###### Current Account Deficit (CAD) of Pakistan touched $2,820 million during FY21 as compared to a deficit of $4,449 million during FY20. The break-up of CAD is as follows:

**REVIEW ON PAKISTAN’S BALANCE OF PAYMENTS – FY21**

1. Trade in Goods shows a deficit of $28,634 million, increased by $7,525 million as compared to corresponding period last year.
2. Trade in Services is in deficit of $2,516 million, decreased by $800 million as compared to last year.
3. Primary Income witnessed a deficit of $4,400 million, decreased by $1,059 million as compared to last year.
4. Secondary income revealed a surplus of $32,730 million, increased by $7,295 million as compared to last year.

During FY21, net receipts of $224 million have been recorded in capital account. Net borrowings to finance current account, after considering minor surplus of capital account, touched $2,596 million. Financial account, net of reserves related items, showed a net inflow of $8,768 million during FY21, decreased by 5.9%.

**TRADE IN GOODS**

###### Trade in goods balance shows a deficit of $28,634 million, increased by 35.6% during FY21 as compared to $21,109 million a year earlier. Exports reached $25,639 million during FY21, increased by 13.8% from $22,536 million a year earlier. Imports increased by $10,628 million from $43,645 million in FY20 to $54,273 million during FY21. General Merchandise Exports[[1]](#footnote-1) increased by $3,130 million to reach $25,626 million as compared to $22,496 million recorded during corresponding period last year. The imports payments, reported by banks, increased by $11,140 million to reach $52,150 million during FY21 as compared to $41,010 million a year earlier. During FY21, Imports on FOB[[2]](#footnote-2) basis touched $54,273 million, increased by 24.4% as compared to $43,645 million recorded during FY20.

**EXPORTS BY COMMODITY AND COUNTRY**

Export receipts by commodity groups during FY21 along with FY20 are shown in Table 3.

The commodity-wise analysis of export receipts revealed that the exports remained concentrated in textiles and textile articles which has the largest share of 57.9% of total exports receipts during FY21 as they earned $14,494 million with a growth of 12.6%. Vegetable products witnessed the second largest share of 13.1% of the total export receipts, decreased by 0.9% from $3,313 million in FY20 to $3,282 million during FY21.

The country-wise comparison of exports receipts during FY21 with FY20 is shown in Figure 1. USA, UK, China, Germany and UAE remained top five destinations of country’s exports and witnessed 48.4% share of total exports. Exports to USA have been 20.1% of total exports, increased by 28.5% as compared to last year. Exports to UK has the second largest share i.e. 8.2% of total exports, increased by 25.0% as compared to last year. Exports share to china remained 8.2% of total exports, increased by 22.8%.

**IMPORTS BY COMMODITY AND COUNTRY**

Import payments by commodity groups during FY21 along with FY20 are shown in Table 4[[3]](#footnote-3).

Commodity-wise analysis of import payments revealed that 21.8% of overall import payments were made for minerals products which increased by 6.9% from $10,644 million in FY20 to $11,373 million in FY21. Machinery and mechanical appliances group shared 15.6% of total import payments, increased by 36.1% from $5,971 million in FY20 to $8,126 million in FY21. Minerals products, machinery and mechanical appliances and products of chemical or allied industries groups shared 49.1% of the total imports payments during FY21.

The country-wise comparison of import payments to major countries during FY21 with FY20 is shown in Figure 2. During FY21, major chunk of import payments i.e. $28,219 million (54.1% of total import payments) were made to China, UAE, Singapore, USA and Saudi Arabia.

**TRADE IN SERVICES**

The trade in services balance showed a deficit of $2,516 million during FY21 as against a deficit of $3,316 million a year earlier.

**EXPORT OF SERVICES**

Export of services increased by 9.34% from $5,437 million in FY20 to $5,945 million in FY21. Sectoral analysis revealed that Telecommunications, Computer and information Services shares 35.5% of overall export of services, increased by 46.4% as compared to last year. The second largest share is 24.4% held by Other Business Services, increased by $120 million or 9.0% as compared to last year. Government Goods and Services n.i.e. has the third highest share of 17.1%, decreased by $60 million or 5.6% as compared to last year.

**IMPORT OF SERVICES**

Import of services stood at $8,461 million in FY21, decreased by 3.3% from $8,753 million reported in FY20. The analysis showed that the reduction of $292 million in payments has mainly been due to decline of 38.8% in travel services which reduced to $752 million in FY21 from $1,229 million in FY20. Transport, Other Business and Travel services shared 76.1% of total import of services.

**PRIMARY INCOME**

Primary income account showed a deficit of $4,400 million during FY21, decreased by 19.4% from $5,459 million a year earlier. Net inflow of compensation of employees increased from $107 million in FY20 to $145 million in the current year. During the period under review, net payments to direct investors decreased by $28 million from $2,610 million in FY20 to $2,582 million in FY21. Portfolio investment income and other investment income posted net outflows of $497 million and $1,495 million respectively during FY21. Besides, income from Reserves assets decreased from $98 million in FY20 to $29 million during the period under review.

**SECONDARY INCOME**

Secondary income (Net) recorded as $32,730 million during FY21, increased by 28.7% from $25,435 million reported in FY20. During current year, Pakistani expatriates sent $29,450 million to Pakistan, increased by 27.3% as compared to corresponding period last year.

**FINANCIAL ACCOUNT**

The net financial account touched $8,768 million reflecting a decrease of 5.9% during FY21. Foreign Direct Investment in Pakistan decreased by $779 million or 30.0% to reach $1,819 million for the period under review as against $2,598 million recorded during last year. A net inflow of $2,762 million (includes $2,500 million of Pakistan Sovereign Bonds) recorded in portfolio investment in Pakistan during FY21 as compared to net outflow of $524 million in FY20. Other investment liabilities decreased by 17.9% to reach $5,691 million in FY21 from $6,935 million in FY20. Other investment assets have increased from $-127 million in FY20 to $1,345 million during FY21.

**DISBURSEMENTS AND REPAYMENTS OF LOANS**

During FY21, inflows of $12,410 million were recorded under foreign loans, decreased by $4,248 million as compared to $16,658 million in FY20. During current year, $8,560 million long term loans were disbursed to the government out of which $1,933 million were disbursed to finance various projects in Pakistan, whereas, $6,627 million were disbursed as non-project loans. Inflows of short-term loans decreased from $1,988 million in FY20 to $1,706 million in FY21. The major share in short-term loans pertains to government which decreased by $363 million during FY21 as compared to FY20.

During the period under review, $8,799 million loans were repaid as compared to $9,871 million in FY20. Payments of $7,153 million were made against long-term loans of which $5,071 million were repaid against government loans. The short-term loan repayments decreased by $74 million from $1,720 million in FY20 to $1,646 million during the current year of which $784 million has been paid against government loans.

**RESERVES AND RELATED ITEMS**

Reserve assets decreased by $81 million during FY21 to reach $4,473 from $4,554 million in previous year.

Further, during FY21, $1,080 million has been paid to IMF against Use of Fund credit and loans. Resultantly, reserves and related items increased to $5,553 million in FY21 from $5,299 million in FY20.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Summary Balance of Payments** |  |  |  |  |  |  |
| **Million US$** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Items** | **2020** | | **2021** | | **Jul-Jun** | |
| **Jul - Sep** | **Oct - Dec** | **Jan - Mar** | **Apr – Jun** | **2020-21** | **2019-20** |
|  |  |  |  |  |  |  |
| **Current Account Balance** | **797** | **-446** | **-626** | **-2,545** | **-2,820** | **-4,449** |
| **Current Account Balance without Official Transfers** | **742** | **-527** | **-715** | **-2,579** | **-3,079** | **-4,898** |
| Exports of Goods FOB | 5,349 | 6,464 | 6,900 | 6,926 | 25,639 | 22,536 |
| Imports of Goods FOB | 10,698 | 13,084 | 14,280 | 16,211 | 54,273 | 43,645 |
| ***Balance on Trade in Goods*** | ***-5,349*** | ***-6,620*** | ***-7,380*** | ***-9,285*** | ***-28,634*** | ***-21,109*** |
| Exports of Services | 1,289 | 1,590 | 1,525 | 1,541 | 5,945 | 5,437 |
| Imports of Services | 1,952 | 2,274 | 2,121 | 2,114 | 8,461 | 8,753 |
| ***Balance on Trade in Services*** | ***-663*** | ***-684*** | ***-596*** | ***-573*** | ***-2,516*** | ***-3,316*** |
| ***Balance on Trade in Goods and Services*** | ***-6,012*** | ***-7,304*** | ***-7,976*** | ***-9,858*** | ***-31,150*** | ***-24,425*** |
| Primary Income Credit | 124 | 70 | 161 | 153 | 508 | 479 |
| Primary Income Debit | 1,472 | 1,240 | 961 | 1,235 | 4,908 | 5,938 |
| ***Balance on Primary Income*** | ***-1,348*** | ***-1,170*** | ***-800*** | ***-1,082*** | ***-4,400*** | ***-5,459*** |
| ***Balance on Goods, Services and Primary Income*** | ***-7,360*** | ***-8,474*** | ***-8,776*** | ***-10,940*** | ***-35,550*** | ***-29,884*** |
| Secondary Income Credit | 8,229 | 8,108 | 8,223 | 8,467 | 33,027 | 25,802 |
| General Government | 58 | 85 | 93 | 45 | 281 | 468 |
| Current International Cooperation | 3 | 5 | 23 | 3 | 34 | 82 |
| Other Official Current Transfers | 55 | 80 | 70 | 42 | 247 | 386 |
| Financial Corporations, NFC\*, Households and NPISHs | 8,171 | 8,023 | 8,130 | 8,422 | 32,746 | 25,334 |
| Workers' Remittances | 7,146 | 7,038 | 7,252 | 8,014 | 29,450 | 23,131 |
| Other Personal Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Current Transfers | 1,025 | 985 | 878 | 408 | 3,296 | 2,203 |
| Secondary Income Debit | 72 | 80 | 73 | 72 | 297 | 367 |
| ***Balance on Secondary Income*** | ***8,157*** | ***8,028*** | ***8,150*** | ***8,395*** | ***32,730*** | ***25,435*** |
| ***Capital Account Balance*** | ***73*** | ***54*** | ***47*** | ***50*** | ***224*** | ***285*** |
| Capital Account Credit | 73 | 54 | 47 | 50 | 224 | 288 |
| Capital Account Debit | 0 | 0 | 0 | 0 | 0 | 3 |
| **Net Lending (+) / Net Borrowing (–)** | **870** | **-392** | **-579** | **-2,495** | **-2,596** | **-4,164** |
| **Financial Account** | **538** | **-1,792** | **-1,050** | **-6,464** | **-8,768** | **-9,313** |
| **Direct Investment** | **-368** | **-490** | **-360** | **-430** | **-1,648** | **-2,652** |
| Direct Investment Abroad | 17 | -43 | 118 | 79 | 171 | -54 |
| Equity and Investment Fund Shares\*\* | 50 | -41 | 34 | 0 | 43 | -54 |
| Debt Instruments | -33 | -2 | 84 | 79 | 128 | 0 |
| Direct Investment in Pakistan | 385 | 447 | 478 | 509 | 1,819 | 2,598 |
| Equity and Investment Fund Shares\*\* | 418 | 481 | 462 | 429 | 1,790 | 2,235 |
| Debt Instruments | -33 | -34 | 16 | 80 | 29 | 363 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Items** | **2020** | | **2021** | | **Jul-Jun** | |
| **Jul - Sep** | **Oct - Dec** | **Jan - Mar** | **Apr – Jun** | **2020-21** | **2019-20** |
| **Portfolio Investment** | **179** | **263** | **-152** | **-3,064** | **-2,774** | **409** |
| Portfolio Investment Abroad | 34 | -27 | 17 | -36 | -12 | -115 |
| Equity and Investment Fund Shares | -2 | -1 | -17 | -4 | -24 | 0 |
| Debt Securities | 36 | -26 | 34 | -32 | 12 | -115 |
| Portfolio Investment in Pakistan | -145 | -290 | 169 | 3,028 | 2,762 | -524 |
| Equity and Investment Fund Shares | -108 | -134 | -21 | -31 | -294 | -282 |
| Debt Securities | -37 | -156 | 190 | 3,059 | 3,056 | -242 |
| **Financial Derivatives and Employee Stock Options** | **-1** | **4** | **-1** | **-2** | **0** | **-8** |
| **Other Investment** | **728** | **-1,569** | **-537** | **-2,968** | **-4,346** | **-7,062** |
| **Net Acquisition of Financial Assets** | **1,106** | **657** | **-37** | **-381** | **1,345** | **-127** |
| Central Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposit Taking Corporations | 799 | 256 | -234 | -213 | 608 | 140 |
| General Government | -3 | 0 | 21 | -3 | 15 | 48 |
| Other Sector | 310 | 401 | 176 | -165 | 722 | -315 |
| **Net Incurrence of Liabilities** | **378** | **2,226** | **500** | **2,587** | **5,691** | **6,935** |
| Central Bank | -1,000 | 69 | -534 | -3 | -1,468 | -498 |
| Deposit Taking Corporations | -296 | 14 | 135 | 646 | 499 | -124 |
| **General Government** | **1,422** | **1,622** | **705** | **1,989** | **5,738** | **5,919** |
| **Disbursements** | **1,854** | **2,727** | **2,146** | **3,081** | **9,808** | **13,181** |
| Credit and Loans with the IMF | 0 | 0 | 500 | 0 | 500 | 2,834 |
| Other Long Term | 1,653 | 2,461 | 1,272 | 2,674 | 8,060 | 8,736 |
| Short Term | 201 | 266 | 374 | 407 | 1,248 | 1,611 |
| **Amortization** | **1,443** | **1,232** | **1,693** | **1,487** | **5,855** | **7,299** |
| Credit and Loans with the IMF | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Long Term | 1,170 | 1,078 | 1,375 | 1,448 | 5,071 | 6,117 |
| Short Term | 273 | 154 | 318 | 39 | 784 | 1,182 |
| **Other Liabilities (Net)** | **1,011** | **127** | **252** | **395** | **1,785** | **37** |
| **Other Sector** | **252** | **521** | **194** | **-45** | **922** | **1,638** |
| Disbursements | 477 | 925 | 391 | 370 | 2,163 | 3,477 |
| Amortization | 238 | 392 | 193 | 430 | 1,253 | 1,827 |
| Other Liabilities (Net) | 13 | -12 | -4 | 15 | 12 | -12 |
| **Net Errors and Omissions** | **-507** | **57** | **-216** | **47** | **-619** | **150** |
| **Overall Balance** | **175** | **-1,457** | **-255** | **-4,016** | **-5,553** | **-5,299** |
| **Reserves and Related Items** | **-175** | **1,457** | **255** | **4,016** | **5,553** | **5,299** |
| Reserve Assets | -429 | 1,154 | 33 | 3,715 | 4,473 | 4,554 |
| Use of Fund Credit and Loans | -254 | -303 | -222 | -301 | -1,080 | -745 |
| Exceptional Financing | 0 | 0 | 0 | 0 | 0 | 0 |
| **SBP Gross Reserves** | **13,504** | **14,886** | **14,906** | **18,716** | **18,716** | **13,724** |
| \* 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)