



EvolutionPk

IMPORT AND EXPORT NEWSLETTER

All the updates about import and export

Pakistan, Afghanistan to trade in rupees

September 10, 2021

Minister of Finance and Revenue Shaukat Tarin told the Senate Standing Committee on Finance that trade with Afghanistan would be in rupee now as the new government wanted to save its dollar reserves. This move will be helpful in easing Pakistan's burden due to the growing current account deficit.

Pakistan Businesses Forum Vice President Ahmad Jawad said "In a currency swap arrangement, countries that buy from each other pay in their respective currency at a pre-determined exchange rate instead of trading in US dollar. This helps save foreign exchange and strengthens their currencies. The government must form a task force with representatives of the commerce ministry, State Bank of Pakistan, and Federation of Pakistan Chambers of Commerce and Industry (FPCCI) to prepare a list of countries with which Pakistan could consider trading in rupee. He also suggested that trade with China and Iran should also be in rupees.

"At a time when the economy desperately needs a push for growth, Pakistan can capitalize on the present situation by increasing the scale and depth of economic engagement with Afghanistan," said former FPCCI president Mian Anjum Nisar. "Our economy is at the crossroads in the wake of a dramatic drop scene of the US-led war in Afghanistan with the return of Taliban back to power, but in this crisis, Pak-Afghan trade can be multiplied manifold if the irritants are removed and traders are facilitated."

However, Afghanistan's economy shrank 1.9% in 2020 and they 80% of their budget comes from foreign aids therefore it's best this decision be better researched before commencing.

"While it is negative in terms of US dollar inflow into Pakistan, it is not a huge amount," said Topline Securities economist Atif Zafar.

What's Inside this issue:

- Rise in Textile Exports
- FTA with Tajikistan?
- Pakistans own e-commerce platform
- 50% discount for importers at Port Qasim
- CPEC phase 2
- Dubai Expo2021

and much more...



Rise in textile exports in August 2021

September 7, 2021

In terms of geographical area, exports to the US, China, the UK, the Netherlands, Germany, and Spain increased while those to Afghanistan, Denmark, South Korea, Indonesia, Singapore, and the Czech Republic decreased during August 2021 as compared to August 2020. Exports of services increased 6.4% to \$483 million during July 2021 against \$454 million during July 2020. The exports of Ready-made garments during the first month of FY 2021-22 grew by 9.83% as compared to the exports of the corresponding period of last year. During the period from July 21, Ready-made garments worth \$301,188 thousand were also exported in the current financial year as compared to the exports of valuing the \$ 274,237 of the same period of last year. According to the data released by the Pakistan Bureau of Statistics, the exports of Bed wear were increased by 8.28pc, worth \$263,343 were exported as compared to the \$ 243,198 of the same period last year. During the period under view, other textile materials exports increased by 17.98% as worth \$57,537 were exported in the current fiscal year as compared to the exports of valuing the \$48,769 of the same period of last year. Union of Small and Medium Enterprises (UNISAME) President Zulfikar Thaver told that exports of a few textile items had surged owing to the forthcoming Christmas season. foreign businessmen placed orders for the Christmas season from July-November every year. He was of the view that the uptrend in imports would continue until Pakistan curtailed inward shipments of food items, luxury goods, and cars. Just like mobile phones, Pakistan should manufacture solar panels locally and enhance auto parts production, which fell in recent years. Medicines are being imported in massive quantities, therefore, it is important for the government to extend complete support to the pharmaceutical sector to enable it to increase the production of superior types of medicines and medical equipment in Pakistan. He also claimed that we need to increase exports of items with GI (Geographical Indication) tag, traditional and non-traditional goods. Pakistan Businesses Forum Vice President Ahmad Jawad stated that Pakistan recorded its highest-ever trade deficit of \$4.2 billion in August 2021, an increase of 144% over the previous year. He underlined that the country imported merchandise worth billions of dollars every month but it could not bear such a high outflow of foreign exchange. "It is clear that the SBP is using exchange rate depreciation as a tool to make imports expensive but so far this mechanism has failed to arrest the rise in imports," he said

PRODUCTS' EXPORTS

Groups/Commodities	Values USD million		
	Aug-21	Aug-20	% Change
Home Textiles	385.08	256.67	50%
Men's Garments	377.14	256.17	47%
Cotton Fabric	189.27	145.01	31%
Rice	142.05	99.4	43%
Jerseys & Cardigans	72.82	42.81	70%
Fruits & Vegetables	58.34	35.89	63%
T-shirts	42.64	27.34	56%
Surgical Instruments	32.42	33.67	-4%
Fish & Fish Products	10.27	13.58	-24%
Cement	9.49	21.72	-56%
Tents & Canvas	5.7	7.5	-24%
Wood and articles	1.61	4.95	-67%

Source: MOC (pre-PBS provisional Data)



EXPORTS MARKETS

Markets	Values USD million		
	Aug-21	Aug-20	% Change
United States	534.8	334.56	60%
China	197.27	94.4	109%
United Kingdom	162.58	135.1	20%
Netherlands	121.96	83.34	46%
Germany	120.84	106.68	13%
Spain	100.18	62.77	60%
Afghanistan	49.86	79.81	-38%
Denmark	11.93	15.7	-24%
Korea (South)	10.62	15.58	-32%
Indonesia	8.15	10.2	-20%
Singapore	4.44	19.11	-77%
Czech Republic	3.52	5.21	-32%

Source: MOC (pre-PBS provisional Data)



Pakistan is in a great position to build a cross-border e-commerce platform

September 8, 2021

Pakistan holds great potential to build a sound cross-border e-commerce platform with China and other neighboring countries under the Belt and Road Initiative (BRI), it was stated Tuesday at the China International Fair for Trade in Services (CIFTIS). Speaking on the occasion with China Economic Net (CEN), Xinjiang Brothers Union Network Technology General Manager Chen Longren said that with 14 years of experience in building cross-border e-commerce platforms along the BRI countries, the Memorandum of Understanding (MoU) signed between Pakistan and the Shanghai Cooperation Organisation (SCO) member states to build a cross-border e-commerce platform will be a booster for Pakistan.



Pakistan boasts a wealth of IT talents, and this can be an aid in the development of a cross-border e-commerce platform in Pakistan as the process requires a concerted effort from countries involved,” Chen said. “With so many tech-savvy people, Pakistan can maintain the operations of the servers stored locally and form a professional marketing team to promote the platform when such a platform is enacted.” He also said to streamline and enforce a strong digital payment system to facilitate e-commerce.

Established in 2007, Xinjiang Brothers Union Network Technology is dedicated to building cross-border cooperation platforms along the BRI countries in areas of trade, medicine, and culture.

Deal with Tajikistan to be signed soon

September 14, 2021



A transit trade agreement between Pakistan and Tajikistan will be signed soon and it will help increase

trade between the two countries, said Adviser to Prime Minister on Commerce and Investment Abdul

Razak Dawood. In a statement on Monday, he said the beginning of transit trade between the two

countries would act as a new beginning for the region's bilateral economic and trade ties.

“It will also facilitate Pakistan in enhancing contacts with other countries,” he said. “Pakistan is also working to promote bilateral trade and economic connectivity with the rest of Central Asian states.” Dawood said Prime Minister Imran Khan would attend an investment and trade conference in Dushanbe during his visit to Tajikistan on September 15. PM Khan would also meet leaders of various countries in the region and also interact with the Tajik business community, he revealed.

PQA decides to reduce charges by 50pc for exporters

September 2, 2021

In a move to facilitate exporters for increasing exports it has been decided that Port Qasim Authority (PQA) would reduce wet and dry port charges by 50%. According to officials, the decision was made during a meeting of the Cabinet Committee on Transportation and Logistics (CCoTL) which was held under the Chairmanship of the Federal Minister for Maritime Affairs Ali Zaidi in Islamabad on Wednesday. In the backdrop of increased production costs due to high fuel and dollar rates. During the meeting, the Karachi Port Trust (KPT) was also asked to examine the possibility of reduction of Port Charges as done by the PQA. Last month in a letter to Federal Minister for Maritime Affairs, Syed Ali Haider Zaidi, the All-Pakistan Cement Manufacturers Association had complained about congestion on ports. With reference to the coal vessel line-up at the port, it was informed that reliance on the only exclusive terminal with just one berth for imported coal handling was insufficient to meet the current coal demand for industries. Due to the limited capacity of this terminal, severe congestion at the port was causing delays of up to 13 days in offloading of imported coal. As per the letter Pakistan relies on imported coal for not only cement manufacturing but also for several other industries including textile. Besides the high coal prices in the global market, the current inefficient port infrastructure and its weak logistics chain was not only a threat to industries but also causing inflation in the country.

Meanwhile, during the meeting of the committee on Wednesday, Aviation Division was also asked to urgently conduct a comparative study of air freight charges against sea freight and submit it before the CCoTL for consideration. The CCoTL unanimously directed the Petroleum Division to place the matter of Deemed Duty before the CCoE in its next meeting with the yearly breakup of duty collected by each refinery and its utilization since its inception. CCoTL unanimously recommended that the Petroleum Division must carry out an audit of the Deemed Duty collected by Petroleum Refineries for their upgradation and utilization.

Directorate General of Customs Valuation (DGCV) has revised the customs values of iron, steel scrap, and others under section 25(9) of the Customs Act 1969

Custom values of iron, steel scrap & others revised

September 5, 2021

The customs values of iron, steel scrap, and others were determined in February 2021, however, the DGCV had set aside the valuation ruling after the petitions filed by some importers and directed that afresh valuation ruling of all types of scrap (including motor scrap) need to be issued after giving proper hearing to all concerned importers. Most of the participants of the meeting contended that the values determined on the basis of the London Metal Bulletin (LMB) are causing problems to the importers of different kinds of scraps at the clearance stage because the prices of only shredded scrap for Pakistan imports is available in LMB. For other types of scrap like HMS, re-rollable, compressor, motor, etc., there exists no published price mechanism. For this purpose, meetings were held with the stakeholders including FPCCI, KCCI, Pakistan Association of Large Steel Producers, Pakistan Steel Melters Association, and Pakistan Steel Re-Rolling Mills Association.

Pak-Turkish JBC sees big trade via land route to

September 14, 2021

Turkey



Pakistan-Turkish Joint Business Council of FPCCI Chairman, Amjad Rafi has appreciated the opening of the direct land route to Turkey for trade. The senior business leader said this would not only save shipment time but freight as shipping companies were charging five times high. It was a long pending 'recommendation' of PTJBC in all Joint meetings and other relevant forums.

If this route succeeded, in the longer run Central Asian countries on one side and Europe on the other would be easily accessible. Istanbul-Tehran-Islamabad road corridor was going to be revived by NLC to perform the first commercial run by transporting high-value products from Pakistan to Turkey in the last week of this month. The NLC started transporting high-value products loaded in 40-foot containers on three trailers from Islamabad to Istanbul via Taftan, Zahidan and Tehran. These products included textile-related equipment, raw material, electronics, plastic, household items, computers, home appliances, non-perishable food items, dry fruit, furniture and carpets.

"Revival of ITI road corridor will improve and strengthen regional connectivity of Pakistan with Iran and Turkey," he added.

For regional transport operations and connectivity, NLC, the national flag carrier, had been granted last month the Transports Internationaux Routiers (TIR) license/ admission by the Pakistan National Authorization Committee of the International Transport Union. Under the TIR admission, the NLC has been allowed for the movement of cargo across the borders without procedural fatigue.

PTJBC Chairman said Turkey was a gateway to European countries, with a huge market for textile raw material i.e. denim, yarn and Pakistan would be able to transport the raw material to Europe much before Bangladesh. Against shipping time of around one month, he said, through the land route the shipment would reach Turkey or vice versa in ten days. The service would be beneficial for both exporters and importers.

Indonesia envoy stresses more bilateral with Pakistan

September 14, 2021

Indonesian Ambassador to Pakistan Adam Mulawarman Tugio has called upon the Sialkot exporters to explore the international trade markets of his country to promote bilateral trade between the two countries. Addressing a meeting at the Sialkot Chamber of Commerce and Industry (SCCI) here on Tuesday, he said Pakistani businessmen should focus more on the markets of the Association of Southeast Asian Nations (ASEAN) to increase their exports. He promised all-out efforts to boost mutual trade between his country and Pakistan. The two countries enjoyed cordial trade, and both share many cultural values.

SCCI President Qaisar Iqbal Baryar, Senior Vice President Khurram Aslam Butt, Vice President Sheikh Ansar Azizpuri, and the Sialkot business community also attended the event. Qaisar Baryar said there was great potential for increasing bilateral trade between Pakistan and Indonesia as the total trade volume between the two countries in 2019-20 stood at \$2.5 billion, with the balance of trade strongly in favour of Indonesia. He said Sialkot could export specialized products to Indonesian markets including sports goods, surgical instruments, leather products and gloves of all sorts, textile items, sportswear, martial arts uniforms and accessories, musical instruments, kitchenware and tableware, hollowware, hunting knives, table cutlery/flatware, and military uniform badges.

CPEC Phase II

As CPEC enters its second phase, its benefits have started to become more apparent. Various leading Chinese companies have invested over one billion US dollars in different sectors in the second phase of the China Pakistan Economic Corridor (CPEC) in Pakistan. These companies have invested in Faisalabad's Industrial City and their assembling and production plants have started working.

Sources close to the government have reported that the total value of this latest Chinese investment is \$1 billion, with the government hoping that in the near future five more major companies would invest more in Pakistan. This is a large investment, which if executed successfully, will attract even bigger amounts. This scale of investment can have a huge impact on Pakistan's economy and society; it can trigger significant job growth, boost exports and increase consumer purchasing power, which can put the economy on a positive growth-orientated cycle.



While CPEC had initially been coming in slow, these developments as the project now progress indicate how consequential it is to make sure that the investment coming in from China is made to work effectively. Some previous Chinese companies have complained of slow work and red-tape in the past and it is important these factors slowing down business be countered.

The government is putting in work—the CEOs of some of the companies met with the Prime Minister, where he took strong exception to the complaints of the delegation concerning various departments and told businessmen that they should report to the PM office directly for swift response and resolution of their problems. This approach should be kept up to ensure that CPEC should be profitable for all stakeholders.

Govt encouraging participation in Dubai Expo

September 14, 2021



The Punjab Government has intensified its activities regarding the representation in Dubai Expo 2021 while a meeting of the Steering Committee on Expo was also held under the chairmanship of Provincial Minister for Industry and Commerce Mian Aslam Iqbal. The meeting reviewed the arrangements and budget proposals for participation in Dubai Expo while on this occasion the Chief Executive Officer (CEO) Punjab Board of Investment and Trade (PBIT) Dr. Arfa Iqbal briefed about the arrangements made for the participation of Punjab in Dubai Expo.

However, sources in the Industries Department informed that letters have been sent by PBIT and Industries Department to all the departments of Punjab to showcase their projects at the Dubai Expo. However, while talking to the participants of the meeting, Iqbal said that investment opportunities and the environment in Punjab would be fully highlighted through Dubai Expo. "The Punjab government will hold a cultural and commercial 'showcasing' of the province at the Dubai Expo in November. All concerned departments should soon finalize their arrangements for participation in the Dubai Expo. The Dubai Expo will host investment conferences, seminars, panel discussions, and other events," the minister said. Addressing the participants, Provincial Finance Minister Makhdoom Hashim Jawan Bakht said that high-quality documentaries should be prepared regarding investment opportunities in various sectors of Punjab and a plan should be drawn up for organizing the events

Iran seeks promotion of digital markets with Pakistan

Syed Mohammad Ali Hosseini, Ambassador of Iran while interacting with the business community during his visit to Islamabad Chamber of Commerce and Industry (ICCI) along with Qadyanlo Commercial Attaché and Beheshti Secretary, said Iran and Pakistan have great scope to enhance mutual trade relations and should consider setting up digital markets to boost bilateral trade up to the potential of both countries.

Hosseini said that Iran-Pakistan bilateral trade was around USD 1.5 billion before Covid-19, which has now come down to less than USD 1 billion.

He said that foreign sanctions on Iran were a problem for trade promotion, therefore, the establishment of Pak-Iran digital markets and joint border markets could be the better options to improve two-way trade volume. Hosseini said that Iran and Pakistan have agreed to set up 3 border crossing points that would help increase bilateral trade. However, he said that facilitation and exemptions by the Government of Pakistan for border markets would support the Pakistani business community to further enhance trade with Iranian counterparts.



The Iranian Envoy said that the lack of better connectivity between the private sectors of Iran and Pakistan was one of the factors for low trade volume. He said that by implementing the TIR Convention, Pakistan can promote its exports through Iran to Russia and other regional countries.

Sardar Yasir Ilyas Khan, President, ICCI said that many Pakistani products including pharmaceuticals, textiles, fruits, pink salt, IT products & services, surgical instruments, leather products, steel & pipes, sanitary & crockery could find a good market in Iran at cost-effective prices.

He said that Iranian investors should explore JVs and investment in SEZs being established in Pakistan that provided long tax holidays.

He was of the view that organizing trade fairs on a reciprocal basis, holding chambers level zoom meetings during Covid-19 and promoting the exchange of students between the two countries would help strengthen trade and economic relations.

APTMA expects addition of 100 new companies, \$20bln in exports

September 18, 2021

All Pakistan Textile Mills Association (APTMA) has said that implementation of the new textile policy measures would add 100 more textile companies and increase exports by \$20 billion for the country.

APTMA Chairman elect Abdul Rahim Nasir said early announcement of the policy would also spur “new investment in the downstream sectors worth \$3 billion to add another \$6 billion exports and three million jobs”.

Speaking of regionally competitive tariff, he said textile exports would likely increase to \$50 billion in a decade. He asked the government to continue with 9 cents per kWh electricity tariff and \$6.5 per MMBTU gas tariff for 2021-22 and onward. If the government continues to make energy and raw materials available at competitive rates, he assured the industry would “achieve the lofty export target this fiscal. Textile exports have registered an impressive growth during the outgoing fiscal year of 2020-21 by earning \$15.4 billion for the country, which is 23 percent higher than the previous year’s textile exports of \$ 12.5 billion,” he said. About 70 percent of textile exports from Pakistan were from the value-added sector, which Nasir said was a healthy sign.

During the current year, textile exports have witnessed remarkable growth by registering about 29 percent increase in the first two months of July and August as compared with the corresponding period of the preceding year.”

In August, the country recorded \$1.5 billion exports, 45 percent higher than August 2020.

Calling for early announcement of the five-year textile policy, the chairman elect said it would help facilitate expansion plans and double exports.



The textile industry consumes around 16 million bales annually. In the past three years, the industry had to import cotton due to short production. Traditionally textile millers import three million long staple cotton bales annually, which was not produced in Pakistan.

To deal with the shortages, industry has been an additional three-four million bales. APTMA asked the government to strengthen R&D in cotton to develop high yielding pest resistant cotton.

Links

- <https://profit.pakistantoday.com.pk/2021/09/08/readymade-garment-exports-witnesses-record-increase-of-9-83pc>
- <https://profit.pakistantoday.com.pk/2021/09/08/pakistan-in-great-position-to-build-cross-border-e-commerce-platform/>
- <https://profit.pakistantoday.com.pk/2021/09/02/pqa-decides-to-reduce-charges-by-50pc-for-exporters/>
- <https://www.brecorder.com/news/40118054/customs-values-of-iron-steel-scrap-others-revised>
- <https://profit.pakistantoday.com.pk/2021/09/14/indonesia-envoy-stresses-more-bilateral-with-pakistan/>
- <https://profit.pakistantoday.com.pk/2021/09/14/pak-turkish-jbc-sees-big-trade-via-land-route-to-turkey/>
- <https://profit.pakistantoday.com.pk/2021/09/14/govt-stepping-up-its-participation-in-dubai-expo/>
- <https://nation.com.pk/15-Sep-2021/cpec-phase-ii>
- <https://profit.pakistantoday.com.pk/2021/09/14/iran-seeks-promotion-of-digital-markets-with-pakista-tribune.com/>