###### Current Account Deficit (CAD) of Pakistan touched $4,449 million during FY20 as compared to a deficit of $13,434 million during FY19. The break-up of CAD is as follows:



**REVIEW ON PAKISTAN’S BALANCE OF PAYMENTS – FY20**

1. Trade in Goods shows a deficit of $21,109 million decreased by $6,503 million as compared to corresponding period last year.
2. Trade in Services is in deficit of $3,316 million decreased by $1,654 million.
3. Primary Income witnessed a deficit of $5,459 million decreased by $151 million as compared to last year.
4. Secondary income revealed a surplus of $25,435 million increased by $677 million as compared to last year.

During FY20, net receipts of $285 million have been recorded in capital account. Net borrowing of current and capital account touched $4,164 million whereas, financial account net of reserves related items showed a net inflow of $9,313 million during FY20 decreased by 20.8%.

**TRADE IN GOODS**

###### Trade in goods balance shows a deficit of $21,109 million decreased by 23.6% during FY20 as compared to $27,612 million a year earlier. Exports reached $22,536 million during FY20, decreased by 7.1% from $24,257 million a year earlier. General Merchandise Exports[[1]](#footnote-1) decreased by $1,745 million to reach $22,496 million as compared to $24,241 million recorded during corresponding period last year. The imports payments reported by banks decreased by 9,283 million to reach $41,010 million during FY20 as compared to $50,293 million a year earlier. During FY20, Imports on FOB[[2]](#footnote-2) basis touched $43,645 million decreased by 15.9% as compared to $51,869 million recorded during FY19.



**EXPORTS BY COMMODITY AND COUNTRY**

Export receipts by commodity groups during FY20 along with FY19 are shown in Table 3.



The commodity-wise analysis of export receipts reveals that exports remained concentrated in textiles and textile articles which has the largest share of 57.1% of total exports receipts during FY20 as they earned $12,867 million with a negative growth of 5.8%. Vegetable products witnessed the second largest share of 14.7% of the total export receipts decreased by 2.1% from $3,385 million in FY19 to $3,313 million during FY20.

The country-wise comparison of exports receipts during FY20 with FY19 is shown in Figure 1. USA, China, UK, UAE and Germany remained top five destinations of country’s exports and witnessed 44.8% share of total exports. Exports to USA have been 17.4% of total exports decreased by 3.2% as compared to last year, exports to China has the second largest share i.e. 7.4% of total exports decreased by 10.5% as compared to last year. Exports to UK also decreased by 6.8% during FY20.

**IMPORTS BY COMMODITY AND COUNTRY**

Import payments by commodity groups during FY20 along with FY19 are shown in Table 4[[3]](#footnote-3).



Commodity-wise analysis of import payments reveals that 26.0% of overall import payments were made for minerals products which decreased by 31.7% from $15,580 million in FY19 to $10,644 million in FY20. Machinery and mechanical appliances group shared 14.6% of total import payments decreased by 8.1% from $6,500 million in FY19 to $5,971 million in FY20. Minerals products, machinery and mechanical appliances and products of chemical or allied industries groups shared 53.0% of the total imports payments during FY20.

The country-wise comparison of import payments to major countries during FY20 with FY19 is shown in Figure 2. During FY20, major chunk of import payments i.e. $20,550 million (50.1% of total import payments) were made to China, UAE, Singapore and USA.

**TRADE IN SERVICES**



The trade in services balance showed a deficit of $3,316 million as against a deficit of $4,970 million a year earlier.

**EXPORT OF SERVICES**

Export of services decreased by 8.9% from $5,966 million in FY19 to $5,437 million in FY20. Sectoral analysis reveals that Telecommunications, Computer and information Services shares 26.5% of overall export of services increased by 20.8% as compared to last year. The second largest share is 24.4% held by Other Business Services decreased by 15.3% as compared to last year. Government Goods and Services n.i.e. shared 19.8% of total export of services, which is the third highest and decreased by 14.1% as compared to last year.

**IMPORT OF SERVICES**

Import of services stood at $8,753 million during FY20 decreased by 20.0% from $10,936 million reported in FY19. The analysis shows that reduction of $2,183 million in payments has mainly been due to decline of 16.6% in Transport services which reduced to $3,036 million in FY20 from $3,639 million in FY19. Transport, Other Business and Travel services shared 78.0% of total import of services.

**PRIMARY INCOME**

Primary income account showed a deficit of $5,459 million during FY20 decreased by 2.7% from $5,610 million a year earlier. Net inflow of compensation of employees decreased from $117 million in FY19 to $107 million in the current year. During the period under review, net payments to direct investors decreased by $306 million from $2,916 million in FY19 to $2,610 million in FY20. Portfolio investment income and other investment income posted net outflows of $496 million and $2,558 million respectively during FY20. Besides, income from Reserves assets decreased from $143 million in FY19 to $98 million during the period under review.



**SECONDARY INCOME**



Secondary income (Net) recorded as $25,435 million during FY20, increased by 2.7% from $24,758 million reported in FY19. During current year, Pakistani expatriates sent $23,131 million to Pakistan increased by 6.4% as compared to corresponding period last year.

**FINANCIAL ACCOUNT**

The financial account posted a net inflow of $9,313 million reflecting a decrease of 20.8% during FY20. Foreign Direct Investment in Pakistan increased by $1,236 million (with an increase of 90.7%) to reach $2,598 million for the period under review as against $1,362 million recorded during last year. A net outflow of $524 million recorded in portfolio investment in Pakistan during FY20 as compared to net outflow of $1,418 million in FY19. Other investment liabilities decreased by 39.9% to reach $6,935 million during FY20 from $11,530 million in FY19. Other investment assets have further decreased to $127 million in FY20 as compared to $67 million during FY19.



**DISBURSEMENTS AND REPAYMENTS OF LOANS**

During FY20, inflows of $16,658 million were recorded under foreign loans increased by $5,876 million as compared to $10,782 million in FY19. During current year, $11,570 million long term loans were disbursed to the government out of which $1,799 million were disbursed to finance various projects in Pakistan whereas $9,771 million were disbursed as non-project loans. Inflows of short-term loans decreased from $2,287 million in FY19 to $1,988 million in FY20. The major share in short-term loans pertains to government which decreased by $34 million during FY20 as compared to FY19.



During the period under review, $9,871 million loans were repaid as compared to $7,644 million repaid in FY19. Payments of $8,151 million were made against long-term loans of which $6,117 million were repaid against government loans. The short-term loan repayments decreased by $394 million from $2,114 million in FY19 to $1,720 million during the current year of which $1,182 million have been paid against government loans.



**RESERVES AND RELATED ITEMS**

Reserve assets increased by $4,554 million during FY20 as against a decrease of $1,880 million in previous year.

Further, during FY20, $745 million has been paid to IMF against Use of Fund credit and loans. Resultantly, reserves and related items increased by $5,299 million in FY20.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Summary Balance of Payments** |  | |  |  | |  |  | |  |
| **Million US$** |  | |  |  | |  |  | |  |
|  |  | |  |  | |  |  | |  |
| **Items** | **2019** | | | **2020** | | | **Jul-Jun** | | |
| **Jul - Sep** | **Oct - Dec** | | **Jan - Mar** | **Apr – Jun** | | **2019-20** | **2018-19** | |
|  |  |  | |  |  | |  |  | |
| **Current Account Balance** | **-1,719** | **-1,728** | | **-700** | **-302** | | **-4,449** | **-13,434** | |
| **Current Account Balance without Official Transfers** | **-1,893** | **-1,846** | | **-798** | **-361** | | **-4,898** | **-14,177** | |
| Exports of Goods FOB | 5,994 | 6,414 | | 5,873 | 4,255 | | 22,536 | 24,257 | |
| Imports of Goods FOB | 11,275 | 12,039 | | 10,822 | 9,509 | | 43,645 | 51,869 | |
| ***Balance on Trade in Goods*** | ***-5,281*** | ***-5,625*** | | ***-4,949*** | ***-5,254*** | | ***-21,109*** | ***-27,612*** | |
| Exports of Services | 1,342 | 1,582 | | 1,421 | 1,092 | | 5,437 | 5,966 | |
| Imports of Services | 2,520 | 2,474 | | 2,212 | 1,547 | | 8,753 | 10,936 | |
| ***Balance on Trade in Services*** | ***-1,178*** | ***-892*** | | ***-791*** | ***-455*** | | ***-3,316*** | ***-4,970*** | |
| ***Balance on Trade in Goods and Services*** | ***-6,459*** | ***-6,517*** | | ***-5,740*** | ***-5,709*** | | ***-24,425*** | ***-32,582*** | |
| Primary Income Credit | 142 | 95 | | 146 | 96 | | 479 | 578 | |
| Primary Income Debit | 1,511 | 1,789 | | 1,218 | 1,420 | | 5,938 | 6,188 | |
| ***Balance on Primary Income*** | ***-1,369*** | ***-1,694*** | | ***-1,072*** | ***-1,324*** | | ***-5,459*** | ***-5,610*** | |
| ***Balance on Goods, Services and Primary Income*** | ***-7,828*** | ***-8,211*** | | ***-6,812*** | ***-7,033*** | | ***-29,884*** | ***-38,192*** | |
| Secondary Income Credit | 6,177 | 6,588 | | 6,223 | 6,814 | | 25,802 | 24,990 | |
| General Government | 179 | 123 | | 101 | 65 | | 468 | 761 | |
| Current International Cooperation | 54 | 21 | | 5 | 2 | | 82 | 129 | |
| Other Official Current Transfers | 125 | 102 | | 96 | 63 | | 386 | 632 | |
| Financial Corporations, NFC\*, Households and NPISHs | 5,998 | 6,465 | | 6,122 | 6,749 | | 25,334 | 24,229 | |
| Workers' Remittances | 5,452 | 5,919 | | 5,637 | 6,123 | | 23,131 | 21,740 | |
| Other Personal Transfers | 0 | 0 | | 0 | 0 | | 0 | 0 | |
| Other Current Transfers | 546 | 546 | | 485 | 626 | | 2,203 | 2,489 | |
| Secondary Income Debit | 68 | 105 | | 111 | 83 | | 367 | 232 | |
| ***Balance on Secondary Income*** | ***6,109*** | ***6,483*** | | ***6,112*** | ***6,731*** | | ***25,435*** | ***24,758*** | |
| ***Capital Account Balance*** | ***113*** | ***85*** | | ***37*** | ***50*** | | ***285*** | ***229*** | |
| Capital Account Credit | 113 | 85 | | 38 | 52 | | 288 | 229 | |
| Capital Account Debit | 0 | 0 | | 1 | 2 | | 3 | 0 | |
| **Net Lending (+) / Net Borrowing (–)** | **-1,606** | **-1,643** | | **-663** | **-252** | | **-4,164** | **-13,205** | |
| **Financial Account** | **-2,311** | **-4,834** | | **-209** | **-1,959** | | **-9,313** | **-11,759** | |
| **Direct Investment** | **-586** | **-822** | | **-787** | **-457** | | **-2,652** | **-1,436** | |
| Direct Investment Abroad | -40 | 5 | | -9 | -10 | | -54 | -74 | |
| Equity and Investment Fund Shares\*\* | -40 | 5 | | -9 | -10 | | -54 | -75 | |
| Debt Instruments | 0 | 0 | | 0 | 0 | | 0 | 1 | |
| Direct Investment in Pakistan | 546 | 827 | | 778 | 447 | | 2,598 | 1,362 | |
| Equity and Investment Fund Shares\*\* | 499 | 798 | | 531 | 407 | | 2,235 | 1,142 | |
| Debt Instruments | 47 | 29 | | 247 | 40 | | 363 | 220 | |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Items** | **2019** | | **2020** | | **Jul-Jun** | |
| **Jul - Sep** | **Oct - Dec** | **Jan - Mar** | **Apr – Jun** | **2019-20** | **2018-19** |
|  |  |  |  |  |  |  |
| **Portfolio Investment** | **-456** | **-128** | **243** | **750** | **409** | **1,274** |
| Portfolio Investment Abroad | -112 | -2 | 0 | -1 | -115 | -144 |
| Equity and Investment Fund Shares | 0 | 0 | 1 | -1 | 0 | 1 |
| Debt Securities | -112 | -2 | -1 | 0 | -115 | -145 |
| Portfolio Investment in Pakistan | 344 | 126 | -243 | -751 | -524 | -1,418 |
| Equity and Investment Fund Shares | 22 | -4 | -122 | -178 | -282 | -415 |
| Debt Securities | 322 | 130 | -121 | -573 | -242 | -1,003 |
| **Financial Derivatives and Employee Stock Options** | **-3** | **-1** | **-4** | **0** | **-8** | **0** |
| **Other Investment** | **-1,266** | **-3,883** | **339** | **-2,252** | **-7,062** | **-11,597** |
| **Net Acquisition of Financial Assets** | **-129** | **316** | **95** | **-409** | **-127** | **-67** |
| Central Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposit Taking Corporations | -90 | -125 | -1 | 356 | 140 | -92 |
| General Government | 2 | 0 | 5 | 41 | 48 | 48 |
| Other Sector | -41 | 441 | 91 | -806 | -315 | -23 |
| **Net Incurrence of Liabilities** | **1,137** | **4,199** | **-244** | **1,843** | **6,935** | **11,530** |
| Central Bank | 3 | -501 | 0 | 0 | -498 | 5,495 |
| Deposit Taking Corporations | -437 | 146 | 133 | 34 | -124 | 467 |
| **General Government** | **1,098** | **3,261** | **-304** | **1,864** | **5,919** | **4,294** |
| **Disbursements** | **3,014** | **4,150** | **859** | **5,158** | **13,181** | **8,255** |
| Credit and Loans with the IMF | 991 | 452 | 0 | 1,391 | 2,834 | 0 |
| Other Long Term | 1,487 | 3,273 | 305 | 3,671 | 8,736 | 6,610 |
| Short Term | 536 | 425 | 554 | 96 | 1,611 | 1,645 |
| **Amortization** | **1,925** | **901** | **1,172** | **3,301** | **7,299** | **5,982** |
| Credit and Loans with the IMF | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Long Term | 1,568 | 826 | 907 | 2,816 | 6,117 | 4,444 |
| Short Term | 357 | 75 | 265 | 485 | 1,182 | 1,538 |
| **Other Liabilities (Net)** | **9** | **12** | **9** | **7** | **37** | **2,021** |
| **Other Sector** | **473** | **1,293** | **-73** | **-55** | **1,638** | **1,274** |
| Disbursements | 675 | 1,792 | 531 | 479 | 3,477 | 2,527 |
| Amortization | 212 | 487 | 573 | 555 | 1,827 | 1,286 |
| Other Liabilities (Net) | 10 | -12 | -31 | 21 | -12 | 33 |
| **Net Errors and Omissions** | **373** | **85** | **346** | **-654** | **150** | **-58** |
| **Overall Balance** | **-1,078** | **-3,276** | **108** | **-1,053** | **-5,299** | **1,504** |
| **Reserves and Related Items** | **1,078** | **3,276** | **-108** | **1,053** | **5,299** | **-1,504** |
| Reserve Assets | 913 | 3,110 | -315 | 846 | 4,554 | -1,880 |
| Use of Fund Credit and Loans | -165 | -166 | -207 | -207 | -745 | -376 |
| Exceptional Financing | 0 | 0 | 0 | 0 | 0 | 0 |
| **SBP Gross Reserves** | **10,065** | **13,278** | **12,861** | **13,724** | **13,724** | **9,301** |
| \* Non-Financial Corporations |  |  |  |  |  |  |
| \*\*Including Reinvested Earnings |  |  |  |  |  |  |

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)