$17.3 billion in July-March 2020 vs. -\$23.60 billion last year.
- The West Texas Intermediate (“WTI”) crude prices for the futures of May plunged to -\$37 per barrel as the physical market in Oklahoma and Texas was overwhelmed. This was due to a significant drop in demand, and lack of storage place in the United States of America, amidst the unprecedented lockdown(s) worldwide to restrain the spread of COVID-19. Last trade executed at \$14.63 per barrel.

## 2. BALANCE OF TRADE IN GOODS – MARCH 2020 VS. FEBRUARY 2020:

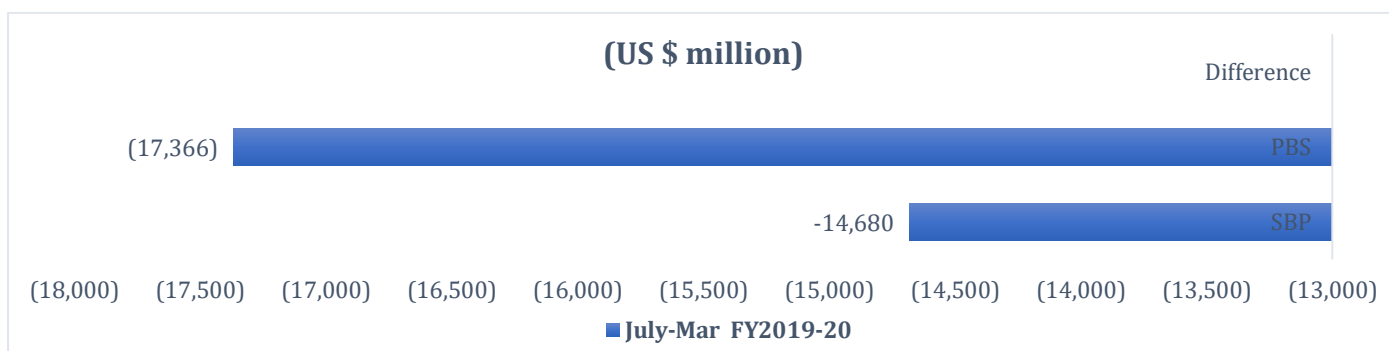
The Balance of trade is the difference between value of exports and value of imports over a period of time. Due to a high cost of doing business, economic deterioration and crowding out of the private sector, the industrial sector has been hit the hardest, and resultantly affected the Pakistani economy.

(\$ in Million)	Mar-20	Feb-20	% change M/M	Mar-20	Mar-19	% change Y/Y	July-Mar FY20	July-Mar FY19	% change Y/Y
<b>EXPORTS</b>	1,814	2,140	(15.23%)	1,814	1,974	(8.11%)	17,451	17,071	2.23%
<b>IMPORTS</b>	3,316	4,185	(20.76%)	3,316	4,116	(19.44%)	34,817	40,679	(14.41%)
<b>BALANCE OF TRADE IN GOODS</b>	(1,502)	(2,045)	(26.55%)	(1,502)	(2,142)	(29.88%)	(17,366)	(23,608)	(26.44%)

(Source: PBS)

Pakistan’s exports dropped by 15.23% in March 2020 due to the ongoing recession in the country, which will deteriorate further by \$2.2 billion in 2019-20 to \$23.73 billion due to the pandemic as per the IMF.

### 2.1 Trade Deficit figures - State Bank of Pakistan vs. Pakistan Bureau of Statistics

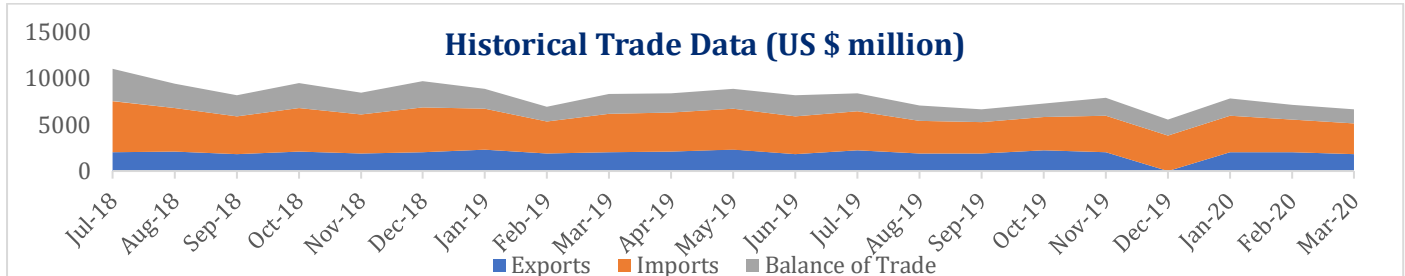


The trade deficit figures compiled and released by both, the State Bank of Pakistan (hereafter “SBP”) **(\$14.680 billion)** and the Pakistan Bureau of Statistics (hereafter “PBS”) **(\$17.366 billion)** are different. The reasons for these discrepancies are;

- The SBP-compiled trade statistics are based on the exchange record data, which depends on actual receipts and payments of foreign exchange, whereas, the data collection of PBS is based on the physical movement of goods (pertaining to the customs record) and incorporates cost of freight and insurance unlike the SBP;
- The data coverage of both, SBP and PBS, have variations with respect to imports;

- iii. For exports, the PBS does not incorporate short shipments and cancellations, while the SBP does not take into account the land borne exports to Afghanistan and exports by Export Processing Zones; and
- iv. Import of oil against deferred oil payment facility also attracts differences as highlighted in point (i) above.

## 2.2 History at a Glance



(Source: PBS)

The sector-wise assessment of imports and exports, both in quantitative and in value terms, for Mar 2020 vs. Feb 2020 is provided hereafter;

### 3. IMPORTS:

IMPORTS	UNIT	Mar-20	Feb-20	% Change M/M	Mar-20	Mar-19	% Change Y/Y
		USD			USD		
FOOD GROUP	MT	406,894	501,727	(18.90%)	406,894	392,829	3.58%
MACHINERY GROUP	MT	623,439	732,117	(14.84%)	623,439	732,111	(14.84%)
ROAD TRANSPORT GROUP	MT	114,543	130,096	(11.96%)	114,543	148,209	(22.72%)
PETROLEUM GROUP	MT	668,329	1,100,851	(39.29%)	668,329	995,424	(32.86%)
TEXTILE GROUP	MT	283,843	357,687	(20.64%)	283,843	318,211	(10.80%)
AGRICULTURE & OTHER CHEMICALS	MT	553,396	582,504	(5.00%)	553,396	690,715	(19.88%)
ALL OTHERS	MT	665,551	838,548	(20.63%)	665,551	875,863	(24.01%)
<b>GRAND TOTAL</b>		<b>3,315,995</b>	<b>4,185,362</b>	<b>(20.77%)</b>	<b>3,315,995</b>	<b>4,143,745</b>	<b>(19.98%)</b>

(Source: PBS)

#### a) Food Group:

Under the ongoing lockdown, the demand of the country's food sector has been badly affected. The Government needs to aggressively cut down duties on food imports to ensure adequate food supply in the country.

FOOD GROUP	UNIT	Mar-20		Feb-20		% Change M/M	
		QTY	USD	QTY	USD	QTY	USD
MILK, CREAM & MILK FOOD FOR INFANTS	MT	3,618	9,770	6,836	17,898	(47.07%)	(45.41%)
DRY FRUITS & NUTS	MT	675	1,180	862	1,621	(21.69%)	(27.21%)
TEA	MT	20,884	51,872	19,229	49,234	8.61%	5.36%
SPICES	MT	12,361	14,043	11,839	13,684	4.41%	2.62%
PALM OIL	MT	264,863	197,347	251,474	181,462	5.32%	8.75%
SUGAR	MT	353	196	413	292	(14.53%)	(32.88%)
PULSES (LEGUMINOUS VEGETABLES)	MT	97,350	53,854	117,861	63,139	(17.40%)	(14.71%)
ALL OTHER FOOD ITEMS	MT	-	78,304	-	173,217	-	(54.79%)
<b>TOTAL</b>	MT	<b>400,104</b>	<b>406,894</b>	<b>408,514</b>	<b>501,727</b>	<b>(2.06%)</b>	<b>(18.90%)</b>

(Source: PBS)

#### b) Machinery Group:

Large scale activities of the country deteriorated significantly by 3.03% during July-Feb FY20. These are likely to be hit further in the near-future due to the pandemic.

MACHINERY GROUP	Mar-20	Feb-20	% Change M/M
	USD		
POWER GENERATING MACHINERY	56,284	147,117	(62%)
OFFICE MACHINE INCL. DATA PROC. EQUIP;	29,530	32,600	(9%)
TEXTILE MACHINERY	34,251	35,718	(4%)
CONSTRUCTION & MINING MACHINERY	25,087	30,785	(19%)
ELECTRICAL MACHINERY & APPARATUS	198,912	143,825	38%
TELECOM	170,272	138,775	23%

AGRICULTURAL MACHINERY & IMPLEMENTS	6,753	7,280	(7%)
OTHER MACHINERY	102,350	195,387	(48%)
<b>TOTAL</b>	<b>623,439</b>	<b>732,117</b>	<b>(15%)</b>

(Source: PBS)

### c) Road Transport Group:

Due to demand contraction and a recessionary wave in the country, imports of road transport group have dropped by 12%; mainly due to the road motor vehicle, CBUs and parts and accessories etc.

ROAD TRANSPORT GROUP	Mar-20	Feb-20	% Change M/M
	USD		
ROAD MOTOR VEH. (BUILD UNIT, CKD/SKD)	104,543	121,611	(14%)
CBU	18,467	28,685	(36%)
CKD/SKD	64,299	63,826	1%
PARTS & ACCESSORIES	16,535	20,692	(20%)
AIRCRAFTS, SHIPS AND BOATS	9,568	7,772	23%
OTHERS TRANSPORT EQUIPMENTS	379	713	(47%)
<b>TOTAL</b>	<b>114,843</b>	<b>130,096</b>	<b>(12%)</b>

(Source: PBS)

### d) Petroleum Group:

Due to a drop in Arab Light prices by 70% since Jan 2020, Pakistan's oil import bill has dropped by 16%, in terms of the US dollar, to \$8.9 billion during July-Mar FY20 vs. \$10.6 billion last year. If it persists at these levels, the country could save substantial foreign exchange which will further contribute in improvement of current account deficit.

PETROLEUM GROUP	UNIT	Mar-20		Feb-20		% Change M/M	
		QTY	USD	QTY	USD	QTY	USD
PETROLEUM PRODUCTS	MT	866,791	323,546	1,262,345	629,962	(31%)	(49%)
PETROLEUM CRUDE	MT	444,670	136,998	516,258	231,377	(14%)	(41%)
NATURAL GAS, LIQUIFIED		-	177,977	-	209,194	-	(15%)
PETROLEUM GAS, LIQUIFIED		-	29,802	-	30,312	-	(2%)
<b>TOTAL</b>		<b>1,311,461</b>	<b>668,329</b>	<b>1,778,603</b>	<b>1,100,851</b>	<b>(26%)</b>	<b>(39%)</b>

(Source: PBS)

### e) Textile Group:

The exports of the country have been affected due to the prevailing uncertainty, and internal and exogenous shocks of the recession and pandemic.

TEXTILE GROUP	UNIT	Mar-20		Feb-20		% Change M/M	
		QTY	USD	QTY	USD	QTY	USD
RAW COTTON	MT	101,600	166,516	117,787	194,537	(13.7%)	(14%)
SYNTHETIC FIBER	MT	30,334	38,675	27,432	39,666	10.6%	(2%)
SYNTHETIC & ARTIFICIAL SILK YARN	MT	20,660	40,689	25,997	53,649	(20.5%)	(24%)
WORN CLOTHING	MT	25,985	12,806	31,324	13,645	(17.0%)	(6%)
OTHER TEXTILE ITEMS	MT	-	25,157	-	56,190	-	-
<b>TOTAL</b>	<b>MT</b>	<b>178,579</b>	<b>283,843</b>	<b>202,540</b>	<b>357,687</b>	<b>(11.8%)</b>	<b>(21%)</b>

(Source: PBS)

### f) Agriculture and Other Chemicals/ All others:

AGRICULTURE & OTHER CHEMICALS	UNIT	Mar-20		Feb-20		% Change M/M	
		QTY	USD	QTY	USD	QTY	USD
FERTILIZER MANUFACTURED	MT	91,986	31,493	17,500	6,353	425.63%	396%
INSECTICIDES	MT	1,923	11,909	1,200	7,484	60.25%	59%
PLASTIC MATERIALS	MT	142,697	164,194	174,992	202,790	(18.46%)	(19%)
MEDICINAL PRODUCTS	MT	1,767	78,891	2,000	87,020	(11.65%)	(9%)
OTHERS		-	266,909	-	278,854	-	(4%)
<b>SUB-TOTAL</b>		<b>238,373</b>	<b>553,396</b>	<b>195,692</b>	<b>582,501</b>	<b>21.81%</b>	<b>(5%)</b>
<b>METAL GROUP</b>							
GOLD	KG	5	271	22	1,121	(77.27%)	(75.83%)
IRON AND STEEL SCRAP	MT	263,310	102,829	337,726	131,762	(22.03%)	(21.96%)
IRON AND STEEL	MT	251,786	146,257	245,148	146,211	2.71%	0.03%
ALUMINIUM WROUGHT & WORKED	-	-	11,316	-	9,484	-	19.32%
ALL OTHER METALS & ARTICALS	-	-	45,517	-	75,754	-	(39.91%)
<b>SUB-TOTAL</b>		<b>515,101</b>	<b>306,190</b>	<b>582,896</b>	<b>364,332</b>	<b>(11.63%)</b>	<b>(15.96%)</b>

<b>MISCELLANEOUS GROUP</b>							
RUBBER CRUDE INCL.SYTH/RECLAIMED	MT	7,575	12,799	7,822	13,458	(3.16%)	(4.90%)
RUBBER TYRES & TUBES	NO	106,579	5,112	118,538	5,802	(10.09%)	(11.89%)
WOOD & CORK			10,761		11,279	-	(4.59%)
JUTE	MT	6,967	4,525	8,238	5,419	(15.43%)	(16.50%)
PAPER & PAPER BOARD & MANUF.THEREOF	MT	35,829	27,744	44,223	39,394	(18.98%)	(29.57%)
<b>SUB-TOTAL</b>		<b>156,950</b>	<b>60,941</b>	<b>178,821</b>	<b>75,352</b>	<b>(12.23%)</b>	<b>(19.12%)</b>
ALL OTHER ITEMS		-	298,420	-	340,696	-	(12.41%)
<b>GRAND TOTAL</b>		<b>910,424</b>	<b>1,218,947</b>	<b>957,409</b>	<b>1,362,881</b>	<b>(4.91%)</b>	<b>(10.56%)</b>

(Source: PBS)

#### 4. EXPORTS:

Pakistan's export earnings dropped by 15% mainly due to a double digit deterioration in the textile group, food group and petroleum group and coal, which is affecting the macroeconomic dynamics of the country.

EXPORTS	UNIT	Mar-20	Feb-20	% Change M/M	Mar-20	Mar-19	% Change Y/Y
		USD			USD		
FOOD GROUP	MT	362,537	424,748	(14.65%)	362,537	472,235	(23.23%)
TEXTILE GROUP	MT	1,039,705	1,274,139	(18.40%)	1,039,705	1,088,192	(4.46%)
PETROLEUM GROUP & COAL	MT	24,935	34,506	(28%)	24,935	33,672	(25.95%)
OTHER MANUFACTURES GROUP	MT	272,423	285,130	(4%)	272,423	262,320	3.85%
ALL OTHERS		114,323	121,895	(6%)	114,323	117,918	(3.05%)
<b>TOTAL EXPORTS</b>	<b>MT</b>	<b>1,813,923</b>	<b>2,140,418</b>	<b>(15%)</b>	<b>1,813,923</b>	<b>1,974,337</b>	<b>(8.12%)</b>

##### a) Food Group:

The supply side and demand-side dynamics of the food sector have deteriorated due to the outbreak of coronavirus, and is likely to affect socio-economic fabric of the country.

FOOD GROUP	UNIT	Mar-20		Feb-20		% Change M/M	
		QTY	USD	QTY	USD	QTY	USD
RICE	MT	380,194	196,539	360,950	183,310	5.33%	7.22%
BASMATI	MT	79,831	69,531	65,711	57,506	21.49%	20.91%
OTHERS	MT	300,363	127,008	295,239	125,804	1.74%	0.96%
FISH & FISH PREPARATIONS	MT	18,614	38,669	11,504	25,495	61.80%	51.67%
FRUITS	MT	75,274	32,932	168,304	64,468	(55.27%)	(48.92%)
VEGETABLES	MT	70,776	21,584	175,786	64,714	(59.74%)	(66.65%)
TOBACCO	MT	1,104	2,790	3,198	8,291	(65%)	(66%)
SPICES	MT	2,354	9,934	1,967	8,200	19.67%	21.15%
OIL SEEDS, NUTS AND KERNELS	MT	450	732	569	830	(20.91%)	(11.81%)
MEAT AND MEAT PREPARATIONS	MT	6,299	22,228	7,249	25,878	(13.11%)	(14.10%)
AIL OTHER FOOD ITEMS	MT	-	37,129	-	43,562	-	(14.77%)
<b>TOTAL</b>	<b>MT</b>	<b>935,259</b>	<b>362,537</b>	<b>1,090,477</b>	<b>424,748</b>	<b>(14.23%)</b>	<b>(14.65%)</b>

(Source: PBS)

##### b) Textile Group:

On account of the ongoing state of recession, and severe adverse effects of lockdown, the country's supply chain is to further deteriorate the industrial sector of the country, which will increase unemployment, affect productions and exports.

TEXTILE GROUP	UNIT	Mar-20		Feb-20		% Change M/M	
		QTY	USD	QTY	USD	QTY	USD
RAW COTTON	MT	155	208	701	914	(77.89%)	(77.24%)
COTTON YARN	MT	33,666	82,393	40,210	97,645	(16.27%)	(15.62%)
COTTON CLOTH	TH.SQM	172,929	169,167	183,206	190,019	(5.61%)	(10.97%)
YARN OTHER THAN COTTON YARN	MT	893	2,064	1,044	2,606	(14.46%)	(20.80%)
KNITWEAR	TH.DOZ	10,721	209,761	14,857	258,350	(27.84%)	(18.81%)
BED WEAR	MT	28,438	163,689	34,531	205,843	(17.65%)	(20.48%)
TOWELS	MT	15,593	67,322	17,514	79,520	(10.97%)	(15.34%)
TENTS, CANVAS & TARPULIN	MT	3,306	10,515	3,153	12,090	4.85%	(13.03%)
READYMADE GARMENTS	TH.DOZ	3,403	209,048	4,252	280,572	(19.97%)	(25.49%)
ART, SILK & SYNTHETIC TEXTILE	TH.DOZ	34,807	29,657	34,224	31,725	1.70%	(6.52%)

MADEUP ARTICLES (EXCL TOWELS & BEDWEAR)	-	-	53,002	-	60,202	-	(11.96%)
OTHER TEXTILE MATERIALS	-	-	42,879	-	54,621		(21.50%)
<b>TOTAL</b>		<b>303,911</b>	<b>1,039,705</b>	<b>333,692</b>	<b>1,274,139</b>	<b>(8.92%)</b>	<b>(18.40%)</b>

(Source: PBS)

### c) Petroleum Group and Coal:

Pakistani exports of the petroleum and coal group dropped by 28% from \$83.49 million in Feb 2020 to \$24.93 million in Mar 2020, and are likely to remain under pressure going forward.

PETROLEUM GROUP AND COAL	UNIT	Mar-20		Feb-20		% Change M/M	
		QTY	USD	QTY	USD	QTY	USD
PETROLEUM CRUDE	MT	52,425	19,918	48,760	22,436	8%	(11%)
PETROLEUM PRODUCTS (EXCL TOP NAPHTA)	MT	5,306	1,622	29,604	9,412	(82%)	(83%)
PETROLEUM TOP NAPHTA	MT	7,988	3,395	5,099	2,645	57%	28%
SOLID FUELS (COAL)	MT	-	-	35	13	(100%)	(100%)
<b>TOTAL</b>	MT	<b>65,719</b>	<b>24,935</b>	<b>83,498</b>	<b>34,506</b>	<b>(21%)</b>	<b>(28%)</b>

(Source: PBS)

### d) Other Manufacturing Group:

The outlook of the cement sector of the country is robust due to the recent package announced for the construction sector, by the Prime Minister, and a drop in the interest rates. However, domestic activities will get affected going forward, due to disruptions within the supply chain(s) caused by the pandemic.

OTHER MANUFACTURING GROUP	UNIT	Mar-20		Feb-20		% Change M/M	
		QTY	USD	QTY	USD	QTY	USD
CARPETS, RUGS & MATS	TH.SQM	121	4,348	120	4,278	0.83%	1.64%
SPORTS GOODS	TH.DOZ	380	22,506	428	24,866	(11.21%)	(9.49%)
LEATHER TANNED	TH.SQM	1,396	14,510	1,445	15,817	(3.39%)	-8.26%
LEATHER MANUFACTURES	TH.DOZ	565	39,155	575	43,270	(1.74%)	(9.51%)
FOOTWEAR	TH. Pairs	1,855	10,540	1,912	12,952	(2.98%)	(18.62%)
SURGICAL GOODS & MEDICAL INSTRUMENTS	-	-	31,809	-	30,565	-	4.07%
CUTLERY	-	-	7,390	-	7,857	-	(5.94%)
ONYX MANUFACTURED	MT	110	328	120	376	(8.33%)	(12.77%)
CHEMICALS AND PHARM.PRODUCTS	-	26,616	97,489	30,200	99,875	(11.87%)	(2.39%)
ENGINEERING GOODS	TH.NOS	-	23,534	-	17,536	-	34.20%
GEMS	MT	1	107	1	188	0.00%	(43.09%)
JEWELLARY	-	-	202	-	182	-	10.99%
FURNITURE	TH.NOS	27	473	19	311	42.11%	52.09%
MOLASSES	MT	108	13	272	32	(60.29%)	(59.38%)
CEMENT	MT	434,499	16,150	644,711	23,790	(32.61%)	(32.11%)
GUAR AND GUAR PRODUCTS	MT	3,055	3,869	2,597	3,235	17.64%	19.60%
ALL OTHER ITEMS	-	-	114,323	-	121,895	-	(6.21%)
<b>TOTAL</b>	-	<b>468,733</b>	<b>272,423</b>	<b>682,400</b>	<b>285,130</b>	<b>(31.31%)</b>	<b>(4.46%)</b>

(Source: PBS)

## 5. TAKEAWAY:

- As per Moody's, widespread containment measures are crippling domestic consumption and production, in the form of lower demand for commodities, imported goods and services and supply chain disruptions.
- It is projected that country's fiscal deficit would be around 9 to 9.5% of GDP due to a large tax revenue shortfall and increase in expenditure. Resultantly, this will further elevate public debt, and Pakistan's debt bearing capacity will plunge, which will expose the country's vulnerabilities
- Due to severe shocks of pandemic, the IMF projects Pakistan's GDP to shrink by -1.5% this year.
- The IMF has cumulatively revised the real GDP of Pakistan down by 5 percentage points over FY 2020-21 due to an anticipated contraction in the manufacturing, especially textiles, transportation, and services sector.
- Pakistan has received \$1.39 billion under the Rapid Financing Instrument (RFI) from the IMF to address fiscal and balance of payment needs in the wake of a severe economic recession due to the pandemic.
- Quantum of debt relief to Pakistan on account of G-20 group, needs more clarity by the Federal Government.



- Moreover, the IMF has projected FBR's tax revenue to be Rs. 6,138 billion in the next year, i.e. 2020-21. This means that the FBR will have to raise 57% additional tax revenues when compared to the tax collection projected by the IMF for this year, i.e. Rs. 3,908 billion. Whereas, if we look at the tax projections for the year 2019-20, in terms of the revised tax target set by the IMF this year, i.e. Rs. 4,803 billion, the FBR will have to collect 27.8% additional tax revenue. Such a growth in FBR's tax revenues seems highly unlikely considering the ongoing recession in the country.
- The IMF expects the country's exports to deteriorate by \$2.2 billion to \$23.73 billion (original target \$25.95 billion) and remittances to drop to \$20.79 billion (original target of \$22.58 billion) in 2019-20.
- Moreover, the IMF has cut down the consolidated development expenditure of Pakistan by 34%, to Rs. 953 billion vs. the budgeted amount of Rs. 1,437 billion, for the year 2019-20. This will have a negative impact on the GDP of Pakistan.
- On account of the supply chain disruptions and the Ramzan effect, the inflation is set to face food price shocks.
- Pakistan's export earnings and remittances will remain under pressure going forward

**Note:** This will be our last edition of this issue. The aim of this document has always been to make the public-at-large aware of the monthly import/export scenario, pro bono. However, it has come to our attention, that the Pakistan Business Council is already publishing the data relating to the balance of trade. Hence, we will not be issuing any further editions of this newsletter, and at the same time, we would like to thank and support the Pakistan Business Council for their wonderful endeavor to provide the public with such essential data.

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