###### Current Account Deficit (CAD) of Pakistan touched $12,621 million during FY17 as compared to a deficit of $4,867 million during FY16. The break-up of CAD is as follows:

**REVIEW ON PAKISTAN’S BALANCE OF PAYMENTS – FY17**

1. Trade in Goods shows a deficit of $26,680 million increased by $7,397 million as compared to corresponding period last year.
2. Trade in Services is also in deficit of $4,339 million increased by $933 million.
3. Primary Income witnessed a deficit of $5,048 million improved by $299 million as compared to last year.
4. Secondary income revealed a surplus of $23,446 million increased by $277 million as compared to last year.

During FY17, net receipts of $375 million have been recorded in capital account. Net borrowing of current and capital account touched $12,246 million whereas, financial account net of reserves related items showed a net inflow of $10,198 million during FY17 increased by 50.2%.

**TRADE IN GOODS**

###### Trade in goods balance shows a deficit of $26,680 million increased by 38.4% during FY17 as compared to $19,283 million a year earlier. Exports reached $22,003 million during FY17, increased by 0.1% from $21,972 million a year earlier. Imports increased by $7,428 million from $41,225 million in FY16 to $48,683 million during FY17. General Merchandise Exports[[1]](#footnote-1) increased by $30 million to reach $21,991 million as compared to $21,960 million recorded during corresponding period last year. The imports payments reported by banks increased by $6,778 million to reach $46,287 million during FY17 as compared to $39,509 million a year earlier. During FY17, Imports on FOB[[2]](#footnote-2) basis touched $48,683 million increased by 18.0% as compared to $41,255 million recorded during FY16.

**EXPORTS BY COMMODITY AND COUNTRY**

Export receipts by commodity groups during FY17 along with FY16 are shown in Table 3.

The commodity-wise analysis of export receipts revealed that exports remained concentrated in textiles and textile articles which has the largest share of 58.8% of total exports receipts during FY17 as they earned $12,551 million with a negative growth of 2.4%. Vegetable products witnessed the second largest share of 11.3% of the total export receipts decreased by 9.9% from $2,684 million in FY16 to $2,417 million during FY17.

The country-wise comparison of exports receipts during FY17 with FY16 is shown in Figure 1. USA, China, UK, Germany, Afghanistan and UAE remained major destinations of country’s exports and witnessed 48.5% share of total exports. Exports to USA have been 17.3% of total exports decreased by 0.9% as compared to last year, exports to China has the second largest share i.e. 7.6% of total exports decreased by 14.8% as compared to last year. Exports to UK also remained 7.6% of total exports.

**IMPORTS BY COMMODITY AND COUNTRY**

Import payments by commodity groups during FY17 along with FY16 are shown in Table 4[[3]](#footnote-3).

Commodity-wise analysis of import payments revealed that 24.3% of overall import payments were made to minerals products which increased by 28.8% from $8,900 million in FY16 to $11,467 million in FY17. Machinery and mechanical appliances group shared 15.1% of total import payments increased by 4.4% from $6,853 million in FY16 to $7,157 million in FY17. Minerals products, machinery and mechanical appliances and products of chemical or allied industries groups shared 50.6% of the total imports payments during FY17.

The country-wise comparison of import payments to major countries during FY17 with FY16 is shown in Figure 2. During FY17, major chunk of import payments i.e. $25,889 million (54.8% of total import payments) were made to China, UAE, Singapore, Saudi Arabia and USA.

**TRADE IN SERVICES**

The trade in services balance showed a deficit of $4,339 million as against a deficit of $3,406 million a year earlier.

**EXPORT OF SERVICES**

Export of services increased by 1.8% from $5,459 million in FY16 to $5,555 million in FY17. Sectoral analysis revealed that government goods and services shares 32.1% of overall export of services decreased by 8.5% as compared to last year. The second largest share of 23.1% is held by other business services increased by $266 million with a growth of 26.1%. Telecommunication, Computer and Information services shared 16.9% of total export of services which is the third highest increased by $151 million as compared to last year.

**IMPORT OF SERVICES**

Import of services stood at $9,894 million increased by 11.6% from $8,865 million reported in FY16. The analysis showed that rise of $1,029 million in payments has mainly been due to growth of 18.0% in transport services increased from $3,286 million in FY16 to $3,878 million in FY17. Transport, Other Business and Travel services shared 80.8 of total import of services.

**PRIMARY INCOME**

****Primary income account showed a deficit of $5,048 million during FY17 decreased by 5.6% from $5,347 million a year earlier. Net inflow of compensation of employees increased from $57 million in FY16 to $67 million in the current year. During the period under review, net payments to direct investors decreased by $494 million from $3,786 million in FY16 to $3,292 million in FY17. Portfolio investment income and other investment income posted net outflows of $712 million and $1,206 million respectively during FY17.

****

**SECONDARY INCOME**

Secondary income (Net) recorded as $23,446 million during FY17, increased by 1.2% from $23,169 million reported in FY16. During current year, Pakistani expatriates sent $19,351 million to Pakistan reduced by 2.8% as compared to corresponding period last year.

**FINANCIAL ACCOUNT**

****The net financial account has touched $10,198 million increased by $ 3,408 million reflecting an increase of 50.2% during FY17. Foreign Direct Investment in Pakistan increased by $444 million (with a growth of 19.3%) to reach $2,749 million for the period under review as against $2,305 million recorded during last year while the direct investment abroad also increased from $19 million in FY16 to $86 million during current period.

A net outflow of $250 million (including a principal repayment of $750 million under Euro Bonds and a receipt of $1,000 million under sukuk bonds) was recorded in portfolio investment in Pakistan during FY17 as compared to net outflow of $429 million in FY16. Other investment liabilities increased by 78.3% to reach $8,965 million from $5,029 million in FY16. Similarly, other investment assets have also increased from $96 in FY16 million to $1,180 million during FY17.



**DISBURSEMENTS AND REPAYMENTS OF LOANS**

During FY17, inflows of $13,331 million were recorded under foreign loans increased by $2,931 million as compared to $10,200 million in FY16. During current year, $8,251 million long term loans were disbursed to the government out of which $3,340 million were disbursed to finance various projects in Pakistan whereas $4,911 million were disbursed as non-project loans. Inflows of short term loans slightly increased from $1,953 million in FY16 to $1,958 million in FY17. The major share of short term loans pertains to government which decreased by $498 million during FY17 as compared to FY16.

During the period under review, $5,762 million loans were repaid as compared to $3,479 million repaid in FY16. Payments of $3,671 million were made against long term loans of which $2,981 million were repaid by government. The short-term loan repayments increased by $1,197 million from $894 million in FY16 to $2,091 million during the current year of which government has paid $1,393 million.



**RESERVES AND RELATED ITEMS**

Reserve assets decreased by $1,844 million during FY17 as against increase of $4,661 million in previous year. The use of fund credit and loans from the IMF is recorded as $102 million in FY17 as compared to $2,009 million in FY16. Resultantly reserves and related items decreased by $1,946 million in FY17.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Summary Balance of Payments**  **Million US$** | | | | | | |
|  | | | | | | |
| **ITEM** | **2016** | | **2017** | | **Jul - Jun** | |
| **Jul - Sep** | **Oct - Dec** | **Jan - Mar** | **Apr – Jun** | **2016-17** | **2015-16** |
|  |  |  |  |  |  |  |
| **Current account balance** | **-1,660** | **-3,063** | **-3,267** | **-4,631** | **-12,621** | **-4,867** |
| **Current account balance without official transfers** | **-1,740** | **-3,208** | **-3,404** | **-4,779** | **-13,131** | **-5,451** |
| Exports of goods FOB | 5,054 | 5,577 | 5,683 | 5,689 | 22,003 | 21,972 |
| Imports of goods FOB | 10,330 | 11,684 | 12,779 | 13,890 | 48,683 | 41,255 |
| **Balance on trade in goods** | ***-5,276*** | ***-6,107*** | ***-7,096*** | ***-8,201*** | ***-26,680*** | ***-19,283*** |
| Exports of services | 1,204 | 1,260 | 1,850 | 1,241 | 5,555 | 5,459 |
| Imports of services | 2,362 | 2,361 | 2,466 | 2,701 | 9,890 | 8,865 |
| **Balance on trade in services** | ***-1,158*** | ***-1,101*** | ***-616*** | ***-1,460*** | ***-4,335*** | ***-3,406*** |
| **Balance on trade in goods and services** | ***-6,434*** | ***-7,208*** | ***-7,712*** | ***-9,661*** | ***-31,015*** | ***-22,689*** |
| Primary income credit | 133 | 203 | 184 | 142 | 662 | 608 |
| Primary income debit | 1,130 | 1,629 | 1,189 | 1,766 | 5,714 | 5,955 |
| **Balance on primary income** | ***-993*** | ***-1,426*** | ***-1,005*** | ***-1,624*** | ***-5,048*** | ***-5,347*** |
| **Balance on goods, services and primary**  **income** | ***-7,431*** | ***-8,634*** | ***-8,717*** | ***-11,285*** | ***-36,067*** | ***-28,036*** |
| Secondary income credit | 5,831 | 5,623 | 5,494 | 6,699 | 23,647 | 23,297 |
| General government | 96 | 152 | 142 | 151 | 541 | 614 |
| Current international cooperation | 25 | 43 | 29 | 36 | 133 | 388 |
| Other official current transfers | 71 | 109 | 113 | 115 | 408 | 226 |
| Financial corporations, NFC\*, households and NPISHs | 5,735 | 5,471 | 5,352 | 6,548 | 23,106 | 22,683 |
| Workers' remittances | 4,740 | 4,765 | 4,599 | 5,247 | 19,351 | 19,917 |
| Other personal transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Other current transfers | 995 | 706 | 753 | 1,301 | 3,755 | 2,766 |
| Secondary income debit | 60 | 52 | 44 | 45 | 201 | 128 |
| **Balance on secondary income** | ***5,771*** | ***5,571*** | ***5,450*** | ***6,654*** | ***23,446*** | ***23,169*** |
| **Capital account balance** | ***95*** | ***30*** | ***159*** | ***91*** | ***375*** | ***273*** |
| Capital account credit | 95 | 30 | 159 | 91 | 375 | 279 |
| Capital account debit | 0 | 0 | 0 | 0 | 0 | 6 |
| **Net lending (+) / net borrowing (–)** | **-1,565** | **-3,033** | **-3,108** | **-4,540** | **-12,246** | **-4,594** |
| **Financial account** | **-1,941** | **-2,817** | **-1,556** | **-3,884** | **-10,198** | **-6,790** |
| **Direct investment** | **-422** | **-967** | **-538** | **-736** | **-2,663** | **-2,286** |
| **Direct investment abroad** | **2** | **39** | **38** | **7** | **86** | **19** |
| Equity and investment fund shares\*\* | 2 | 39 | 38 | 7 | 86 | 19 |
| Debt instruments | 0 | 0 | 0 | 0 | 0 | 0 |
| **Direct investment in Pakistan** | **424** | **1,006** | **576** | **743** | **2,749** | **2,305** |
| Equity and investment fund shares\*\* | 355 | 1,072 | 568 | 722 | 2,717 | 2,202 |
| Debt instruments | 69 | -66 | 8 | 21 | 32 | 103 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **ITEM** | **2016** | | **2017** | | **Jul - Jun** | |
| **Jul - Sep** | **Oct - Dec** | **Jan - Mar** | **Apr – Jun** | **2016-17** | **2015-16** |
| **Portfolio investment** | **-175** | **-615** | **134** | **906** | **250** | **429** |
| **Portfolio investment abroad** | **-57** | **11** | **21** | **24** | **-1** | **100** |
| Equity and investment fund shares | 4 | 0 | 0 | -1 | 3 | 0 |
| Debt securities | -61 | 11 | 21 | 25 | -4 | 100 |
| **Portfolio investment in Pakistan** | **118** | **626** | **-113** | **-882** | **-251** | **-329** |
| Equity and investment fund shares | 27 | -282 | -94 | -167 | -516 | -320 |
| Debt securities | 91 | 908 | -19 | -715 | 265 | -9 |
| **Financial derivatives and employee stock options** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Other Investment** | **-1,344** | **-1,235** | **-1,152** | **-4,054** | **-7,785** | **-4,933** |
| **Net acquisition of financial assets** | **-127** | **446** | **-191** | **1,052** | **1,180** | **96** |
| Central Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposit-taking corporations | -291 | 56 | -318 | 866 | 313 | -127 |
| General Government | 8 | 6 | 60 | -5 | 69 | 45 |
| Other Sector | 156 | 384 | 67 | 191 | 798 | 178 |
| **Net incurrence of liabilities** | **1,217** | **1,681** | **961** | **5,106** | **8,965** | **5,029** |
| Central Bank | 0 | 2 | 0 | -6 | -4 | 5 |
| Deposit-taking corporations | 208 | 280 | 387 | 756 | 1,631 | 406 |
| **General Government** | **791** | **683** | **-321** | **3,887** | **5,040** | **3,445** |
| **Disbursements** | **1,868** | **1,288** | **1,004** | **5,254** | **9,414** | **6,159** |
| Credit and loans with the IMF | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Long-term | 1,540 | 1,264 | 948 | 4,499 | 8,251 | 4,498 |
| Short-term | 328 | 24 | 56 | 755 | 1,163 | 1,661 |
| **Amortization** | **1,077** | **605** | **1,325** | **1,367** | **4,374** | **2,714** |
| Credit and loans with the IMF | 0 | 0 | 0 | 0 | 0 | 53 |
| Other Long-term | 510 | 397 | 1,137 | 937 | 2,981 | 1,927 |
| Short-term | 567 | 208 | 188 | 430 | 1,393 | 734 |
| Other Liabilities (net) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Other Sector** | **218** | **716** | **895** | **469** | **2,298** | **1,173** |
| Disbursements | 368 | 866 | 1,623 | 758 | 3,615 | 2,032 |
| Amortization | 182 | 177 | 739 | 290 | 1,388 | 765 |
| Other Liabilities (net) | 32 | 27 | 11 | 1 | 71 | -94 |
| **Net Errors and Omissions** | **-99** | **166** | **-289** | **324** | **102** | **456** |
| **Overall Balance** | **-277** | **50** | **1,841** | **332** | **1,946** | **-2,652** |
| **Reserves and Related Items** | **277** | **-50** | **-1,841** | **-332** | **-1,946** | **2,652** |
| Reserve Assets | 379 | -50 | -1,841 | -332 | -1,844 | 4,661 |
| Use of Fund Credit and Loans | 102 | 0 | 0 | 0 | 102 | 2,009 |
| Exceptional Financing | 0 | 0 | 0 | 0 | 0 | 0 |
| **SBP Gross Reserves** | **19,823** | **19,653** | **17,844** | **17,550** | **17,550** | **19,446** |

1. General Merchandise exports at f.o.b are obtained by adding in exports receipts (transactions reported through banks on mixed (FOB & C&F) basis, goods procured in ports by carriers, timing adjustment and subtracting freight and coverage adjustment. [↑](#footnote-ref-1)
2. Imports at f.o.b are obtained by subtracting freight component from imports payments through banks and adding goods procured on ports by carriers, NRI, personal baggage and foreign economic assistance. [↑](#footnote-ref-2)
3. This also includes Import Payments of Offshore accounts. [↑](#footnote-ref-3)