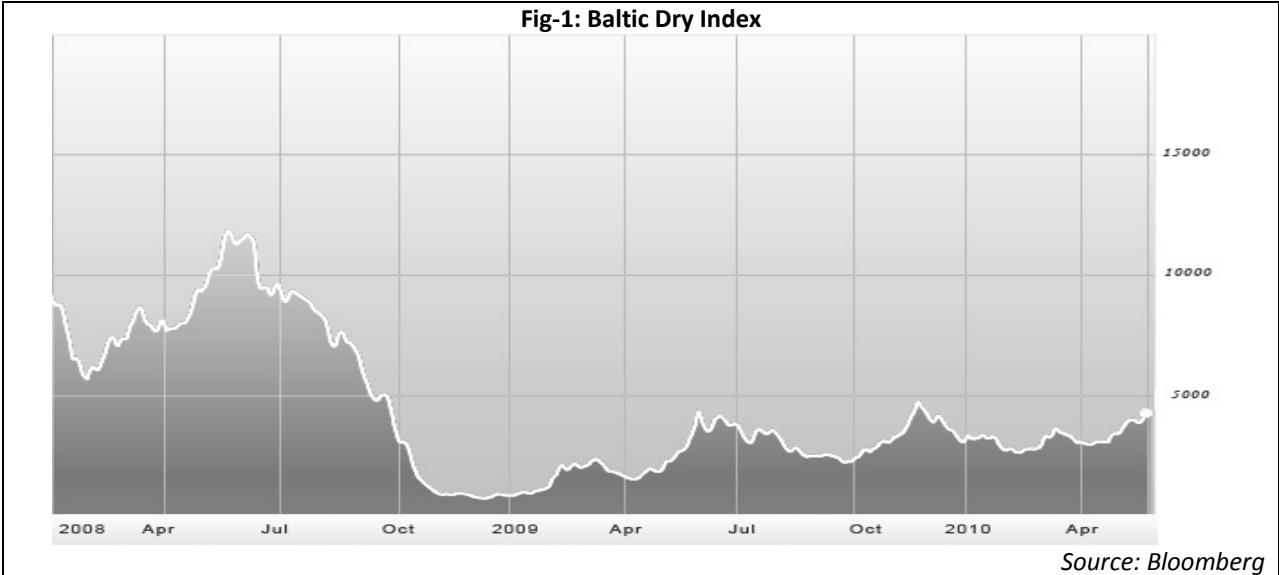


# Balance of Payments

The global economic downturn impacted world output and trade volumes adversely during 2009. The contraction in global trade was the sharpest since World War II, with trade volumes falling over 10 percent. With an upturn underway in the world economy for the past two quarters, the outlook for global trade appears to have become more positive, as depicted by the modest improvement in the Baltic Dry Index, a key early gauge of global trade volumes (Fig-1).



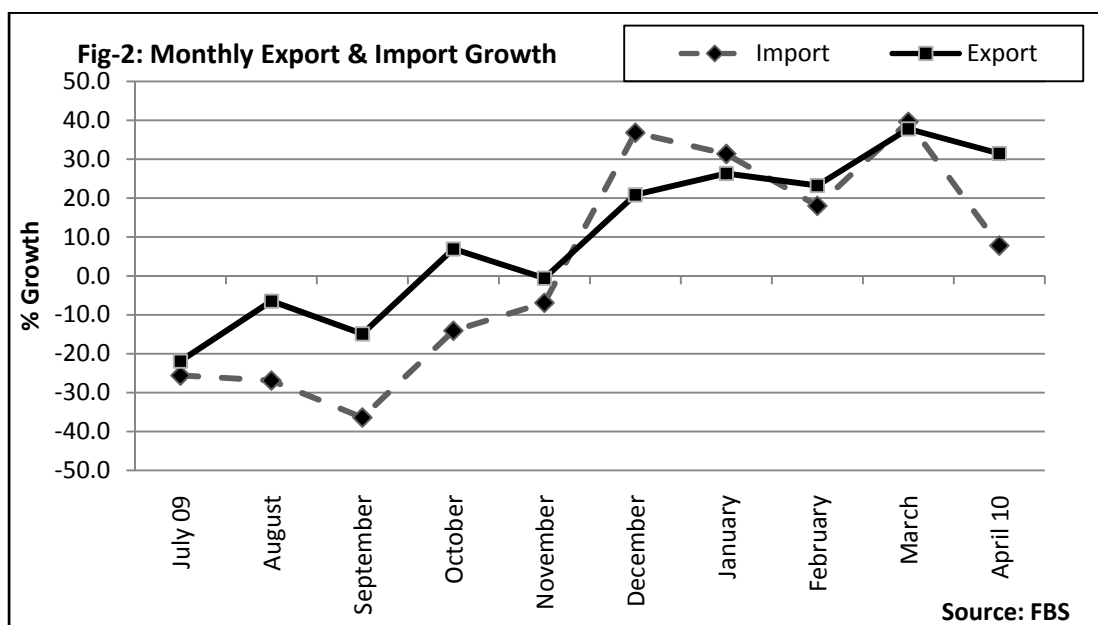
Amid still-difficult global economic conditions, large costs to exports imposed by the war on terror<sup>1</sup>, and a severe energy crisis faced by Pakistan’s economy, the external sector witnessed an overall improvement during 2009-10. This recovery was mainly contributed by a sharp narrowing of the current account deficit which more than offset the declining financial account surplus during the period. In addition, macroeconomic stabilization measures taken by the government also significantly contributed to overall improvement in the external sector of Pakistan.

The external current account deficit is expected to contract to around 2.8 percent of GDP in the outgoing year. This large improvement is mainly on the back of a steep decline in imports for much of the year, improving exports as world demand is gradually restored, and a continued increase in worker remittances, which are expected to reach 4.8 percent of GDP for the full fiscal year. Worker remittances have increased from US\$ 6.4 billion in July-April 2008-09 to US\$ 7.3 billion in ten months of the current

<sup>1</sup> According to The Global Enabling Trade Report 2010, Pakistan ranked 123 out of 125 countries of the world in terms of business cost of terrorism.

fiscal year (July-April). A large part of the recent increase in remittances, which appears to be secular in nature, has emanated from a policy initiative of the government in early 2009 called the *Pakistan Remittance Initiative (PRI)*. With the potential for formalising the remittances market estimated between US\$ 16 billion (World Bank) and US\$ 21 billion (PRI) annually, further success on this front can have far-reaching positive effects on stability of Pakistan's balance of payments in the years ahead.

An added factor that is likely to extend support to the external account in the months ahead, and possibly for much of 2010-11, is the collapse in global commodity prices induced by the Eurozone-wide contagion from the ongoing Greek debt crisis. Since the start of the difficulties in Greece earlier in 2010, international oil prices have fallen by over 11 percent. However, developments on this front could potentially also impact remittances and exports, especially if the fall out is not contained, and spreads to other regions. On balance, it appears for now that, in immediate terms at least, the deflation in import payments will outweigh the other factors, as evident from Figure 2. If so, this could insulate the external account from pressure in the near term.



### 7.1 Trade Balance<sup>2</sup>

Pakistan's merchandise trade deficit improved by 13.9 percent in July-April 2008-09 from \$ 14,218 million to \$ 12,238 million during July-April 2009-10. Unlike last year when the decline in trade deficit was mainly contributed by massive fall in import expenditures due to decline in international prices, this year's improvement in trade deficit remained broad based, with both exports and imports contributing to the decline.

Exports recorded growth of 8.0 percent during July-April 2009-10 on the back of recovery in export markets of the country, exchange rate depreciation, and improved production of crops. Moreover, during July-April 2009-10, export receipts of the country surpassed the full year official target of 6.0 percent exports growth for 2009-10. Exchange rate depreciation, reduced imports prices and slower

<sup>2</sup> The analysis of trade balance, exports and imports is based on trade data released by Federal Bureau of Statistics (FBS) on customs basis.

domestic demand remained the major factors behind the decline in imports during the period under review. The import bill of the country decreased by 2.8 percent during July-April 2009-10 over the comparable period of last year.

The narrowing trend in monthly trade deficit started to reverse since December 2009 when it deteriorated by 59.9 percent and reaching at 41.9 percent deterioration in the month of March 2010. However, trade account of the country has once again witnessed an improvement of 13.9 percent in the month of April 2010 over the same month last year. Keeping in view monthly trend variations in trade deficit during the period and increasing monthly import bill along with expectations of increase in international oil prices, it is expected that country's trade deficit may come under pressure in coming months.

## **7.2 Exports**

Exports amounted to \$ 15.9 billion in July-April 2009-10 as against \$ 14.7 billion in same period last year, showing a growth rate of 8.0 percent compared to the negative growth rate of 3.0 percent in same period last year. Higher quantum export of items like rice, fruits and raw cotton due to their improved production in country along with recovery of international demand and exchange rate depreciation were major reasons for the increase in exports during the period under review.

Within the broad categories of exports, all major sectors witnessed positive growth during July-April 2009-10 over the corresponding period of last year.

Textiles which is a major driver of the exports of Pakistan captured 53.3 percent share in total exports during current fiscal year and witnessed an absolute increase of \$ 556.2 million during July-April 2009-10 over same period last year (*see Table 7.1*).

Non-textile exports grew by 9.2 percent during July-April 2009-10 over the 5.3 percent growth rate in same period last year. This year's growth of non-textile group has been contributed by positive growth rates of food group (7.1 percent), petroleum group (7.3 percent) and all other items group (65.9 percent).

Food Group export increased by 7.1 percent during July-April 2009-10 when compared with the same period last year. Furthermore, food group's share remained at 17.2 percent in total exports and it contributed 15.3 percent to this year's overall export growth.

With a 66 percent share in food group and 11.4 percent in overall exports of this year, rice exports witnessed a growth rate of 7.5 percent during the July-April 2009-10 over the same period last year on the back of increase in quantum export of rice .

The overall increase in export of rice came from non-basmati rice as quantity export of non-basmati rice increased by 100.5 percent compared to 2.7 percent increase in exports quantum of basmati rice during July-April 2009-10 over the corresponding period last year.

Quantity export of rice increased by 66.0 percent on the back of improved domestic production and higher import demand from countries Kenya, Iran and Saudi Arabia. In addition to rice, fruits and halal meat & meat preparation remained the major contributor to increase in food exports during the period. The increase in fruits exports has been led by improved harvest, better marketing strategies and improved market access.

A significant recovery has been witnessed in the group of textile exports. As textile exports grew positively by 7.0 percent during July-April 2009-10 over the 9.3 percent fall in same period last year. This recovery in textile exports is led by higher than targeted production of cotton crop and recovery in external demand.

Particulars	July-April		% Change	Absolute Increase/Decrease	% Share
	2009-10*	2008-09			
<b>A. Food Group</b>	<b>2,727.9</b>	<b>2,547.8</b>	<b>7.1</b>	<b>180.1</b>	<b>17.2</b>
Rice	1,807.0	1,681.3	7.5	125.6	11.4
Fish & Fish Preparation	182.1	193.6	-6.0	-11.5	1.1
Fruits	208.8	134.6	55.1	74.1	1.3
Meat & Meat Preparation	81.6	58.4	39.8	23.2	0.5
All other Food Items	399.0	421.8	-5.4	-22.8	2.5
<b>B. Textile Manufactures</b>	<b>8,461.7</b>	<b>7,905.5</b>	<b>7.0</b>	<b>556.2</b>	<b>53.3</b>
Raw Cotton	194.2	80.8	140.2	113.3	1.2
Cotton Yarn	1,211.0	916.5	32.1	294.5	7.6
Cotton Cloth	1,466.0	1,641.4	-10.7	-175.4	9.2
Knitwear	1,424.2	1,434.3	-0.7	-10.1	9.0
Bed Wear	1,400.0	1,408.6	-0.6	-8.6	8.8
Towels	553.3	527.8	4.8	25.5	3.5
Readymade Garments	1,059.6	1,007.1	5.2	52.5	6.7
Made-up Articles	439.6	396.8	10.8	42.8	2.8
Other Textile Materials	713.8	492.1	45.0	221.7	4.5
<b>C. Petroleum Group</b>	<b>773.3</b>	<b>720.5</b>	<b>7.3</b>	<b>52.8</b>	<b>4.9</b>
Petroleum Products	456.2	401.1	13.7	55.1	2.9
Petroleum Top Naphtha	316.9	319.1	-0.7	-2.2	2.0
<b>D. Other Manufactures</b>	<b>2,990.4</b>	<b>2,968.6</b>	<b>0.7</b>	<b>21.8</b>	<b>18.8</b>
Carpets, Rugs & mats	117.0	126.7	-7.7	-9.8	0.7
Sports Goods	236.5	227.2	4.1	9.3	1.5
Leather Tanned	255.8	252.9	1.1	2.9	1.6
Leather Manufactures	368.6	470.9	-21.7	-102.3	2.3
Surgical G. & Med.Inst.	190.1	211.7	-10.2	-21.6	1.2
Chemicals & Pharma. Pro.	621.6	509.4	22.0	112.3	3.9
Engineering Goods	197.1	210.5	-6.3	-13.4	1.2
Jewellery	397.0	195.9	102.6	201.1	2.5
Cement	394.2	475.3	-17.1	-81.1	2.5
All other manufactures	212.5	288.0	-26.2	-75.5	1.3
<b>E. All Other Items</b>	<b>930.8</b>	<b>561.0</b>	<b>65.9</b>	<b>369.8</b>	<b>5.9</b>
<b>Total</b>	<b>15,884.1</b>	<b>14,703.3</b>	<b>8.0</b>	<b>1,180.8</b>	<b>100.0</b>

\* : Provisional

Source: FBS

Low value added products like raw cotton and cotton yarn fetches the major share of contribution in the textile group on the back of factors like early and better production of these crops along with restoration of external demand specifically from China. The export receipts from raw cotton and cotton yarn grew by 140.2 percent and 32.1 percent during July-April 2009-10 over the same period last year, while contributing additional \$ 113.1 million and \$ 294.5 million amount to this year's export, respectively. Furthermore, quantum exports of raw cotton and cotton yarn increased by 116.4 percent

and 29.0 percent respectively during July-April 2009-10.

The export performance of high value added like knitwear, bed wear and readymade garments has shown mixed trend in terms of their growth in quantity, value and price. The quantity export of knitwear and readymade garments witnessed decline of 8.1 percent and 7.4 percent respectively during the period. This fall in quantum exports mainly owed to unfavourable conditions in advanced economies and domestic problems like energy crisis.

While bed wear witnessed negative growth in value of its exports mainly due to lower international prices as quantum export increased during the period reflecting improvement in external demand.

#### Box Item 1: Mapping Pakistan's Major Exports With Fastest Growing Products of World

A comparative analysis of product wise shares in World exports and Pakistan's exports exhibits a mixed picture. Pakistan's major exports categories remained textile, manufactures, other manufactures and food having shares of 51.0 percent, 24.0 percent, 24.0 percent and 15.0 percent respectively during FY 09 whereas, the world's exports during 2008 are concentrated in manufactures, machinery & transport equipment, fuel and mining products and fuels with the share of 67.0 percent, 34.0 percent, 23.0 percent and 18.0 percent respectively. This analysis shows that there is significant divergence between patterns of world demand and the items which Pakistan is exporting. The divergent trend shows the existence of structural rigidities in the export base of the country.

Merchandise Trade by Product				
Commodities	% Share in World Exports 2008	% Share in Pakistan's Exports (FY 09)	Avg. Five Years Growth Rate	
			World	Pakistan
<b>Manufactures</b>	<b>67</b>	<b>24</b>	<b>14</b>	<b>14</b>
<i>Machinery and transport equipment</i>	34	*	17	*
<i>Other machinery</i>	12	1	15	24
<i>Other chemicals</i>	8	1	16	18
<i>Automotive products</i>	8	*	11	18
<i>Other transport equipment</i>	4	-	15	-
<i>Telecommunications equipment</i>	4	-	14	-
<i>Iron and steel</i>	4	-	27	-
<i>EDP and office equipment</i>	4	-	8	-
<i>Pharmaceuticals</i>	3	1	16	7
<i>Integrated circuits</i>	3		9	-
<b>Fuels and mining products</b>	<b>23</b>	<b>-</b>	<b>30</b>	<b>-</b>
<i>Fuels</i>	18	5	31	45
<b>Agricultural products</b>	<b>9</b>	<b>-</b>	<b>15</b>	<b>-</b>
<i>Food</i>	7	15	15	19
<b>Other manufactures</b>	<b>8</b>	<b>24</b>	<b>13</b>	<b>14</b>
<i>Miscellaneous manufactures</i>	4	-	12	-
<i>Personal and household goods</i>	2	-	13	-
<b>Textiles</b>	<b>2</b>	<b>51</b>	<b>8</b>	<b>4</b>

\*: Not Meaningful, -: Not Available

Source: WTO & SBP

Comparing growth in these major export items of Pakistan with the world export growth of the same categories suggests that with the exception of textiles, major export commodities have managed significant growth in the last five years. In fact, growth rate of most major export commodities of Pakistan (with the exception of textiles) during

the last five years has averaged higher than world growth rates. While exports of textile, which is considered to be the item of comparative advantage, have exhibited growth of 4.0 percent against world growth of 8.0 percent in the same items respectively.

Petroleum group export value increased by 7.3 percent during the first ten months of the current fiscal year as compared to same period last year. This increase in the group of petroleum mainly owes to increase in quantum export of petroleum products which grew by 19.3 percent during the period. Moreover, the 4.5 percent contribution in the increase of total exports for the period July-April 2009-10 came from this group.

Other manufacture group export increased by 0.7 percent during July-April 2009-10 compared to same period last year. Jewellery exports have exhibited a stellar growth of 102.6 percent during July-April 2009-10 over the corresponding period last year and its share in other manufacture group has also increased from 7.0 percent to 13.0 percent during period under review. Furthermore, 17.0 percent contribution in the increase in total exports came from this single item during the period.

With the increase of 52.6 percent growth during the last year, cement export declined abruptly as it fell by 17.1 percent during current period July-April 2009-10. This performance by cement sector was broad based as both the quantum and per unit price of exports witnessed decline of 1.7 percent and 15.7 percent respectively during the period under review. Cement export fell because of decline in its external demand and expected increase in competition faced by cement industry especially from Saudi Arabia.

Despite of decline in overall exports growth by 6.3 percent in engineering goods, the exports of items like electric fans, transport equipments and other electrical machinery in engineering goods witnessed an increase in export of 38.0 percent, 82.2 percent and 19.5 percent respectively during July-April 2009-10 over the same period last year. The quantum export of electrical fans increased by 45.9 percent during the period on the back of increased external demand by different import markets of the world i.e. Africa, Middle East and South Asia.

The category of leather manufacturers exports declined by 21.7 percent during July-April 2009-10 compared to same period last year as all three sub-items (i.e. leather garments, leather gloves and other leather manufacturers) witnessed negative growth due to low external demand, lack of modern technologies, law and order situation, low skilled labour and energy crises. Furthermore, competition from other regional economies also hindered the exports of leather industry.

### **7.2-a Concentration of Exports**

During current fiscal year 2009-10, country's major exports followed previous years' trend of being concentrated in five items (cotton manufacturers, leather, rice, synthetic textile and sports goods). These five categories accounts for 70.9 percent share in the total exports during July-March 2009-10 (see Table 7.2). Intensity of concentration further deepens when analyzed within these five export items, as 51.3 percent contribution in the total exports came from cotton manufacturers during July-March 2009-10.

**Table 7.2: Pakistan's Major Exports (Percentage Share)**

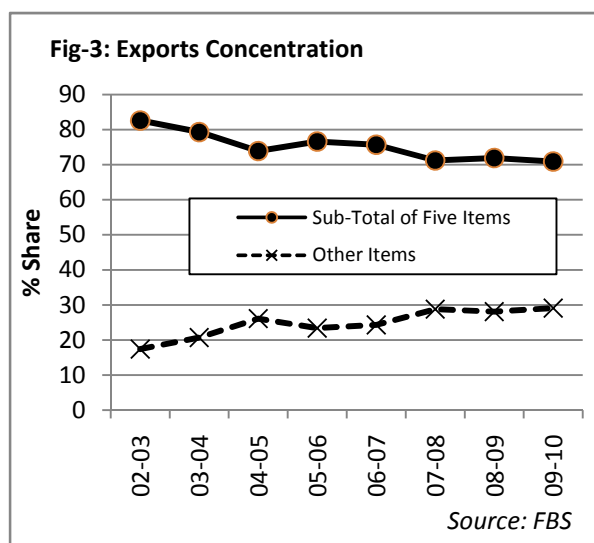
Commodity	02-03	03-04	04-05	05-06	06-07	07-08	08-09	July-March	
								08-09	09-10*
Cotton Manufacturers	63.3	62.3	57.4	59.4	59.7	51.9	52.2	52.3	51.3
Leather	6.2	5.4	5.8	6.9	5.2	5.8	5.4	5.6	4.3
Rice	5.0	5.2	6.5	7.0	6.6	9.8	11.2	11.4	11.4
Synthetic Textiles	5.1	3.8	2.1	1.2	2.5	2.1	1.6	1.4	2.4
Sports Goods	3.0	2.6	2.1	2.1	1.7	1.6	1.5	1.5	1.5
<b>Sub-Total</b>	<b>82.6</b>	<b>79.3</b>	<b>73.9</b>	<b>76.6</b>	<b>75.7</b>	<b>71.2</b>	<b>71.9</b>	<b>72.2</b>	<b>70.9</b>
Other Items	17.4	20.7	26.1	23.4	24.3	28.8	28.1	27.8	29.1
Total	100	100	100	100	100	100	100	100	100

\*Provisional

Source: Federal Bureau of Statistics

In spite of the structure of exports having concentrated in few items, it has witnessed a gradual change, as the share of other items in overall export increased from 17.4 percent in 2002-03 to 29.1 percent in July-March 2009-10 (see Fig 3) which is an encouraging sign for the export sector of Pakistan.

Textile is the major driver of export sector of Pakistan. It not only employs the bulk of labour force but also earns much needed foreign currency. Generally textile manufacturer sector is segmented into two major parts consisting of low and high value added items. Being an agrarian country and ample availability of raw material required to produce higher quantity of high value added items like knitwear, bed wear, towels and ready made garments, Pakistan can only manage to sustain the fixed amount of share of high value added items in exports in place of increasing its share in total exports. As evident from the table given below, the share of high value added items remained in the band of 50 to 60 percent share since 2001-2002. Furthermore this overall trend began to deteriorate after its peak year of 2005-06 when the share of value added items was 58.0 percent in total textile exports and it is continuously on decline since and stood at 52.7 percent share in overall textile manufacturer during July-March 2009-10 over 54.4 percent in same period last year (see Table 7.3).

**Table 7.3: Export of Textile Manufactures (% Share)**

Item	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	July-March	
									08-09	09-10*
Cotton Yarn	16.1	12.9	14.0	12.7	13.7	13.6	12.5	11.7	11.6	14.1
Cotton Cloth	19.6	18.6	21.3	23.3	21.6	19.3	19.4	20.5	21.0	17.2
Knitwear	14.6	15.9	18.1	18.9	17.6	18.7	18.0	18.2	18.3	17.0
Bed wear	15.9	18.4	17.2	16.4	20.8	19.0	18.3	18.2	17.8	16.6
Towels	4.6	5.2	5.0	5.9	5.8	5.7	5.9	6.7	6.6	6.5
Tents, Canvas & Tarpaulin	0.9	1.0	0.9	0.8	0.3	0.7	0.7	0.6	0.7	0.6
Readymade	15.1	15.1	12.4	12.9	13.8	13.2	14.0	12.9	12.7	12.6

**Table 7.3: Export of Textile Manufactures (% Share)**

Item	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	July-March	
									08-09	09-10*
Garments										
Synthetic Textiles	7.1	7.9	5.9	3.5	2.0	4.0	3.9	2.9	2.6	4.4
Made up Articles	6.1	5.0	5.2	5.5	4.3	4.5	5.2	5.0	5.0	5.2
Others	-	-	-	0.1	0.1	1.3	2.1	3.3	3.7	5.8
	100	100	100	100	100	100	100	100	100	100

\*Provisional

Source: FBS

### 7.2-b Composition of Exports

The share of primary, semi-manufactured and manufactured products in composition of exports since 1994-95 have remained more or less stagnant. As approximately three fourths of Pakistan's exports constitute of manufactured goods (see Table 7.4). This stagnation indicates slow movement towards sophistication through technology and innovation. More recently, the increase in primary commodities exports owes to improved production of cotton crops and amidst of revival of external demand. While a dip in manufactured good can be attributed to lower prices on external factor and on domestic front, the main factor is energy crisis faced by the export sector.

**Table 7.4: Composition of Exports (% Share)**

Year	Primary Commodities	Semi-Manufactures	Manufactured Goods	Total
2006-07	11	12	77	100
2007-08	14	11	75	100
2008-09	16	10	74	100
July-March				
2008-09	17	9	74	100
2009-10*	18	11	71	100

\* Provisional

Source: FBS

### 7.2-c Direction of Exports

While the composition of exports remains fairly concentrated, Pakistan has achieved significant geographical diversification of its exports. During the year 2001-2002, 54.9 percent of Pakistani exports were concentrated in seven major exports markets (USA, Germany, Japan, UK, Hong Kong, Dubai and Saudi Arabia) and the remaining exports share of 45.1 percent consists of all other countries. This concentration of export market continuously declined since 2001-2002 and presently 31.6 percent share of exports is held by six major countries (see Table 7.5) with the remaining countries making up 68.4 percent of exports.

Notwithstanding the reliance on fewer exports markets as evident from the percentage share of different export destinations during July-March 2009-10. Which suggests that the USA captured the 17.3 percent share in all export markets of country and still continued to sustain the largest export market of the country.



**Table 7.5: Major Exports Markets (Percentage Share)**

Country	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	July-March	
									08-09	09-10*
USA	24.7	23.5	23.9	23.9	25.5	24.6	19.5	18.9	18.6	17.3
Germany	4.9	5.2	4.9	4.8	4.2	4.1	4.3	4.2	4.3	4.2
Japan	1.8	1.3	1.1	1.1	0.8	0.7	0.7	0.6	0.7	0.5
UK	7.2	7.1	7.6	6.2	5.4	5.6	5.4	4.9	4.8	5.5
Hong Kong	4.8	4.6	4.7	3.9	4.1	3.9	2.7	2.1	2.2	2.1
Dubai	7.9	9.0	7.3	3.3	5.6	1.1	0	0	0	0
Saudi Arabia	3.6	4.3	2.8	2.5	2.0	1.7	2.0	2.6	2.4	2.0
<b>Sub-Total</b>	<b>54.9</b>	<b>55.0</b>	<b>52.3</b>	<b>45.7</b>	<b>47.6</b>	<b>41.7</b>	<b>34.6</b>	<b>33.3</b>	<b>33.0</b>	<b>31.6</b>
Other Countries	45.1	45.0	47.7	54.3	52.4	58.3	65.4	66.7	67.0	68.4
Total	100	100	100	100	100	100	100	100	100	100

\*Provisional

Source: FBS

### 7.3 Imports

Import growth during July-April 2009-10 declined by 2.8 percent against the corresponding period last year. Lower international prices, compressed domestic demand, exchange rate depreciation and improved production of cotton crops remained the major factors behind the overall decline in import bill. Among the major import groups: food, machinery and telecom groups witnessed a decline during July-April 2009-10 while Petroleum, consumer durables, raw materials and other items groups witnessed an increase in growth during the period under review (see Table 7.6).

Food group imports declined by 21.3 percent during July-April 2009-10 over the corresponding period last year, on absolute terms food group declined by \$ 754.9 million against the \$ 107.9 million contraction in the corresponding period of July-April 2009-10. In addition to that, food group witnessed highest decline in absolute terms during the period. This decline in food group is mainly attributed to reduced quantum import as unit values of most of food items remained higher during July-April 2009-10 over same period last year.

Within food group items, wheat import bill witnessed the maximum decline of 96.4 percent on the back of sufficient availability of wheat in the country as wheat quantity import fell by 97.2 percent. Import bill of edible oil fell by 12.5 percent due to contraction in its price and quantity imports. On the other hand, the highest growth in import bill of food group was witnessed in sugar which increased by 591.6 percent during July-April 2009-10 against the same period last year mainly as a result of the efforts to improve the domestic supply condition of sugar in the country. Both the price and quantity effect contributed to this increase in sugar import bill but quantum import effect remained higher than the price effect as quantity of imported sugar increased by 430.7 percent and unit value of sugar increased by 30.3 percent during July-April 2009-10 over the corresponding month of last year. Furthermore, the import bill of tea, pulses and milk & milk food also increased substantially during this period.

Machinery group import declined by 10.6 percent during July-April 2009-10 over the same period last year and witnessed a decline of \$ 460.0 million in absolute terms during current fiscal year 2009-10. The highest decline was observed in construction & mining machinery, which declined by 43.4 percent during period under review. With the major share of about 32.2 percent in machinery group, Import of power generating machinery witnessed negative growth of 11.0 percent during July-April 2009-10 over 66.5 percent expansion during the same period last year which suggests accumulation of higher

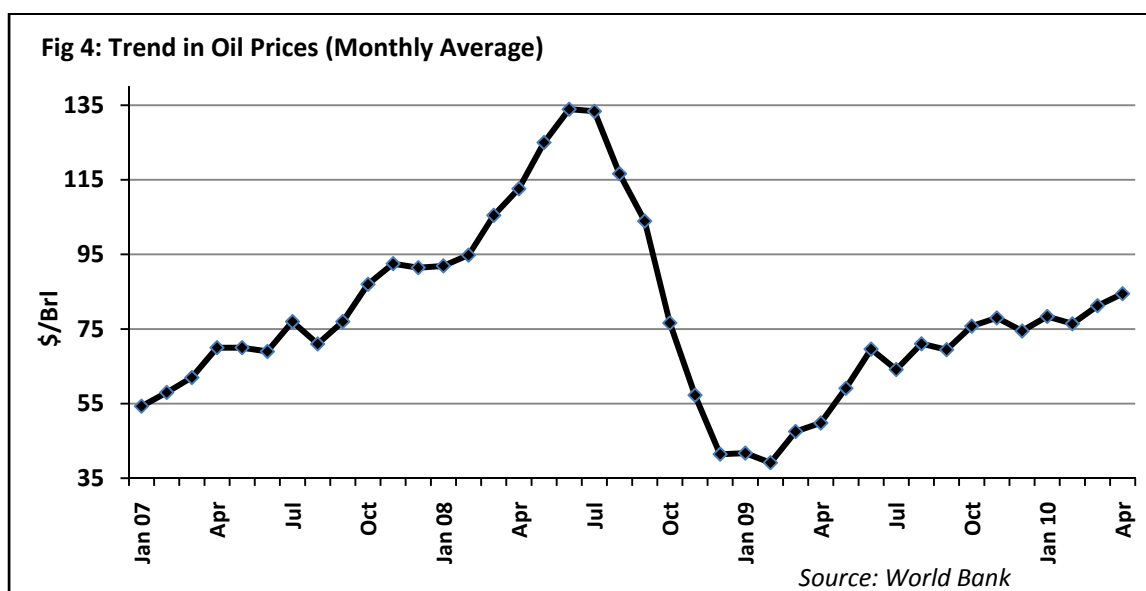
inventories during last year thereby lower domestic demand during current fiscal 2009-10.

Import of agricultural machinery posted an increase of 130.6 percent growth during the period under review with an addition of \$ 101.9 million in overall import bill of the country. This growth in agriculture machinery is led by increased import of tractors and parts of tractors on the back of projects like Green and Benazir Tractor Schemes. Furthermore, majority of agriculture machinery consists of tractors and its parts.

Textile machinery import witnessed substantial growth of 20.5 percent during July-April 2009-10 over the 49.0 percent decline in corresponding period last year. This can be seen as a reflection of the revival in textile related activities in the country.

Import bill of petroleum group expanded by 1.3 percent during July-April 2009-10 over the corresponding period last year. This rise in import bill of country is mainly caused by higher quantum import of the petroleum product category which increased by 24.1 percent during July-April 2009-10 compared to same period last year. On the other hand, quantum import of petroleum crude category witnessed a decline of 9.8 percent during the period under consideration. The decline in petroleum crude was mainly caused by circular debt problem faced by refineries thereby causing an increased import of petroleum products.

Beside that, higher quantum import effect in the overall increase of import bill is also evident from falling unit values of items in petroleum group as petroleum products and petroleum crude categories witnessed a decline of 7.3 percent and 8.4 percent in respective unit values during July-April 2009-10 against the same period last year. However, monthly trend suggests that falling oil prices started to reverse and unit values of categories of petroleum group turned out to be positive beginning in December 2009. Furthermore, in the month of April 2010, the import prices of petroleum products and petroleum crude witnessed an increase of 62.3 percent and 79.7 percent respectively.



The trend in international prices of oil suggests that oil prices increased from \$ 54 per barrel in January 2007 to \$ 134 per barrel by June 2008. After reaching at peak level in June 2008, oil prices declined rapidly and stood at its bottom level of \$39 per barrel in February 2009, and since than, the oil prices

have started to increase (see Fig 4) . The volatile nature of international oil prices indicates the vulnerability of oil importing countries and as being an oil importing country, Pakistan is no exception.

Maximum increase among all major import groups has been witnessed in consumer durable group, which grew by 6.4 percent during July-April 2009-10 over same period last year. This rise is mainly led by increase in domestic demand of road vehicle import which exhibits a growth rate of 25.6 percent during the period. Within road motor vehicles, the import of CKD kits increased by 63.7 percent during the period under review as import of cars and motor cycles categories increased by 76.6 percent and 85.5 percent respectively. As a result, sale and production of cars and motor cycles also increased thereby import of Rubber Tyres & Tubes group witness an increase of 21.7 percent during July-April 2009-10.

During July-April 2009-10 import group of raw material witnessed a growth rate of 1.5 percent. Within raw material group, import of fertilizer manufactured remained the prominent factor leading to the increase in import bill of raw material group. As import of fertilizer manufactured on absolute terms increased by \$ 196.8 million during this period on the back of aggressive off-take of fertilizers by farmers. This may be viewed as larger import quantum to improve domestic supply condition of fertilizer.

Import of gold increased from \$ 31.7 million in July-April 2008-09 to \$ 129.4 million during July-April 2009-10. This increase was mainly driven by higher quantity import of gold. Which grew by 267.6 percent during period under review.

Among all major import groups, the highest decline was observed in telecom sector, which declined by 30.1 percent during period under review. This decline in telecom sector shows the saturation in telecom market.

Particulars	July-April		% Change	Absolute Increase	% Share
	2008-09	2009-10			
<b>A. Food Group</b>	<b>3,539.9</b>	<b>2,785.0</b>	<b>-21.3</b>	<b>-754.9</b>	<b>9.9</b>
Milk & milk food	63.0	67.8	7.6	4.8	0.2
Wheat Unmilled	1,053.8	35.4	-96.6	-1,018.3	0.1
Dry fruits	69.8	67.7	-3.0	-2.1	0.2
Tea	198.0	227.8	15.1	29.8	0.8
Spices	58.4	60.9	4.4	2.6	0.2
Edible Oil (Soybean & Palm Oil)	1,205.4	1,055.2	-12.5	-150.3	3.8
Sugar	27.7	191.2	591.6	163.6	0.7
Pulses	187.5	209.3	11.6	21.8	0.7
All Other Food Items	676.4	869.7	28.6	193.3	3.1
<b>B. Machinery Group</b>	<b>4,355.4</b>	<b>3,895.4</b>	<b>-10.6</b>	<b>-460.0</b>	<b>13.9</b>
Power Gen. Machines	1,407.6	1,252.9	-11.0	-154.7	4.5
Office Machines	215.0	185.9	-13.5	-29.1	0.7
Textile Machinery	183.4	221.0	20.5	37.6	0.8
Const. & Mining Mach.	246.1	139.4	-43.4	-106.8	0.5
Aircraft Ships and Boats	379.7	579.2	52.5	199.5	2.1
Agri. Machinery	78.1	180.0	130.6	101.9	0.6
Other Machinery	1,845.5	1,336.9	-27.6	-508.6	4.8
<b>C. Petroleum Group</b>	<b>8,017.0</b>	<b>8,118.6</b>	<b>1.3</b>	<b>101.5</b>	<b>28.9</b>
Petroleum Products	4,612.4	5,305.3	15.0	692.9	18.9

Particulars	July-April		% Change	Absolute Increase	% Share
	2008-09	2009-10			
Petroleum Crude	3,404.6	2,813.3	-17.4	-591.4	10.0
<b>D. Consumer Durables</b>	<b>1,411.4</b>	<b>1,502.2</b>	<b>6.4</b>	<b>90.9</b>	<b>5.3</b>
Elect. Mach. & App.	655.9	553.3	-15.6	-102.5	2.0
Road Motor Veh.	755.5	948.9	25.6	193.4	3.4
<b>E. Raw Materials</b>	<b>6,454.9</b>	<b>6,549.6</b>	<b>1.5</b>	<b>94.6</b>	<b>23.3</b>
Raw Cotton	477.5	492.4	3.1	14.9	1.8
Synthetic fiber	238.9	290.4	21.5	51.5	1.0
Silk yarn (Synth & Arti)	241.2	286.4	18.7	45.2	1.0
Fertilizer Manufactured	494.4	691.1	39.8	196.8	2.5
Insecticides	81.0	120.4	48.7	39.5	0.4
Plastic material	943.4	978.2	3.7	34.8	3.5
Iron & steel and Scrap	527.1	369.0	-30.0	-158.2	1.3
Iron & steel	1,090.8	1,018.1	-6.7	-72.6	3.6
Other Chemical Products	2,360.7	2,303.5	-2.4	-57.1	8.2
<b>F. Telecom</b>	<b>857.1</b>	<b>598.7</b>	<b>-30.1</b>	<b>-258.4</b>	<b>2.1</b>
<b>G. Others</b>	<b>4,285.6</b>	<b>4,673.0</b>	<b>9.0</b>	<b>387.4</b>	<b>16.6</b>
<b>Total</b>	<b>28,921.3</b>	<b>28,122.6</b>	<b>-2.8</b>	<b>-798.8</b>	<b>100.0</b>
Excluding Petroleum Group	20,904.3	20,004.0	-4.3	-900.3	71.1
Excluding Petroleum & Food Groups	17,364.4	17,219.0	-0.8	-145.5	61.2

\* Provisional

Source: FBS

The effect of lower international prices compared to previous year's imports in the decline of overall import bill of the country is exhibited in table below. As it can be analyzed that Pakistan gained \$ 1,185.9 million due to fall in import price of palm oil, petroleum products, petroleum crude, fertilizer, plastic material and iron & steel during July-April 2009-10 compared to import at last year's prices (see Table 7.7). Import bill during the period under review could have been inflated by \$ 1,185.9 million if the prices of items shown in table 8.8 be remained at par with last year's prices.

Commodity	Actual Imports	Imports at Last Year's Prices	Additional Bill (Gains/Losses)
Soya bean Oil	13.7	12.7	1.0
Palm Oil	1,041.4	1,104.6	-63.1
Petroleum Products	5,305.3	5,725.3	-420.0
Petroleum Crude	2,813.3	3,069.7	-256.5
Fertilizer	691.1	909.7	-218.6
Plastic Material	978.2	1,193.3	-215.1
Medicinal Products	611.5	608.7	2.8
Iron & Steel	1,018.1	1,034.5	-16.3
<b>Total</b>	<b>12,472.6</b>	<b>13,658.5</b>	<b>-1,185.9</b>

\*Estimated

Source: FBS

Concentration of imports in terms of its composition suggests that raw material for consumer goods dominates the composition of imports of the country (see table 7.8) and its share has gradually been increasing since 2005-06. The share of capital and consumer goods remained constant during July-March 2009-10 over the same period last year.

Year	Capital Goods	Raw Material for		Consumer Goods	Total
		Capital Goods	Consumer Goods		
2005-06	37	7	45	11	100
2006-07	36	7	47	10	100
2007-08	29	8	53	10	100
2008-09	29	9	49	13	100
July-March					
2008-09	28	9	50	13	100
2009-10	28	7	52	13	100

*\* Provisional* *Source: FBS*

### 7.3-a Direction of Imports

Most of Pakistan's imports are concentrated in few numbers of market in the world namely Saudi Arabia, Kuwait, Malaysia, U.S.A, Japan, Germany, and U.K. Data for July-March 2009-10 exhibits that almost 36.0 percent of total import markets of Pakistan consists of these seven countries (see Table 7.9). Saudi Arabia has held the lion share in Pakistan's imports with in markets since 2003-04. However, signs of market diversification are present as the combined share of these major export partners has been declining from as high as 43 percent in 2003-04 to current levels.

Country	03-04	04-05	05-06	06-07	07-08	08-09	July-March	
							08-09	09-10*
<b>U.S.A.</b>	8.5	7.6	5.8	7.5	6.1	5.4	5.0	4.9
<b>Japan</b>	6.0	7.0	5.6	5.7	4.6	3.6	3.6	4.3
<b>Kuwait</b>	6.4	4.6	6.2	5.7	7.5	6.6	7.2	6.0
<b>Saudi Arabia</b>	11.4	12.0	11.2	11.4	13.4	12.3	12.3	10.2
<b>Germany</b>	3.9	4.4	4.7	3.9	3.2	3.8	3.8	3.7
<b>U.K.</b>	2.8	2.6	2.8	2.3	1.9	2.6	2.7	1.7
<b>Malaysia</b>	3.9	2.6	3.0	3.1	3.9	4.6	4.5	5.1
<b>Sub-Total</b>	<b>42.9</b>	<b>40.8</b>	<b>39.3</b>	<b>39.6</b>	<b>40.6</b>	<b>38.9</b>	<b>39.1</b>	<b>35.9</b>
<b>Other Countries</b>	57.1	59.2	60.7	60.4	59.4	61.1	60.9	64.1
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*\*Provisional* *Source: FBS*

### 7.4 Terms of Trade

After witnessing the persistent deterioration since 1998-99, Pakistan has witnessed an improvement of 2.8 percent in its terms of trade during 2008-09. This showed the impact of decreased prices of international prices of commodity and oil. This improvement in country's terms of trade also contributed in the decline of current account deficit during the period under review. However, during July-March 2009-10, terms of trade could not sustain the process of improvement which started in 2008-09 due to increase in unit value index of imports and stagnation in unit value indices during July-March 2009-10 over the comparable period last year (see Table 7.10). As a result, country's terms of trade aggregated to 54.9 during July-March 2009-10 as compared to 56.3 of July-March 2008-09 thereby witnessed a deterioration of 2.5 percent during the period under review. Although this decline in terms of trade during current fiscal year of 2009-10 is lowest ever since 2002-03.

**Table 7.10: Unit Value Indices and Terms of Trade (Base year 1990-91 = 100)**

Year	Unit Value Indices		Terms of Trade
	Exports	Imports	
2005-06	299.3	460.4	65.0
2006-07	310.0	495.3	62.6
2007-08	350.4	632.3	55.4
2008-09	450.4	790.8	57.0
July-March			
2008-09	454.9	808.1	56.3
2009-10*	454.9	828.4	54.9

\* Provisional

Source: FBS

### 7.5 Summary of Balance of Payments

Pakistan's Current Account Deficit (CAD) narrowed down by 65.9 percent as a result CAD declined to \$ 3.06 billion in July-April 2009-10 as against \$ 8.98 billion last year (see Table. 7.11). This decline in CAD during July-April 2010 was contributed by the improvement in trade, services, income & current transfers during the period. Specifically, decline in imports and a strong increase in current transfers played a fundamental role in bringing down the current account deficit. Fall in payments on account of repatriation of dividends, interest on debt, freight on merchandise imports and lower outflows from foreign exchange companies were other contributory factors behind the contraction in the current account balance during the period under review.

Decline in trade deficit is due mainly to a fall in imports complimented by overall improvement in exports during July-April 2009-10. The trade deficit improved by 18.3 percent during this period. Improvement in invisible accounts emanated from the significant decline in services and income account deficit with impressive growth in worker's remittances.

The improvement in income account is based on a decline in investment income outflows & fall in net interest payments. Income account deficit declined by 29.9 percent during July-April 2009-10 over the same period last year. The deficit in services trade shrank by 39.9 percent during July-April 2009-10 over the corresponding period last on the back of 15.3 percent growth in services exports and 12.2 percent decline in services imports. The increase in services exports is mainly led by communication, financial, government and other business services. Among these four groups, communication services exports exhibited significant growth of 80.2 percent during July-April 2009-10 over the corresponding period last year. This growth in communication services exports was mainly owed to step taken by Pakistan Telecom Authority (PTA) to curb illegal traffic in the country.

While transportation and travel remained major categories among the all groups of services export, these sectors registered negative growth during July-April 2009-10. As the share of transportation and travel in overall services exports declined by 9.0 percentage points and 2.1 percentage points respectively during July-April 2009-10 over the corresponding period last year. Transportation services exports declined by 13.9 percent during July-April 2009-10. Lower passage & freight earnings and reduced local operations of foreign transport companies remained the key factors behind the overall decline in the transportation services exports.

Items	July-June		July-April	
	2007-08	2008-09	2008-09	2009-10*
<b>Current Account Balance</b>	-13,874	-9,252	-8,982	-3,060
<b>Trade balance</b>	-14,970	-12,627	-11,136	-9,094
Goods: Exports	20,427	19,121	15,817	16,155
Goods: Imports	35,397	31,747	26,952	25,249
<b>Services Balance</b>	-6,457	-3,381	-3,218	-1,962
Services: Credit	3,589	4,106	3,126	3,605
Services: Debit	10,046	7,487	6,344	5,567
<b>Income Account Balance</b>	-3,923	-4,407	-3,667	-2,570
Income: Credit	1,613	874	759	474
Income: Debit	5,536	5,281	4,426	3,044
<b>Current Transfers Net</b>	11,476	11,163	9,039	10,566
Of which:				
Workers remittances	6,451	7,811	6,356	7,307
<b>Capital &amp; Financial Account</b>	8,252	6,058	4,495	3,942
<b>Capital Account,</b>	121	474	162	239
<b>Financial Account</b>	8,131	5,584	4,333	3,703
Direct Investment Abroad	-75	-25	-13	11
Direct Investment in Pakistan	5,410	3,720	3,205	1,773
Portfolio Investment (Net)	32	-1,073	-1,002	-46
Other Investment	2,764	2,962	2,143	1,965
<b>Net Errors and Omissions</b>	257	138	230	-152
<b>Overall Balance</b>	-5,365	-3,056	-4,257	730
<b>Reserves and Related Items</b>	5,365	3,056	4,257	-730
Reserve Assets	5,538	-635	496	-2,159
Use of Fund Credit and Loans	-173	3,691	3,761	1,106
Exceptional Financing	0	0	0	323

\*: Provisional

Source: SBP

As against the current account, decline in financial account surplus, which emerged in 2007-08, continued in July-April 2009-10 as well. Specifically, financial account surplus recorded a year-on-year fall of 14.5 percent during July-April 2009-10 compared to same period last year.

The quarterly trend shows that after recording surplus in first quarter of 2009-10, surplus in financial account fell drastically in the subsequent quarters, and turned to deficit in third quarter of 2009-10. The deficit in the financial account is attributed to lower loan inflows and the maturity of sovereign financial instrument (Sukuk worth \$ 600 million). The fall in financial account surplus would have been even higher, had it not been for non-recurring SDRS allocation by the IMF.

Moreover, foreign investors' risk averseness amid global crisis and severe power deficit in Pakistan led to significant fall in foreign direct investment. The major sectors that recorded decline included communication, financial business and oil & gas exploration.

On the positive side, foreign investment in stock market has revived significantly during the period under review. However, these inflows are short term in nature and notoriously volatile.

Quarterly analysis shows that the current account deficit improved by 86.0 percent in the first quarter

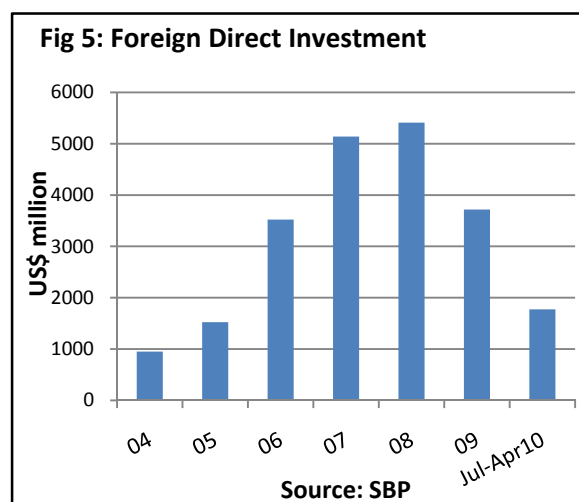
(July-September) of the current fiscal year 2009-10 over the same period last year. In spite of that the process of improvement in current account deficit slowed down in remaining period of the year. As the year-on-year CAD in second quarter (October-December 2009) improved by 57.0 percent during the period. While the third quarter (January-March) of the year 2009-10 exhibits a deterioration of 36.0 percent over the comparable period last year. Fall in invisible surplus and increase in imports contributed the major role in the overall quarterly position during the period under review. In addition to that the year-on-year deterioration in later period was also owed to elimination of base effect, which kept the year-on-year contraction substantially up to first quarter of 2009-10. However, an improvement in the current account deficit for the month of April 2010 is estimated at almost 59 percent over the same month last year.

Monthly analysis shows the in the months of August 2009 and September 2009, the Current Account Balance (CAB) witnessed a surplus of \$ 10 million and \$ 48 million respectively. Nevertheless, monthly CAB exhibits the deficit in the remaining months of current fiscal year 2009-10 while a deficit of \$ 185 million has been witnessed in April 2010.

### 7.5-a Foreign Direct Investment (FDI)

According to UNCTAD, the global inflows of foreign direct investment declined by close to 40.0 percent in year 2009 due to global financial and economic crises. The impact of this crisis transmitted in the global FDI through decline in the firms' tendency to invest due to its falling profitability, higher uncertainty & risk aversion behaviour and reduced availability of finance to firms globally thereby many companies reduced their investment plans. Pakistan also witnessed the declining FDI according to global FDI's trend during the period under review. As after growing at an average rate of 61.0 percent per annum for four years, Pakistan's FDI declined abruptly by 31.2 percent in 2008-09 compared to same period last year. This situation further

deteriorated in the current fiscal year owing to a combination of internal factors like energy crises and law & order situation along with external factors of global economic slowdown. FDI in the country declined by 44.7 percent during the period of July-April 2009-10 compared to same period last year (see Fig-5).



Oil and Gas Exploration remained the major attractive sector for investment as due to its share of 34.1 percent in overall FDI in July-April 2009-10. However, investment in oil and gas explorations witnessed negative growth rate during July-April 2009-10 over the comparable period last year. This performance mainly resulted due to law and order situation for oil and gas exploration.

### 7.5-b Remittances

According to World Bank estimates, growth in world remittances during 2009 declined by 6.7 percent on the back of global financial crisis thereby making it difficult for remittance senders (see Fig 6). However, number of countries received a higher level of remittances during 2009 against the previous year of 2008. Specifically, remittances flow to Asian countries remained stronger during the period under



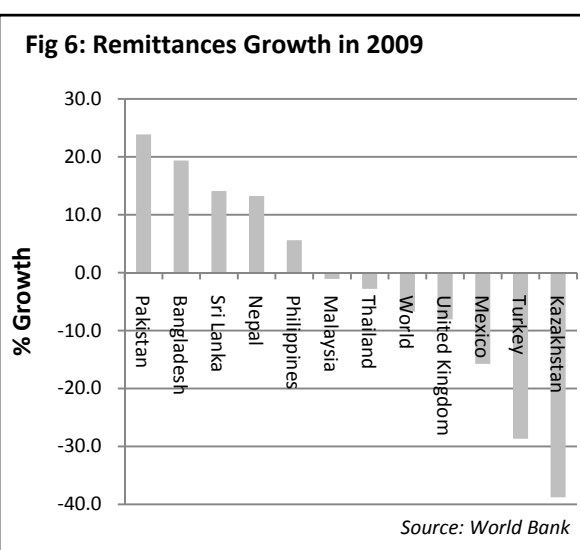
review. Within Asia, the concentration of higher remittances remained in the South Asia region where remittances increased by 4.9 percent in 2009.

Remittances to Pakistan witnessed strong growth of 23.9 percent during 2009 over previous year 2008 followed by Bangladesh (19.4 percent), Sri Lanka (14.2 percent), Nepal (13.2 percent) and Philippines (5.6 percent).

More recently, Worker remittances to Pakistan have surged by 15.0 percent during July-April 2009-10 over the corresponding period last year. With the exception of February 2010, positive growth has been witnessed in all other months of current fiscal years 2009-10 over the corresponding months of last year. The month of October 2009 witnessed a highest growth of 62.7 percent during the period .

Country-wise data suggests that UAE remained the major contributor to remittances increase during July-April 2009-10 contributing 22.8 percent of total remittance, followed by Saudi Arabia (20.9 percent or \$ 1,525.9 million), USA (20.0 percent or \$ 1,461.8 million), Other GCC countries (14.1 percent or \$ 1,033.0 million) and UK (10.1 percent or \$ 734.6 million) (see Table 7.12).

While UK & UAE witnessed highest growth rate of 57.0 percent and 21.7 percent respectively during July-April 2009-10 over corresponding period last year. Higher remittance from UK seems to be the result of aggressive bilateral tie-ups of commercial banks with foreign entities under Pakistan Remittances Initiative (PRI) program.



Country / Region	July-April 2008-09	July-April* 2009-10	% Change	% Share
USA	1,435.7	1,461.8	1.8	20.0
UK	468.0	734.6	57.0	10.1
Saudi Arabia	1,264.1	1,525.9	20.7	20.9
UAE	1,366.8	1,663.2	21.7	22.8
Other GCC Countries	996.0	1,033.0	3.7	14.1
EU Countries	196.5	210.2	7.0	2.9
Others Countries	498.1	481.7	-3.3	6.6
Total	6,355.6	7,306.7	15.0	100.0

\* Provisional

Source: SBP

The possible factors behind higher remittances from UAE are: a) diversion of a part of remittances from informal to formal channels as is evident from trend shift following the crackdown on illegal fund transfer and asset prices crises in Dubai due to which investment was diverted to Pakistan in the form of remittances by Pakistani migrants who lost their jobs in Dubai, and b) increased outreach of banks having arrangements with overseas entities.

While some migrants found jobs in Abu Dhabi, as a result, remittances from Abu Dhabi witnessed an

increase of 80.62 percent during July-April 2009 over the comparable period last year.

Channel wise data suggests that most of the remittances were routed through banking channel during July-April 2009-10. This improvement largely reflects the initiatives taken under Pakistan Remittances Initiative (PRI) to encourage the migrants to route their remittances through banking channel. This is because of fear of funds being stuck up in an event of action against the exchange company, increased competition as like exchange companies banks are also having tie-up with foreign entities, lower costs as sending funds through banks is free of charges and efforts such as PRI to attract funds through banking channel.

**Box-2: Pakistan Remittances Initiative**

To facilitate and increase the flow remittances through formal channels the Ministry of Finance, Ministry of Overseas Pakistanis and State Bank of Pakistan took the initiative of launching Pakistan Remittance Initiative (PRI) through which different incentive have been offered in fiscal year 2009-10 to sender and receiver of remittance through banking channel. These incentives/measures are followed as:

- Increasing the outreach of banks with foreign entities.
- Transferring of remittances in beneficiary bank account on same day through introducing the Real Time Gross Settlement (RTGS).
- Reimbursement of marketing expenses as percent of remittances mobilized by an overseas entity from any one jurisdiction. This percent of reimbursement varies according to amount mobilized which follows as: 0.50 percent on incremental amount on remittances mobilized above \$100 million to \$ 400 million, 0.75 percent on incremental amount on remittances mobilized above \$400 million to \$800 million, 1.0 percent on incremental amount on remittances mobilized above \$800 million to \$1200 million, 1.0 percent on total remittances mobilized above \$1200 million.

After launching of PRI, the Memorandum of Understanding has been signed between Pakistan Remittance Initiative and Pakistan International Airlines in which more incentives and privileges have been offered to overseas Pakistanis like one hundred free return air tickets through lucky draws, reserve seats, special gifts in flights, business class services at check in counters, business class lounges and excess baggage allowance.

### **7.5-c Foreign Exchange Reserves**

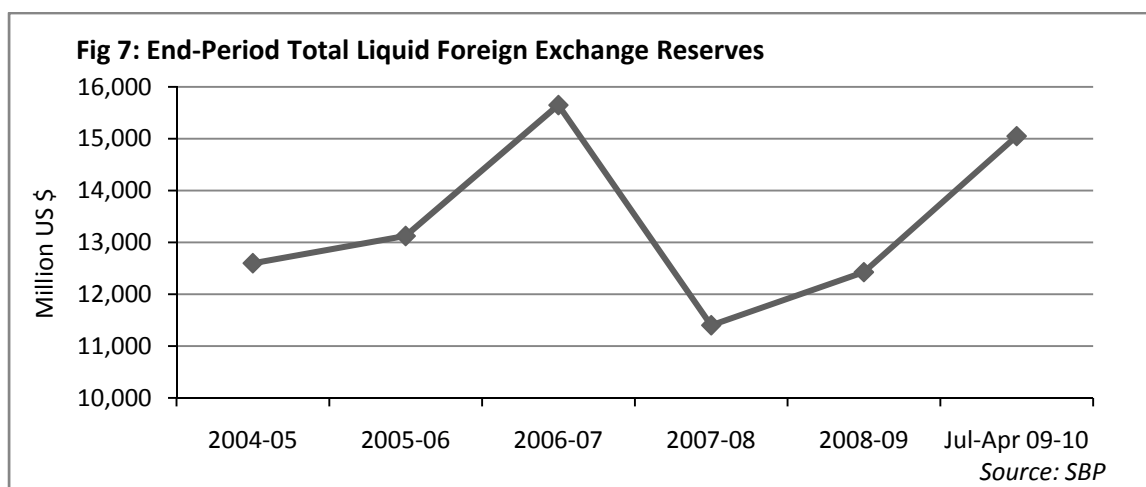
After declining by 27.0 percent during the fiscal year 2007-08, Pakistan's total liquid foreign exchange reserves (end-period) witnessing the significant increase in the subsequent periods of 2008-09 and July-April 2009-10 (see Fig-7). The major reasons behind the fall in reserves during 2007-08 remained the net outflows from portfolio investment and step rise in the current account deficit led to sharp decline in the foreign exchange reserves of the country. Furthermoe, the recovery in the reserves during 2008-09 was contributed by inflows from IMF following Pakistan's entry into a macroeconomic stabilization program and than after adition from other agencies' capital inflow in the country. In addition to that the narrowed down of current account deficit also significantly contributed in the improvement of reserve position of the country during the period.

More recently, Pakistan's foreign reserves increased substantially from \$ 12.4 billion in end-June 2009 to \$ 15.0 billion in end-April 2010 (see Fig 7). This improved position of reserves benefited from lower current account deficit and higher remittances. Improvement in reserves brought relative stability in the exchange rate and subsequent increase in foreign currency deposits.

Quarterly analysis shows that bulk of accumulation in reserves was concentrated in first quarter of 2009-

10, while reserves increased only marginally in the subsequent quarters. This is because a substantive part of the rise in reserves during first quarter of 2009-10 owed to SDRs allocation and disbursement by IMF under SBA. The reserves held by the State Bank of Pakistan stood at \$ 11.2 billion with the banking system holding \$ 3.9 billion in reserves by end-April 2010. Improvement in the SBP's reserves during the period mainly owed to inflows from IFIs, lower current account deficit and reduced market support. The rise in commercial banks' reserves was primarily on account of increased foreign currency deposits and retirements of foreign currency loans. Increase in both of them was owing to expectation of exchange rate depreciation.

Owing to improved position of reserves and decline in imports, the import coverage ratio increased from 21.1 weeks as of end-June 2009 to 26.5 weeks in March 2010.



## 7.6 Exchange Rate

After remaining at stable position for more than four years, Pak rupee started to lose significant value against US dollar and it depreciated by 22 percent in the period of Jan-Nov 2008. This depreciation was attributed to factors like substantial loss of foreign exchange reserves, political uncertainty, speculative activities in foreign exchange markets and trade related outflows. Due to Pakistan's entry in standby agreement with International Monetary Fund (IMF) in November 2008 along with market conditions at that time, Pakistan adopted a more flexible exchange rate regime. After shift towards more flexible exchange rate regime, country witnessed a slow down in exchange rate depreciation of 2.5 percent during Dec-Jun 2008-09.

More recently, owing to the overall external account improvement and stable reserve position, Pakistan's currency vis-à-vis US dollar depreciated by 3.9 percent during July-March 2009-10 compared to sharp decline of 16.2 percent in the corresponding period last year. Volatility in the kerb-market however, remained substantial throughout the July-March 2009-10 period, initially on account of Hajj related demand and later due to shifting of oil payments. Demand for the US dollar in the kerb-market was particularly high in January and February 2010, which led to substantial rise in kerb premium and volatility in the exchange rate (see Table 7.13).

The improvement in inflows on account of portfolio investment and workers' remittances backed Pak rupee, consequently, Pak rupee regained some of the ground it lost in February. Rupee appreciated by 1.01 percent vis-à-vis US dollar between end-February and end-March 2010.

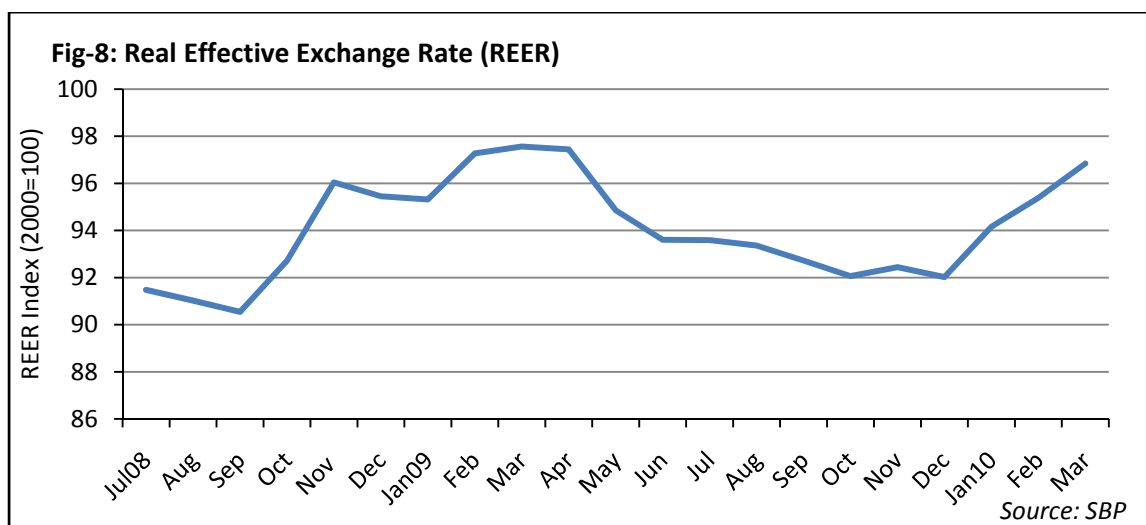
The rupee showed relatively better performance against the Euro and Pound. Euro and Pound depreciated by 1.8 percent and 6.3 percent respectively against Pak rupee during July-March 2009-10. Rupee's appreciation against Euro and Pound was primarily driven by the relative strength of dollar against Euro and Pound, and Pak rupee stability against the US dollar during the period under review.

**Table 7.13: Average Exchange Rates and Premium**

	Inter Bank Rate (Rs / \$)	Open Market Rate (Rs/\$)	Premium (%)	Rs/ Euro
July 09	82.22	82.40	0.18	115.71
August	82.9	82.98	0.08	118.16
September	82.94	82.86	-0.08	120.49
October	83.31	83.41	0.10	123.35
November	83.55	83.72	0.17	124.54
December	84.11	84.31	0.20	122.88
January 10	84.63	85.37	0.74	120.78
February	84.97	86.17	1.20	116.24
March	84.41	84.68	0.27	114.61

Source: SBP

Furthermore, Nominal Effective Exchange Rate (NEER) witnessed 4.6 percent depreciation during July-March 2010 as compared to depreciation of 6.4 percent during the same period last year. However, due to rise in inflationary pressures as evident from the 8.7 percent increase in Relative Price Index, Real Effective Exchange Rate (REER) appreciated by 3.5 percent during July-March 2009-10 (see Fig-8).



### 7.8 Salient Features of Strategic Trade Policy Framework 2009-12

Realizing the need for developing and effectively implementing a national export competitiveness programme, the Ministry of Commerce has developed a three year Strategic Trade Policy Framework (STPF) 2009-12. The overall objective of the STPF is to achieve sustainable high economic growth through exports with the help of policy and support interventions by the government, industry, civil society and donors.

The STPF 2009-12 is based on six pillars namely Supportive Macro Policies and Services, Enhancing

Product Sophistication level in Pakistan's Exports, Enhancing Firm level Competitiveness, Domestic Commerce Reform and Development, Product and Market Diversification and Making Trade Work for the Sustainable Development in Pakistan. Moreover, Ministry of Commerce has set the export growth target of 6.0 percent for 2009-10 and 10.0 percent and 13.0 percent for each of the successive years.

The major measures to achieve the above objectives are:

- ➔ Support for opening exporters offices abroad.
  - ➔ In previous years, government announced 50 percent support for various quality, environmental and social certifications. The support was progressively increased to 100 percent of the cost of certification.
  - ➔ It is proposed that surgical instruments, sports goods & cutlery sector would be granted 25 percent subsidy on brand promotional expenses like advertisement in recognized trade journals, certification cost etc.
  - ➔ In order to increase the sophistication level & realize true potential of light engineering sector, a special fund would be created for product development & marketing for light engineering sector.
  - ➔ Leather apparel exporters would be provided 50 percent subsidy for on the floor expert advisory/consultancy and matching grant to establish design studios or design centres in their factories.
  - ➔ A freight subsidy at 25 percent would be extended on air shipments of live seafood products.
  - ➔ Processed food exports would be supported initially by reimbursing research & development cost at 6 percent of the exports.
  - ➔ Sharing 25 percent financial cost of setting up of design centres and labs in the individual tanneries.
  - ➔ Industrial importers would be allowed to import new, refurbished and upgraded machinery on the basis of trade-in with their old, obsolete machinery. Likewise, export of their old/obsolete machinery for trade in with new, refurbished or upgraded machinery would also be allowed.
  - ➔ The natural pearls and other synthetic or reconstructed precious or semi precious stones are being increasingly used in jewellery products; they would also be exempted from customs duty and sales tax.
  - ➔ Limit for physicians' samples would be enhanced to 20 at the time of launch with first shipment.
  - ➔ Engineering units would be allowed Export Oriented Units (EOU) facility on export of 50 percent of their production for the first three years. After that, engineering units would be allowed this facility on export of 80 percent of their production.
  - ➔ In order to encourage use of computers by low income segment of population, the import of old & used computer components would be allowed.
-

TABLE 7.1

## BALANCE OF PAYMENTS

Items	(US \$ Million)									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	July-March	
									2008-09	2009-10 P
1. Trade Balance	-294	-444	-1,208	-4,352	-8,259	-9,495	-14,820	-12,492	-10,144	-8,024
Exports (f.o.b)	9,140	10,889	12,396	14,401	16,388	17,119	20,207	18,918	14,159	14,218
Imports (f.o.b)	9,434	11,333	13,604	18,753	24,647	26,614	35,027	31,410	24,303	22,242
2. Services (Net)	-2,617	-2,128	-3,594	-5,841	-7,304	-7,968	-10,530	-7,922	-6,420	-4,175
Receipts	2,027	2,967	2,894	3,837	4,718	5,239	5,422	5,183	3,706	3,619
Payments	-4,644	-5,095	-6,488	-9,678	-12,022	-13,207	-15,952	-13,105	-10,126	-7,794
Shipment	-809	-951	-1,253	-1,713	-2,203	-2,337	-3,087	-2,740	-2,153	-1,994
Investment Income	-2,430	-2,381	-2,394	-2,823	-3,451	-4,522	-5,536	-5,281	-4,045	-2,700
Others	-1,405	-1,763	-2,841	-5,142	-6,368	-6,348	-7,329	-5,084	-3,928	-3,100
3. Private Unrequired										
Transfers (net)	4,249	5,737	6,116	8,440	9,914	10,102	11,048	11,019	8,075	9,305
(Workers Remittances)	2,389	4,237	3,871	4,168	4,600	5,494	6,451	7,811	5,658	6,551
4. Current Account Balance	1,338	3,165	1,314	-1,753	-5,649	-7,361	-14,302	-9,395	-8,489	-2,894
5. Long-term Capital (net)	1,280	1,035	-201	2,562	6,016	10,006	8,427	6,448	4,758	5,031
Private Capital (net)	-177	225	691	1,221	4,153	7,826	6,187	3,805	3,178	1,954
Official Capital (net) @	1,457	810	-892	1,341	1,863	2,180	2,240	2,643	1,580	3,077
6. Basic Balance	2,618	4,200	1,113	809	367	2,645	-5,875	-2,947	-3,731	2,137
7. Errors and Omissions (net) *	961	909	-137	-854	36	527	-676	310	234	-569
8. Balance Requiring Official Financing	3,579	5,109	976	-45	403	3,172	-6,551	-2,637	-3,497	1,568
9. Official Assistance & Debt Relief	-925	-520	-95	472	470	1,051	679	-611	-536	-840
Medium and Short-Term Capital	-334	-180	-317	147	-193	-83	559	-151	-68	-145
Other Short-Term Assets/ Liabilities FEBC, DBC										
FEBC, Euro & Special										
US \$ Bonds (Net), GDR(OG)	-591	-340	222	335	663	1,134	120	-460	-468	-695
10. Exceptional Financing	138	620	-55	-55	-55	100	0	0	0	-100
11. Change in Reserves										
(- ve = increase)	-2,792	-5,209	-826	-372	-818	-4,323	5,872	3,249	4,033	-628

@ : Includes Official Unrequited Transfers

(P) : Provisional

Source : State Bank of Pakistan

\* : Includes Private Short-term Capital

Table 7.2

## SUMMARY OF BALANCE OF PAYMENTS

Item	(Millions US \$)				
	2006-07	2007-08	2008-09	July-March	
				2008-09	2009-10
Current account balance	-6,878	-13,874	-9,252	-8,379	-2,702
Current account balance without off. Transfers	-7,403	-14,302	-9,424	-7,924	-2,111
Goods: Export f.o.b	17,278	20,427	19,121	14,321	14,389
Goods: Imports f.o.b	-26,989	-35,397	-31,747	-24,582	-22,413
Trade Balance	-9,711	-14,970	-12,626	-10,261	-8,024
Services (Net)	-4,170	-6,457	-3,381	-2,951	-1,907
Services: Credit	4,140	3,589	4,106	2,851	3,016
Services: Debit	-8,310	-10,046	-7,487	-5,802	-4,923
Income (Net)	-3,582	-3,923	-4,407	-3,352	-2,268
Income: Credit	940	1,613	874	693	432
Income: Debit	-4,522	-5,536	-5,281	-4,045	-2,700
of Which: Interest Payments	1,417	2,175	1,915	1,480	1,073
Current Transfer (Net)	10,585	11,476	11,163	8,186	9,497
Capital Account and Financial Account	10,276	8,252	6,060	4,421	3,724
Capital Account	304	121	474	138	187
Financial Account	9,972	8,131	5,586	4,283	3,537
Dir. Invest. In Rep. Econ.	5,140	5,410	3,720	3,042	1,554
Other Investment Assets	-758	32	560	592	-257
Other Investment Liab.	2,421	2,732	2,404	1,613	2,415
Monetary Authorities	-1	490	-1	-1	1,250
General Government					
Disbursement	2,444	2,354	2,936	1,920	2,263
Amortization	-1,031	-1,131	-1,389	-1,067	-993
Net errors and omissions	179	257	136	-33	-107
Reserve and Related Items	-3,577	5,365	3,056	3,990	-915

Source: State Bank of Pakistan

TABLE 7.3

## COMPONENTS OF BALANCE OF PAYMENTS (AS PERCENT OF GDP)

Year	Exports ^	Imports ^	Trade Deficit ^	Worker's Remittances #	Current Account Deficit #
1980-81	10.5	19.3	8.7	7.5	3.7
1981-82	8.0	18.3	10.3	7.2	5.0
1982-83	9.4	18.7	9.3	10.1	1.8
1983-84	8.9	18.3	9.4	8.8	3.2
1984-85	8.0	19.0	11.0	7.9	5.4
1985-86	9.6	17.7	8.0	8.1	3.9
1986-87	11.1	16.1	5.1	6.8	2.2
1987-88	11.6	16.7	5.0	5.2	4.4
1988-89	11.7	17.6	5.9	4.7	4.8
1989-90	12.4	17.4	4.9	4.9	4.7
1990-91	13.5	16.7	3.3	4.1	4.8
1991-92	14.2	19.1	4.8	3.0	2.8
1992-93	13.3	19.4	6.1	3.0	7.2
1993-94	13.1	16.6	3.4	2.8	3.8
1994-95	13.5	17.2	3.7	3.1	4.1
1995-96	13.8	18.7	4.9	2.3	7.2
1996-97	13.4	19.1	5.7	2.3	6.2
1997-98	13.9	16.3	2.4	2.4	3.1
1998-99	13.3	16.1	2.8	1.8	4.1
1999-00	11.7	14.1	2.4	1.3	1.6
2000-01	12.9	15.1	2.1	1.5	0.7
2001-02	12.8	14.4	1.7	3.3	+1.9
2002-03	13.5	14.8	1.3	5.1	+3.8
2003-04	12.5	15.9	3.3	3.9	+1.3
2004-05	13.0	18.5	5.5	3.7	1.6
2005-06	13.0	22.5	9.5	2.9	4.5
2006-07	11.8	21.2	9.4	3.8	5.1
2007-08	11.6	24.4	12.8	3.9	8.5
2008-09	10.9	21.5	10.6	4.8	5.7
<u>Jul-April</u>					
2009-10 *	9.1	16.0	7.0	4.2	1.7

^ : Based on the data compiled by FBS

Source: FBS, SBP &amp; E.A.Wing, Finance Division

# : Based on the data compiled by SBP

\* : Provisional



TABLE 7.4

## EXPORTS, IMPORTS AND TRADE BALANCE

Year	(Rs million)						(US \$ million)					
	Current Prices			Growth Rate (%)			Current Prices			Growth Rate (%)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1980-81	29,280	53,544	-24,264	25.07	14.10	3.17	2,958	5,409	-2451	25.07	14.11	3.20
1981-82	26,270	59,482	-33,212	-10.28	11.09	36.88	2,464	5,622	-3158	-16.70	3.94	28.85
1982-83	34,442	68,151	-33,709	31.11	14.57	1.50	2,694	5,357	-2663	9.33	-4.71	-15.67
1983-84	37,339	76,707	-39,368	8.41	12.55	16.79	2,768	5,685	-2917	2.75	6.12	9.54
1984-85	37,979	89,778	-51,799	1.71	17.04	31.58	2,491	5,906	-3415	-10.01	3.89	17.07
1985-86	49,592	90,946	-41,354	30.58	1.30	-20.16	3,070	5,634	-2564	23.24	-4.61	-24.92
1986-87	63,355	92,431	-29,076	27.75	1.63	-29.69	3,686	5,380	-1694	20.07	-4.51	-33.93
1987-88	78,445	112,551	-34,106	23.82	21.77	17.30	4,455	6,391	-1936	20.86	18.79	14.29
1988-89	90,183	135,841	-45,658	14.96	20.69	33.87	4,661	7,034	-2373	4.62	10.06	22.57
1989-90	106,469	148,853	-42,384	18.06	9.58	-7.17	4,954	6,935	-1981	6.29	-1.41	-16.52
1990-91	138,282	171,114	-32,832	29.88	14.96	-22.54	6,131	7,619	-1488	23.76	9.86	-24.89
1991-92	171,728	229,889	-58,161	24.19	34.35	77.15	6,904	9,252	-2348	12.61	21.43	57.80
1992-93	177,028	258,643	-81,615	3.09	12.51	40.33	6,813	9,941	-3128	-1.32	7.45	33.22
1993-94	205,499	258,250	-52,751	16.08	-0.15	-35.37	6,803	8,564	-1761	-0.15	-13.85	-43.70
1994-95	251,173	320,892	-69,719	22.23	24.26	32.17	8,137	10,394	-2257	19.61	21.37	28.17
1995-96	294,741	397,575	-102,834	17.35	23.90	47.50	8,707	11,805	-3098	7.01	13.58	37.26
1996-97	325,313	465,001	-139,688	10.37	16.96	35.84	8,320	11,894	-3574	-4.44	0.75	15.36
1997-98	373,160	436,338	-63,178	14.71	-6.16	-54.77	8,628	10,118	-1490	3.70	-14.93	-58.31
1998-99	390,342	465,964	-75,622	4.60	6.79	19.70	7,779	9,432	-1653	-9.84	-6.78	10.94
1999-00	443,678	533,792	-90,114	13.66	14.56	19.16	8,569	10,309	-1740	10.15	9.30	5.26
2000-01	539,070	627,000	-87,930	21.50	17.46	-2.42	9,202	10,729	-1527	7.39	4.07	-12.24
2001-02	560,947	634,630	-73,683	4.06	1.22	-16.20	9,135	10,340	-1205	-0.73	-3.63	-21.09
2002-03	652,294	714,372	-62,078	16.28	12.57	-15.75	11,160	12,220	-1060	22.17	18.18	-12.03
2003-04	709,036	897,825	-188,789	8.70	25.68	204.12	12,313	15,592	-3279	10.33	27.59	209.34
2004-05	854,088	1,223,079	-368,991	20.46	36.23	95.45	14,391	20,598	-6207	16.88	32.11	89.30
2005-06	984,841	1,711,158	-726,317	15.31	39.91	96.84	16,451	28,581	-12130	14.31	38.76	95.42
2006-07	1,029,312	1,851,806	-822,494	4.52	8.22	13.24	16,976	30,540	-13564	3.19	6.85	11.82
2007-08	1,196,638	2,512,072	-1,315,434	16.26	35.66	59.93	19,052	39,966	-20914	12.23	30.86	54.19
2008-09	1,383,718	2,723,570	-1,339,852	15.63	8.42	1.86	17,688	34,822	-17134	-7.16	-12.87	-18.07
<u>July-Mar</u>												
2008-09	1,036,466	2,021,991	-985,525	25.69	17.67	10.26	13,382	26,123	-12741	-0.37	-6.57	-12.29
2009-10 (P)	1,176,388	2,081,763	-905,375	13.50	2.96	-8.13	14,162	25,107	-10945	5.83	-3.89	-14.10

P : Provisional

Source: FBS &amp; E. A. Wing, Finance Division

TABLE 7.5

## UNIT VALUE INDICES AND TERMS OF TRADE (T.O.T) (1990-91 = 100)

Groups	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	(Indices)	
											July-March	
											2008-09	2009-10
All Groups												
Exports	253.77	271.47	271.18	254.02	279.65	288.84	299.31	310.03	350.40	450.40	454.93	454.89
Imports	259.03	298.44	298.56	309.52	355.43	392.45	460.38	495.33	632.30	790.82	808.09	828.42
T.O.T.	97.97	90.96	90.83	82.07	78.68	73.60	65.01	62.59	55.42	56.95	56.30	54.91
Food & Live Animals												
Exports	234.95	249.32	260.55	258.11	267.55	303.93	327.47	350.75	496.58	758.42	614.28	679.29
Imports	248.38	278.82	277.41	259.76	282.18	314.36	323.95	431.20	551.25	622.23	619.79	687.05
T.O.T.	94.59	89.42	93.92	99.36	94.82	96.68	101.09	81.34	90.08	121.89	131.38	98.87
Beverages & Tobacco												
Exports	143.34	171.44	169.82	146.52	175.33	162.96	191.13	208.44	202.67	431.15	372.70	599.47
Imports	532.21	698.92	790.14	598.00	521.88	561.23	621.67	675.14	653.41	884.26	860.45	953.43
T.O.T.	26.93	24.53	21.49	24.50	33.60	29.04	30.74	30.87	31.02	48.76	43.31	62.87
Crude Materials (inedible except fuels)												
Exports	169.85	192.12	158.90	171.58	218.86	195.64	209.97	225.52	328.53	494.08	493.21	554.09
Imports	198.06	218.95	228.14	232.37	245.01	293.06	329.71	350.19	445.35	813.16	643.89	663.78
T.O.T.	85.76	87.75	69.65	73.84	89.33	66.76	63.88	64.40	73.77	80.58	76.60	83.47
Minerals, Fuels & Lubricants												
Exports	283.63	373.65	314.40	365.14	416.09	525.75	644.33	733.54	979.83	840.26	871.98	1038.32
Imports	206.30	276.87	249.66	297.20	306.38	389.16	615.00	632.08	877.47	982.09	1090.38	942.65
T.O.T.	137.48	134.96	125.93	122.86	135.81	135.10	104.77	116.05	111.67	85.56	79.97	110.15
Chemicals												
Exports	276.51	282.36	281.54	270.05	265.61	277.23	312.89	362.50	397.29	480.24	484.32	523.12
Imports	208.54	228.06	239.29	245.60	313.15	334.10	372.17	392.87	471.77	659.24	611.09	717.12
T.O.T.	132.59	123.81	117.66	109.96	84.82	82.98	84.07	92.27	84.21	72.85	79.26	72.95
Animal & Vegetable												
Oils, Fats & Waxes												
Exports	-	-	-	-	-	-	-	-	-	-	-	-
Imports	229.68	195.10	224.82	300.36	347.94	358.48	341.40	406.00	647.28	793.22	866.17	873.15
T.O.T.	-	-	-	-	-	-	-	-	-	-	-	-
Manufactured Goods												
Exports	266.96	279.04	281.83	248.93	274.02	284.72	289.58	300.76	318.97	387.90	390.80	385.68
Imports	224.61	251.50	244.97	240.82	287.80	301.00	340.71	375.06	427.60	559.24	549.29	609.37
T.O.T.	118.86	110.95	115.05	103.37	95.21	94.59	84.99	80.19	74.60	69.36	71.15	63.29
Machinery and Transport												
Equipment												
Exports	396.34	453.20	579.13	572.31	396.09	342.97	414.01	430.91	518.62	806.33	799.29	982.15
Imports	417.87	470.20	481.18	450.67	537.55	561.15	538.14	580.85	639.86	897.85	858.50	960.34
T.O.T.	94.85	96.38	120.36	126.99	73.68	61.12	76.93	74.19	81.05	89.81	93.10	102.27
Miscellaneous Manufactured Articles												
Exports	263.04	292.47	298.40	294.67	318.55	324.17	342.71	340.99	351.77	442.64	430.84	486.51
Imports	278.99	323.02	320.35	299.60	333.22	343.13	404.94	418.65	605.24	763.29	666.29	962.00
T.O.T.	94.28	90.54	93.15	98.35	95.60	94.47	82.59	81.45	58.12	57.99	64.66	50.57

- : Not applicable

\* : Provisional

Source: Federal Bureau of Statistics

TABLE 7.6

## ECONOMIC CLASSIFICATION OF EXPORTS AND IMPORTS (A. EXPORTS)

Year	(Rs million)						
	Primary Commodities		Semi-Manufactures		Manufactured Goods		Total Value**
	Value	Percentage Share	Value	Percentage Share	Value	Percentage Share	
1970-71	650	33	472	24	876	44	1,998
1971-72	1,510	45	914	27	947	28	3,371
1972-73	3,366	39	2,583	30	2,602	30	8,551
1973-74	4,007	39	2,294	23	3,860	38	10,161
1974-75	4,933	48	1,308	13	4,047	39	10,286
1975-76	4,902	44	2,068	18	4,283	38	11,253
1976-77	4,622	41	1,888	17	4,783	42	11,294
1977-78	4,633	36	1,912	15	6,435	50	12,980
1978-79	5,475	32	3,489	21	7,963	47	16,925
1979-80	9,838	42	3,519	15	10,053	43	23,410
1980-81	12,824	44	3,320	11	13,136	45	29,280
1981-82	9,112	35	3,507	13	13,651	52	26,270
1982-83	10,326	30	4,618	13	19,498	57	34,442
1983-84	10,789	29	5,172	14	21,378	57	37,339
1984-85	10,981	29	6,664	17	20,334	54	37,979
1985-86	17,139	35	7,892	16	24,561	49	49,592
1986-87	16,796	26	13,214	21	33,345	53	63,355
1987-88	22,163	28	15,268	20	41,012	52	78,445
1988-89	29,567	33	16,937	19	43,679	48	90,183
1989-90	21,641	20	25,167	24	59,661	56	106,469
1990-91	25,820	19	33,799	24	78,663	57	138,282
1991-92	32,645	19	36,731	21	102,352	60	171,728
1992-93	26,133	15	36,507	21	114,388	64	177,028
1993-94	21,321	10	48,748	24	135,430	66	205,499
1994-95	28,113	11	62,624	25	160,436	64	251,173
1995-96	47,852	16	63,802	22	183,087	62	294,741
1996-97	36,452	11	66,889	21	221,972	68	325,313
1997-98	47,357	13	64,683	17	261,120	70	373,160
1998-99	45,143	12	70,288	18	274,911	70	390,342
1999-00	53,833	12	68,208	15	321,637	73	443,678
2000-01	67,783	13	81,288	15	389,999	72	539,070
2001-02	60,346	11	80,438	14	420,163	75	560,947
2002-03	71,194	11	71,323	11	509,777	78	652,294
2003-04	70,716	10	83,361	12	554,959	78	709,036
2004-05	92,018	11	86,483	10	675,586	79	854,088
2005-06	112,268	11	106,029	11	766,543	78	984,841
2006-07	113,954	11	121,930	12	793,428	77	1,029,312
2007-08	171,670	14	127,090	11	897,877	75	1,196,638
2008-09	226,324	16	130,612	9	1,026,781	74	1,383,718
<u>Jul-March</u>							
2008-09	172,476	17	97,281	9	766,710	74	1,036,466
2009-10 (P)	214,702	18	124,340	11	837,347	71	1,176,388

P : Provisional

(Contd.)

\*\* : Total may not tally due to rounding of figures

TABLE 7.6

## ECONOMIC CLASSIFICATION OF EXPORTS AND IMPORTS (B. IMPORTS)

(Rs million)

Year	Industrial Raw Material								** Total Value
	Capital Goods		Capital Goods		Consumer Goods		Consumer Goods		
	Value	Percentage Share	Value	Percentage Share	Value	Percentage Share	Value	Percentage Share	
1970-71	1,885	52	382	11	950	26	385	11	3,602
1971-72	1,482	42	367	11	851	24	795	23	3,495
1972-73	2,499	30	830	10	2,584	31	2,485	30	8,398
1973-74	3,975	30	904	7	5,386	40	3,214	24	13,479
1974-75	6,152	29	1,802	9	8,257	40	4,714	23	20,925
1975-76	7,158	35	1,261	6	7,709	28	4,337	21	20,465
1976-77	8,750	38	1,463	6	9,148	40	3,651	16	23,012
1977-78	9,316	34	1,921	7	11,023	40	5,555	20	27,815
1978-79	10,970	30	2,160	6	15,416	42	7,842	22	36,388
1979-80	16,679	36	2,916	6	19,834	42	7,500	16	46,929
1980-81	14,882	28	4,055	8	26,832	50	7,775	15	53,544
1981-82	17,504	30	4,861	8	28,710	48	8,407	14	59,482
1982-83	21,135	31	4,040	6	33,383	49	9,593	14	68,151
1983-84	24,419	32	4,525	6	37,017	48	10,746	14	76,707
1984-85	28,968	32	4,859	6	41,579	46	14,372	16	89,778
1985-86	33,195	37	4,966	5	36,353	40	16,432	18	90,946
1986-87	33,841	37	6,150	7	36,227	39	16,213	17	92,431
1987-88	40,350	36	8,021	7	48,153	43	16,027	14	112,551
1988-89	49,498	37	9,929	7	53,055	39	23,359	17	135,841
1989-90	48,420	33	10,439	7	61,562	41	28,432	19	148,853
1990-91	56,303	33	11,621	7	76,290	44	26,900	16	171,114
1991-92	96,453	42	15,167	7	88,791	38	29,478	13	229,889
1992-93	108,993	42	14,304	6	99,290	38	36,056	14	258,643
1993-94	97,301	38	15,692	6	110,291	43	34,966	13	258,250
1994-95	112,305	35	16,754	5	148,419	46	43,414	14	320,892
1995-96	140,405	35	22,541	6	180,539	45	54,090	14	397,575
1996-97	169,774	37	22,259	5	202,379	43	70,589	15	465,001
1997-98	139,618	32	23,344	5	195,528	45	77,848	18	436,338
1998-99	146,450	31	25,646	6	220,563	47	73,305	16	465,964
1999-00	140,045	26	30,712	6	287,801	54	75,234	14	533,792
2000-01	157,091	25	34,371	6	345,770	55	89,768	14	627,000
2001-02	176,702	28	39,038	6	346,865	55	72,025	11	634,630
2002-03	220,942	31	41,216	6	380,035	53	72,179	10	714,372
2003-04	316,082	35	57,310	7	441,586	49	82,847	9	897,825
2004-05	441,528	36	101,719	8	557,226	46	122,607	10	1,223,079
2005-06	631,644	37	124,480	7	769,336	45	185,698	11	1,711,158
2006-07	670,539	36	134,519	7	864,736	47	182,011	10	1,851,806
2007-08	731,017	29	202,538	8	1,322,329	53	256,187	10	2,512,072
2008-09	790,327	29	246,600	9	1,337,986	49	348,657	13	2,723,570
<u>Jul-March</u>									
2008-09	572,324	28	180,212	9	1,001,624	50	267,832	13	2,021,991
2009-10 (P)	593,958	28	143,982	7	1,076,543	52	267,280	13	2,081,762

P : Provisional

Source: Federal Bureau of Statistics

\*\* : Total may not be tally due to rounding of figures

TABLE 7.7

## MAJOR IMPORTS

Items	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	(Rs. Million)	
									July-March	
									2008-09	2009-10 *
1. Chemicals	82,263	90,953	119,683	160,711	176,200	200,333	256,618	300,450	220,165	233,352
2. Drugs and medicines	13,988	12,964	15,812	17,343	20,091	26,080	33,867	44,929	31,092	45,517
3. Dyes and colours	7,775	8,419	9,218	11,101	13,272	14,889	18,486	22,050	15,749	18,130
4. Chemical Fertilizers	10,904	14,068	16,405	24,794	40,787	27,306	55,165	42,381	33,540	57,326
5. Electrical goods	7,835	12,661	14,862	21,121	30,463	39,824	48,148	60,718	46,801	41,895
6. Machinery (non-electrical)	96,832	119,256	140,907	254,452	334,445	368,226	416,538	461,816	338,532	295,015
7. Transport equipments	30,587	39,984	87,374	75,981	133,480	140,919	137,701	103,476	73,533	112,408
8. Paper, board and stationery	8,608	10,451	12,138	14,850	19,135	24,061	28,817	33,221	18,201	16,759
9. Tea	9,611	10,095	11,078	13,202	13,336	12,965	12,653	17,417	14,042	16,904
10. Sugar-refined	1,485	153	189	5,229	37,366	15,722	912	4,505	1,551	11,707
11. Art-silk yarn	5,054	5,375	6,793	7,730	14,204	15,164	18,474	23,046	16,152	21,594
12. Iron, steel & manufactures thereof	24,633	28,813	35,942	62,444	96,043	89,985	105,494	135,268	93,889	92,002
13. Non-ferrous metals	6,757	8,430	10,544	15,547	20,665	27,395	25,641	25,638	18,648	21,587
14. Petroleum & products	172,578	179,317	182,332	237,387	399,667	444,610	724,333	738,278	572,034	607,791
15. Edible oils	24,034	34,288	37,917	44,975	44,212	57,996	108,427	116,042	77,917	84,673
16. Grains, pulses & flours	11,636	9,290	6,338	26,117	20,910	18,683	70,902	108,012	93,159	24,139
17. Other imports	120,050	129,855	190,293	230,095	296,882	327,648	449,896	486,323	356,986	380,963
<b>Grand Total</b>	<b>634,630</b>	<b>714,372</b>	<b>897,825</b>	<b>1,223,079</b>	<b>1,711,158</b>	<b>1,851,806</b>	<b>2,512,072</b>	<b>2,723,570</b>	<b>2,021,991</b>	<b>2,081,762</b>

\*: Provisional

Source: Federal Bureau of Statistics

TABLE 7.8

## DESTINATION OF EXPORTS AND ORIGIN OF IMPORTS

	(% Share)										
REGION	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
1. Developed Countries											
Exports	60.8	56.7	57.1	60.3	58.9	55.6	60.0	59.4	59.9	61.0	56.7
Imports	58.3	62.2	58.6	52.6	49.3	49.9	48.7	46.5	42.2	36.7	31.0
a. OECD											
Exports	57.2	54.9	56.7	60.0	58.6	55.3	59.7	59.5	59.6	60.6	56.3
Imports	55.7	58.7	57.0	52.1	48.5	49.0	48.1	46.1	41.6	36.1	30.5
b. Other European Countries											
Exports	0.6	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Imports	0.8	0.5	0.3	0.5	0.8	0.9	0.6	0.4	0.6	0.6	0.5
2. CMEA*											
Exports	3.0	1.5	1.0	0.5	0.4	0.5	0.7	0.6	0.4	0.4	0.4
Imports	1.8	3.0	1.3	1.6	2.1	1.9	1.3	0.9	1.0	1.2	0.9
3. Developing Countries											
Exports	39.2	44.3	41.9	39.2	40.7	43.9	39.3	39.6	39.7	38.6	42.9
Imports	41.7	37.8	41.4	45.8	48.6	48.2	50.0	52.6	56.8	62.1	68.1
a. OIC											
Exports	12.7	14.6	16.0	13.7	12.9	12.9	11.8	12.5	12.7	14.1	16.5
Imports	17.9	16.5	16.9	20.9	21.3	22.4	26.0	23.3	24.3	35.2	39.3
b. SAARC											
Exports	3.5	4.7	3.8	3.1	3.4	2.7	2.5	3.5	5.0	3.2	2.9
Imports	1.5	1.5	1.5	1.6	1.4	1.5	2.4	2.3	2.2	1.9	2.9
c. ASEAN											
Exports	5.1	5.6	5.2	3.7	4.0	5.3	2.5	3.2	3.2	2.8	3.6
Imports	8.9	7.3	8.5	9.5	12.6	11.2	9.0	12.6	14.1	10.2	10.6
d. Central America											
Exports	0.1	0.2	0.3	0.5	0.4	0.3	0.5	0.7	0.8	0.9	0.8
Imports	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.3	0.2	0.2
e. South America											
Exports	0.2	0.5	0.5	0.9	1.0	1.4	1.2	1.6	1.2	1.1	1.2
Imports	1.6	1.3	1.6	1.0	1.4	1.2	1.7	1.1	2.1	1.0	1.6
f. Other Asian Countries											
Exports	14.6	14.3	13.0	14.0	14.9	17.1	15.6	12.9	12.8	12.4	13.0
Imports	9.6	9.5	11.1	10.8	9.5	9.4	8.7	10.7	10.3	10.3	10.6
g. Other African Countries											
Exports	3.0	4.4	3.0	2.9	3.6	3.8	4.4	4.3	3.5	3.8	4.3
Imports	2.0	1.6	1.7	1.9	2.2	2.3	1.9	2.5	2.8	3.0	2.8
h. Central Asian States											
Exports	-	-	0.1	0.4	0.5	0.9	0.8	0.9	0.5	0.3	0.3
Imports	-	-	-	-	0.1	..	0.1	--	0.7	0.3	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(Contd.)

TABLE 7.8

## DESTINATION OF EXPORTS AND ORIGIN OF IMPORTS

REGION	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	(% Share)	
									Jul-March 2008-09	2009-10 P
1. Developed Countries										
Exports	58.1	56.1	58.2	55.9	54.7	54.7	51.0	46.4	46.3	43.9
Imports	34.3	34.4	35.5	38.0	34.2	33.3	30.2	29.1	27.5	27.1
a. OECD										
Exports	57.6	55.6	57.6	55.2	53.8	53.8	50.0	45.5	45.4	43.0
Imports	33.7	33.5	34.7	34.7	32.4	31.5	27.1	27.8	26.3	26.0
b. Other European Countries										
Exports	0.5	0.5	0.7	0.7	0.9	0.9	1.0	0.9	0.9	0.9
Imports	0.6	0.9	0.8	3.3	1.8	1.8	3.1	1.3	1.2	1.1
2. CMEA*										
Exports	0.5	0.6	0.7	0.9	0.9	1.1	1.2	1.2	1.3	1.2
Imports	1.1	0.8	1.2	2.1	2.2	1.8	1.4	3.1	3.7	1.3
3. Developing Countries										
Exports	41.4	43.3	41.1	43.2	44.4	44.2	47.8	52.4	52.4	54.9
Imports	64.6	64.8	63.3	59.9	63.6	64.9	68.4	67.8	68.8	71.6
a. OIC										
Exports	19.2	22.3	20.7	21.9	23.3	21.6	26.4	30.4	30.4	28.5
Imports	36.0	35.2	33.7	29.2	33.7	32.0	33.4	33.9	35.1	37.8
b. SAARC										
Exports	2.5	2.4	3.2	4.6	4.4	4.8	4.4	5.0	5.4	5.4
Imports	2.4	1.9	3.1	3.2	3.3	4.5	5.0	3.8	3.8	3.8
c. ASEAN										
Exports	2.7	2.9	2.7	2.1	1.7	1.9	1.7	2.1	2.0	3.1
Imports	11.7	12.2	11.1	10.0	9.1	9.5	9.9	10.4	10.3	11.2
d. Central America										
Exports	1.0	0.9	0.9	0.9	0.9	1.1	1.0	1.0	1.1	0.9
Imports	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.3
e. South America										
Exports	0.9	0.7	0.8	0.9	1.0	1.4	1.6	1.4	1.5	1.1
Imports	0.7	0.6	0.6	1.1	1.4	0.8	1.8	1.2	1.2	0.5
f. Other Asian Countries										
Exports	11.4	9.9	9.4	8.7	8.9	9.2	8.4	8.5	8.2	11.3
Imports	10.9	12.5	12.3	13.7	13.7	15.9	15.7	15.2	15.0	15.6
g. Other African Countries										
Exports	3.5	4.0	3.2	4.0	4.1	4.1	4.2	4.0	3.8	4.6
Imports	2.7	2.3	2.3	2.4	2.2	1.9	2.2	3.0	3.1	2.3
h. Central Asian States										
Exports	0.2	0.2	0.2	0.1	0.1	0.1	0.1	..	..	0.1
Imports	0.1	..	0.1	0.2	0.1	0.1	0.3	0.1	0.1	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

.. : Insignificant P : Provisional

Source: Federal Bureau of Statistics

\*: Council for Mutual Economic Assistance.

TABLE 7.9

## WORKER'S REMITTANCES

(US\$ Million)										
COUNTRY	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
<b>I. Cash Flow</b>	1,252.45	1,238.51	1,093.36	1,317.73	1,227.28	1,078.05	1,237.68	875.55	913.49	1,021.59
Bahrain	27.75	25.42	25.92	35.90	33.23	29.16	34.31	33.31	29.36	23.87
Canada	9.86	7.54	5.65	4.91	5.67	3.59	4.14	3.46	3.86	4.90
Germany	33.12	40.64	28.88	27.71	26.06	18.98	16.62	11.93	10.47	9.20
Japan	12.96	11.62	7.13	6.90	3.65	3.05	2.65	3.09	1.58	3.93
Kuwait	44.24	60.22	47.85	57.86	45.43	38.38	52.40	106.36	135.25	123.39
Norway	16.25	15.18	11.85	13.40	11.72	7.97	7.16	5.26	5.60	5.74
Qatar	12.87	10.91	7.57	11.52	14.08	9.68	12.17	12.94	13.29	13.38
Saudi Arabia	516.16	525.94	493.65	554.08	503.22	418.44	474.86	318.49	309.85	304.43
Sultanat-e-Oman	60.35	51.67	46.07	61.49	64.44	46.11	61.97	44.67	46.42	38.11
U.A.E.	105.07	97.76	99.36	178.26	161.93	164.39	207.70	125.09	147.79	190.04
Abu Dhabi	38.74	32.47	29.32	51.99	48.98	44.91	75.13	38.07	47.30	48.11
Dubai	49.07	47.79	51.12	90.09	81.19	93.07	101.01	70.57	87.04	129.69
Sharjah	17.26	17.50	16.73	28.96	28.95	22.90	28.54	14.69	12.80	12.21
Others	-	-	2.19	7.22	2.81	3.51	3.02	1.76	0.65	0.03
U.K.	137.02	114.02	101.19	109.96	109.74	97.94	98.83	73.59	73.27	81.39
U.S.A	150.34	157.80	122.49	141.09	141.92	146.25	166.29	81.95	79.96	134.81
Other Countries	126.46	119.79	95.75	114.65	106.19	94.11	98.58	55.41	56.79	88.40
<b>II. Encashment*</b>	215.03	323.73	352.20	548.37	233.89	331.42	251.87	184.64	70.24	64.98
<b>Total (I+II)</b>	<b>1,467.48</b>	<b>1,562.24</b>	<b>1,445.56</b>	<b>1,866.10</b>	<b>1,461.17</b>	<b>1,409.47</b>	<b>1,489.55</b>	<b>1,060.19</b>	<b>983.73</b>	<b>1,086.57</b>

\* : Encashment and Profit in Pak Rs. of Foreign Exchange Bearer Certificates (FEBs) & Foreign Currency Bearer Certificates (FCBCs)

(Contd.)

TABLE 7.9

## WORKER'S REMITTANCES

(% Share)										
COUNTRY	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
<b>Cash Flow</b>										
Bahrain	2.22	2.05	2.37	2.72	2.71	2.70	2.77	3.80	3.21	2.34
Canada	0.79	0.61	0.52	0.37	0.46	0.33	0.33	0.40	0.42	0.48
Germany	2.64	3.28	2.64	2.10	2.12	1.76	1.34	1.36	1.15	0.90
Japan	1.03	0.94	0.65	0.52	0.30	0.28	0.21	0.35	0.17	0.38
Kuwait	3.53	4.86	4.38	4.39	3.70	3.56	4.23	12.15	14.81	12.08
Norway	1.30	1.23	1.08	1.02	0.95	0.74	0.58	0.60	0.61	0.56
Qatar	1.03	0.88	0.69	0.87	1.15	0.90	0.98	1.48	1.45	1.31
Saudi Arabia	41.21	42.47	45.15	42.05	41.00	38.81	38.37	36.38	33.92	29.80
Sultanat-e-Oman	4.82	4.17	4.21	4.67	5.25	4.28	5.01	5.10	5.08	3.73
U.A.E.	8.39	7.89	9.09	13.53	13.19	15.25	16.78	14.29	16.18	18.60
Abu Dhabi	3.09	2.62	2.68	3.95	3.99	4.17	6.07	4.35	5.18	4.71
Dubai	3.92	3.86	4.68	6.84	6.62	8.63	8.16	8.06	9.53	12.69
Sharjah	1.38	1.41	1.53	2.20	2.36	2.12	2.31	1.68	1.40	1.20
Others	-	-	0.20	0.55	0.23	0.33	0.24	0.20	0.07	0.00
U.K.	10.94	9.21	9.25	8.34	8.94	9.08	7.99	8.41	8.02	7.97
U.S.A	12.00	12.74	11.20	10.71	11.56	13.57	13.44	9.36	8.75	13.20
Other Countries	10.10	9.67	8.76	8.70	8.65	8.73	7.96	6.33	6.22	8.65
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

(Contd.)



TABLE 7.9

## WORKERS REMITTANCES

COUNTRY	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	(US \$ Million)	
									July-March	
									2008-09	2009-10
<b>I. Cash Flow</b>	2,340.79	4,190.73	3,826.16	4,152.29	4,588.03	5,490.97	6,448.84	7,810.95	5,657.61	6,549.87
Bahrain	39.58	71.46	80.55	91.22	100.57	136.28	140.51	153.27	114.58	116.10
Canada	20.52	15.19	22.90	48.49	81.71	87.20	100.62	79.07	58.54	82.79
Germany	13.44	26.87	46.52	53.84	59.03	76.87	73.33	100.71	73.05	62.56
Japan	5.97	8.14	5.28	6.51	6.63	4.26	4.75	5.10	3.21	4.69
Kuwait	89.66	221.23	177.01	214.78	246.75	288.71	384.58	432.05	324.27	332.75
Norway	6.55	8.89	10.19	18.30	16.82	22.04	28.78	24.94	17.77	27.33
Qatar	31.87	87.68	88.69	86.86	118.69	170.65	233.36	339.51	245.79	272.99
Saudi Arabia	376.34	580.76	565.29	627.19	750.44	1,023.56	1,251.32	1,559.56	1,113.58	1,342.77
Oman	63.18	93.65	105.29	119.28	130.45	161.69	224.94	277.82	208.55	210.98
U.A.E.	469.49	837.87	597.48	712.61	716.30	866.49	1,090.30	1,688.59	1,210.15	1,497.24
Abu Dhabi	103.72	212.37	114.92	152.51	147.89	200.40	298.80	669.40	439.31	829.38
Dubai	331.47	581.09	447.49	532.93	540.24	635.60	761.24	970.42	735.50	624.28
Sharjah	34.05	42.60	34.61	26.17	26.87	28.86	28.58	47.84	34.81	42.11
Others	0.25	1.81	0.46	1.00	1.30	1.63	1.68	0.93	0.53	1.47
U.K.	151.93	273.83	333.94	371.86	438.65	430.04	458.87	605.59	406.43	660.97
U.S.A	778.98	1,237.52	1,225.09	1,294.08	1,242.49	1,459.64	1,762.03	1,735.87	1,291.47	1,317.71
Other Countries	293.28	727.64	567.93	507.27	679.50	763.54	695.45	808.87	590.22	620.99
<b>II. Encashment*</b>	48.26	46.12	45.42	16.50	12.09	2.68	2.40	0.48	0.45	1.02
<b>Total (I+II)</b>	<b>2,389.05</b>	<b>4,236.85</b>	<b>3,871.58</b>	<b>4,168.79</b>	<b>4,600.12</b>	<b>5,493.65</b>	<b>6,451.24</b>	<b>7,811.43</b>	<b>5,658.06</b>	<b>6,550.89</b>

\* : Encashment and Profit in Pak Rs. of Foreign Exchange Bearer Certificates (FEBs) & Foreign Currency Bearer Certificates (FCBCs)

Source: State Bank of Pakistan

TABLE 7.9

## WORKERS REMITTANCES

COUNTRY	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	(% Share)	
									July-March	
									2008-09	2009-10
<b>Cash Flow</b>										
Bahrain	1.69	1.71	2.11	2.20	2.19	2.48	2.18	1.96	2.03	1.77
Canada	0.88	0.36	0.60	1.17	1.78	1.59	1.56	1.01	1.03	1.26
Germany	0.57	0.64	1.22	1.30	1.29	1.40	1.14	1.29	1.29	0.96
Japan	0.26	0.19	0.14	0.16	0.14	0.08	0.07	0.07	0.06	0.07
Kuwait	3.83	5.28	4.63	5.17	5.38	5.26	5.96	5.53	5.73	5.08
Norway	0.28	0.21	0.27	0.44	0.37	0.40	0.45	0.32	0.31	0.42
Qatar	1.36	2.09	2.32	2.09	2.59	3.11	3.62	4.35	4.34	4.17
Saudi Arabia	16.08	13.86	14.77	15.10	16.36	18.64	19.40	19.97	19.68	20.50
Oman	2.70	2.23	2.75	2.87	2.84	2.94	3.49	3.56	3.69	3.22
U.A.E.	20.06	19.99	15.62	17.16	15.61	15.78	16.91	21.62	21.39	22.86
Abu Dhabi	4.43	5.07	3.00	3.67	3.22	3.65	4.63	8.57	7.76	12.66
Dubai	14.16	13.87	11.70	12.83	11.77	11.58	11.80	12.42	13.00	9.53
Sharjah	1.45	1.02	0.90	0.63	0.59	0.53	0.44	0.61	0.62	0.64
Others	0.01	0.04	0.01	0.02	0.03	0.03	0.03	0.01	0.01	0.02
U.K.	6.49	6.53	8.73	8.96	9.56	7.83	7.12	7.75	7.18	10.09
U.S.A	33.28	29.53	32.02	31.17	27.08	26.58	27.32	22.22	22.83	20.12
Other Countries	12.53	17.36	14.84	12.22	14.81	13.91	10.78	10.36	10.43	9.48
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: State Bank of Pakistan

TABLE 7.10

## GOLD AND CASH FOREIGN EXCHANGE RESERVES HELD AND CONTROLLED BY STATE BANK OF PAKISTAN

Period	(US \$ Million)					
	Total		Cash <sup>(2)</sup>		Gold <sup>(1)</sup>	
	June*	December*	June*	December*	June*	December*
1960	246	272	194	220	52	52
1961	257	238	204	185	53	53
1962	237	249	184	196	53	53
1963	302	279	249	226	53	53
1964	259	219	206	166	53	53
1965	200	208	147	155	53	53
1966	265	197	212	144	53	53
1967	167	159	114	106	53	53
1968	182	239	128	185	54	54
1969	299	311	245	257	54	54
1970	287	184	233	130	54	54
1971	199	171	144	116	55	55
1972	285	286	225	226	60	60
1973	463	489	396	422	67	67
1974	403	472	336	405	67	67
1975	486	418	419	351	67	67
1976	614	539	546	471	68	68
1977	431	534	363	466	68	68
1978	1,010	832	696	444	314	388
1979	904	1,210	414	279	490	931
1980	2,019	1,815	831	627	1,188	1,188
1981	1,866	1,589	1,080	803	786	786
1982	1,460	1,527	862	971	598	598
1983	2,758	2,770	1,975	2,010	783	760
1984	2,489	1,715	1,788	1,074	701	641
1985	1,190	1,452	585	847	605	605
1986	1,638	1,446	968	793	670	653
1987	1,784	1,405	919	545	865	860
1988	1,326	1,258	479	440	847	818
1989	1,227	1,419	502	705	725	714
1990	1,451	958	766	277	685	681
1991	1,390	1,208	674	500	716	708
1992	1,761	1,629	1,069	950	692	679
1993	1,369	2,061	604	1,371	765	690
1994	3,337	3,922	2,545	3,132	792	790
1995	3,730	2,758	2,937	2,039	793	719
1996	3,251	1,780	2,465	1,092	786	688
1997	1,977	2,200	1,287	1,567	690	633
1998	1,737	1,737	1,125	1,122	612	615
1999	2,371	2,080	1,828	1,536	543	543
2000	2,149	1,998	1,547	1,396	602	603
2001	2,666	4,161	2,100	3,595	566	566
2002	5,439	8,569	4,772	7,902	667	667
2003	10,700	11,532	9,975	10,807	725	725
2004	11,883	10,756	11,052	9,925	831	831
2005 **	11,227	10,933	10,310	10,030	917	903
2006	12,810	12,697	11,542	11,429	1,268	1,268
2007	16,414	15,536	15,070	13,804	1,344	1,732
2008	11,465	9,625	9,539	7,834	1,926	1,791
2009	12,190	15,149	10,255	12,863	1,935	2,286

\* : Last day of the month.

\*\* : December 2005

Source: State Bank of Pakistan

(1) : Gold exclude unsettled claims of Gold on RBI since 2005

(2) : Cash includes Sinking fund, Foreign currencies cash holdings and excludes unsettled claims on RBI since 2005

TABLE 7.11

## EXCHANGE RATE POSITION (Pakistan Rupees in Terms of One Unit of Foreign Currency)

Country	Currency	(Average During the Year)									
		1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Australia	Dollar	19.1123	18.2623	20.8851	22.9083	25.4912	30.5300	29.3472	29.3962	32.5665	31.3747
Austria	Schilling	2.1433	3.3550	2.5433	2.9358	3.2639	3.4694	3.4242	3.8557	3.7715	3.7942
Bangladesh	Taka	0.6518	0.6628	0.7536	0.7673	0.8204	0.9128	0.9513	0.9686	1.0285	1.0794
Belgium	Franc	0.7327	0.8061	0.8559	1.0045	1.1185	1.1854	1.1683	1.2952	1.2866	1.2934
Canada	Dollar	21.3864	20.7982	22.5554	22.3750	24.6581	28.5449	30.4828	31.0445	35.1611	38.4434
China	Yuan	4.5781	4.5996	4.3316	3.6803	4.0354	4.6988	5.2154	5.6548	6.2470	7.0601
Denmark	Krone	3.8958	4.3059	4.5298	5.2534	5.9354	6.3775	6.3310	7.0348	6.9724	6.9916
France	Franc	4.4402	4.8939	5.2027	5.9623	6.6921	7.2196	7.1856	7.9685	7.9156	7.9536
Germany	Mark	15.0838	16.5751	17.9039	20.6804	22.9718	24.4163	24.0995	26.7081	26.5372	26.6543
Holland	Guilder	13.3928	14.7394	15.9401	18.4547	20.5247	21.7451	21.3938	23.7008	23.5571	23.6655
Hong Kong	Dollar	3.2047	3.3574	3.9011	3.9902	4.3345	5.0391	5.5762	6.0440	6.6573	7.4906
India	Rupee	0.9611	0.9405	0.9609	0.9814	0.9783	1.0894	1.1285	1.0935	1.1862	1.2529
Iran	Rial	0.3699	0.3507	0.0179	0.0176	0.0192	0.0225	0.0246	0.0266	0.0295	0.0332
Italy	Lira	0.0201	0.0190	0.0185	0.0198	0.0212	0.0250	0.0246	0.0271	0.0268	0.0269
Japan	Yen	0.1896	0.2177	0.2843	0.3277	0.3281	0.3376	0.3411	0.3797	0.4809	0.5109
Kuwait	Dinar	86.4030	87.2127	101.5740	104.3749	112.5264	129.6859	141.7916	153.8993	169.4791	190.4592
Malaysia	Ringgit	9.3259	10.1692	11.5288	12.1848	13.2905	15.5861	12.5285	12.1327	13.6289	15.3871
Nepal	Rupee	0.5832	0.5741	0.6121	0.6178	0.6102	0.6837	0.7034	0.6858	0.7503	0.7893
Norway	Krone	3.8505	4.0096	4.1305	4.6915	5.3528	6.0509	5.8345	6.1371	6.3421	6.4483
Singapore	Dollar	14.8944	15.9865	19.0212	21.2485	23.6411	27.4575	27.0557	27.6043	30.5305	33.1605
Sri Lanka	Rupee	0.5831	0.5660	0.6120	0.6201	0.6281	0.6823	0.7038	0.6869	0.7144	0.7026
Sweden	Krona	4.1506	3.9886	3.8009	4.1543	5.0484	5.5230	5.5260	5.8006	6.0786	5.9379
Switzerland	Franc	16.9154	18.3825	20.8077	24.7362	28.0734	28.8164	29.3698	32.5174	32.5626	34.1098
S.Arabia	Riyal	6.6442	6.9407	8.0642	8.2475	9.0606	10.4440	11.5178	12.4882	13.8125	15.5868
Thailand	Baht	0.9626	1.0028	1.1567	1.2174	1.2176	1.2176	1.1562	1.2313	1.3490	1.3438
UAE	Dirham	6.7874	7.0923	8.2415	8.4214	9.2329	10.6639	11.7623	12.7583	14.0979	15.9133
UK	Pound	43.7454	42.0315	45.1600	48.6951	51.9192	63.0683	71.1450	76.8085	82.4937	84.7395
USA	Dollar	24.8441	25.9598	30.1638	30.8517	33.5684	38.9936	43.1958	46.7904	51.7709	58.4378
EMU	Euro	-	-	-	-	-	-	-	(50.0546) *	-	-
IMF	SDR	34.1379	35.6217	42.2162	46.1616	49.6416	55.2477	58.4654	63.6850	70.1077	74.7760

\*: Composite Rate

(Contd.)

TABLE 7.11

## EXCHANGE RATE POSITION (Pakistan Rupees in Terms of One Unit of Foreign Currency)

Country	Currency	(Average during the Year)								Average (Jul-Mar)	
		2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2008-09	2009-10
Australia	Dollar	32.1607	34.2101	41.0626	44.7141	44.7564	47.6760	56.1958	58.2931	57.2858	73.7292
Austria	Schilling	3.9960	na	na	54.8940	na	na	na	na	na	na
Bangladesh	Taka	1.0826	1.0108	0.9842	0.9774	0.9121	0.8723	0.9088	1.1423	1.1333	1.2091
Belgium	Franc	1.3633	na	na	na	na	na	na	na	na	na
Canada	Dollar	39.1719	38.8234	42.8526	47.5567	51.4986	53.5778	61.9742	67.5867	67.0459	78.5428
China	Yuan	7.4149	7.0613	6.9497	7.1676	7.4161	7.7526	8.6128	11.4930	11.3850	12.2480
	Krone	7.3987	8.2524	9.2250	10.1527	9.7699	-	-	-	-	-
France	Franc	8.3867	na	na	na	na	na	na	na	na	na
Germany	Mark	28.1084	na	na	na	na	na	na	na	na	na
Holland	Guilder	24.9556	na	na	na	na	na	na	na	na	na
Hong Kong	Dollar	7.8720	7.4990	7.3970	7.6176	7.7127	7.7772	8.0273	10.1246	10.0276	10.7858
India	Rupee	1.2787	1.2219	1.2682	1.3253	1.3389	1.3746	1.5417	1.6468	1.6442	1.7817
Iran	Rial	0.0307	0.0073	0.0069	0.0067	0.0066	0.0066	0.0067	0.0081	0.0080	0.0084
Italy	Lira	0.0284	na	na	na	na	na	na	na	na	na
Japan	Yen	0.4884	0.4888	0.5203	0.5558	0.5216	0.5122	0.5711	0.8012	0.7918	0.9159
Kuwait	Dinar	200.7861	194.5677	194.3681	202.3816	205.3258	209.8118	228.2954	281.2742	282.1313	291.6088
Malaysia	Ringgit	16.1621	15.3944	15.1532	15.6244	16.0515	17.0649	18.9021	22.3290	22.1965	24.3771
Nepal	Rupee	0.8033	0.7515	0.7802	0.8169	0.8296	0.8575	0.9593	1.0285	1.0269	1.1136
Norway	Krone	7.0288	8.1021	8.2191	9.1841	9.2141	9.7161	11.6417	12.4113	12.4051	14.2240
Singapore	Dollar	33.9503	33.3406	33.5098	35.6797	36.4149	39.1651	43.6846	53.5502	53.1377	59.2139
Sri Lanka	Rupee	0.6624	0.6057	0.5920	0.5813	0.5872	0.5649	0.5676	0.7024	0.7050	0.7303
Sweden	Krona	5.9117	6.6910	7.5195	8.2949	7.7867	8.6143	9.8890	10.4330	10.5073	11.6943
Switzerland	Franc	37.1824	41.4643	44.2489	49.0657	46.8551	49.2385	56.6736	70.0527	69.1958	79.8424
S.Arabia	Riyal	16.3792	15.5961	15.3488	15.8027	15.9608	16.1656	16.6973	20.9341	20.7452	22.2838
Thailand	Baht	1.4000	1.3742	-	1.4763	1.5005	1.6789	1.8786	2.2651	2.2454	2.5058
UAE	Dirham	16.7231	15.9261	15.6727	16.1586	16.2972	16.5107	17.0391	21.3856	21.1973	22.7531
UK	Pound	88.5691	92.7433	100.1672	110.2891	106.4344	117.1852	125.2948	126.0915	126.4971	134.6501
USA	Dollar	61.4258	58.4995	57.5745	59.3576	59.8566	60.6342	62.5465	78.4983	77.7888	83.5628
EMU	Euro	54.9991	61.3083	68.6226	75.5359	72.8661	79.1763	92.1700	107.4327	106.6410	119.4486
IMF	SDR	78.0627	79.3198	83.2470	88.5631	86.9594	90.7726	98.6265	119.9599	119.0398	131.0320

na : Common currency Euro is in use of these countries

Source: State Bank of Pakistan