

## Review on Balance of Payments FY12

Current account balance recorded deficit of \$4,658 million in FY12, contrary to surplus of \$214 million during the previous year. Cross border payments of goods & services (exports & imports) posted a whopping deficit of \$18,957 million in FY12, compared to \$ 12,456 million in the last year. The deficit is mainly attributed to 50 percent increase in trade (goods) deficit. Exports fetched \$24,696 million with a decrease of \$660 million (3 percent) over the last year. Imports increased by \$4,589 million (13 percent) to \$40,461million from \$35,872 million. Services account deficit increased by \$1,252 million (65%) to \$3,192 million from \$1,940 million in the preceding year. Income account deficit widened to \$3,245 million from \$3,017 million in the previous year reflecting an increase of 8 percent. Net current transfers continued its upward stride with an impressive growth of 12 percent. Financial account surplus attenuated to \$1,280 million with a cut of \$821 million (39 percent) from \$2,101 million.

Items	FY12				FY12	FY11
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun		
<b>Current Account balance</b>	<b>-1,367</b>	<b>-1,032</b>	<b>-639</b>	<b>-1,620</b>	<b>-4,658</b>	<b>214</b>
Trade balance (Goods)	-4,241	-3,776	-3,820	-3,928	-15,765	-10,516
Exports	6,149	5,923	6,262	6,362	24,696	25,356
Imports	10,390	9,699	10,082	10,290	40,461	35,872
Services (net)	-746	-619	-732	-1,095	-3,192	-1,940
Income (net)	-650	-922	-690	-983	-3,245	-3,017
Current transfers (net)	4,270	4,285	4,603	4,386	17,544	15,687
<b>Capital Account (net)</b>	<b>31</b>	<b>59</b>	<b>54</b>	<b>39</b>	<b>183</b>	<b>161</b>
<b>Financial Account(net)</b>	<b>602</b>	<b>-326</b>	<b>145</b>	<b>859</b>	<b>1,280</b>	<b>2,101</b>
Errors and Omissions (net)	-25	266	-419	98	-80	16
Overall balance	-759	-1,033	-859	-624	-3,275	2,492
<b>Reserve and Related Item</b>	<b>759</b>	<b>1,033</b>	<b>859</b>	<b>624</b>	<b>3,275</b>	<b>-2,492</b>

## Merchandise Trade

Exports remained below than \$25 billion mark, touching \$24,696 million during FY12, declined by \$660 million (3%) from \$25,356 million during the previous year. Imports increased by \$4,589 million (13%) from \$35,872 million in FY11. The general merchandise transactions reported through banks (export receipts) on a mixed f.o.b and c&f basis amounted to \$24,427 million as compared to \$25,141 million during previous fiscal year. The general merchandise exports at f.o.b are arrived at by deducting freight, adding outstanding export bills of \$11 million (timing adjustments) and other exports of \$922 million not covered through banking channel.

	FY12				FY12	FY11
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun		
<b>Trade Balance</b>	<b>-4,241</b>	<b>-3,776</b>	<b>-3,820</b>	<b>-3,928</b>	<b>-15,765</b>	<b>-10,516</b>
<b>Exports (I+II+III)</b>	<b>6,149</b>	<b>5,923</b>	<b>6,262</b>	<b>6,362</b>	<b>24,696</b>	<b>25,356</b>
I. General merchandise exports (f.o.b.)	6,083	5,862	6,190	6,292	24,427	25,141
(a) Exchange record less freight	6,163	5,495	5,766	6,070	23,493	23,910
(b) Timing adjustment	(187)	171	60	(33)	11	1,080
(c) Coverage adjustment	107	196	364	255	922	151
II. Repairs of goods	1	1	1	2	5	8
III. Goods procured in ports by carriers	65	60	71	68	264	207
<b>Imports (I+II+III)</b>	<b>10,390</b>	<b>9,699</b>	<b>10,082</b>	<b>10,290</b>	<b>40,461</b>	<b>35,872</b>
I. General merchandise imports (f.o.b.)	10,277	9,598	9,956	10,179	40,009	35,517
(a) Exchange record less freight (6%)	9,668	8,815	9,310	9,459	37,252	33,469
(b) Personal baggage, NRI & duty free	57	67	83	113	320	85
(c) Foreign economic assistance	350	492	322	375	1,539	1,051
(d) Others	201	224	241	232	898	912
II. Repairs of goods	23	21	20	27	91	76
III. Goods procured in ports by carriers	90	80	106	84	361	279

The general merchandise imports (f.o.b) recorded an increase of \$4,492 million. Of the total imports payments against general merchandise (f.o.b) \$37,252 million or 93 per cent were reported by banks while those under foreign economic assistance, personal baggage & non-repatriable investment (NRI), sale of duty free shops and others taken together amounted to \$2,758 million or 7 percent.

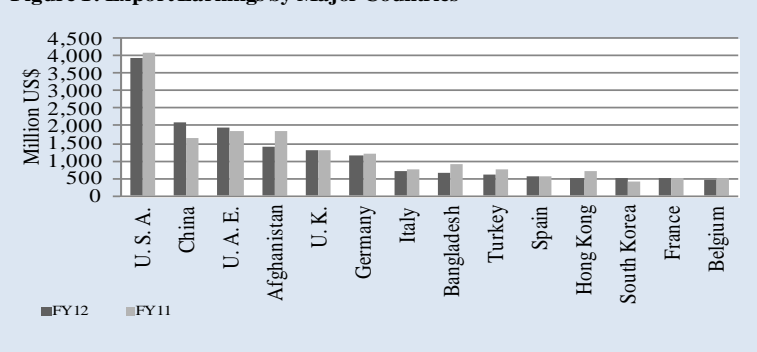
Major commodity groups constituting 87 percent of total export receipts during FY12 are shown in descending order in table along with export receipts during FY11. The commodity-wise analysis of export receipts revealed that exports remained concentrated in cotton, clothing, textile articles, cereals and mineral fuels/oils and their distillation products as they earned \$15,278 million i.e. 64 percent of total exports in the current year. Same groups earned \$16,168 million i.e. 66 percent of over-all exports in the previous year. The country-wise comparison of export receipts by major countries during FY12 along with FY11 is shown in Figure 1.

USA, China, UAE, Afghanistan, UK, and Germany remained major destinations of country's exports. It has been observed that 49 percent of total exports were destined for these countries in FY12 & FY11. Major commodities groups constituting 90 percent of total import payments reported by banks during FY12 in descending order except other groups are shown in the table 4.

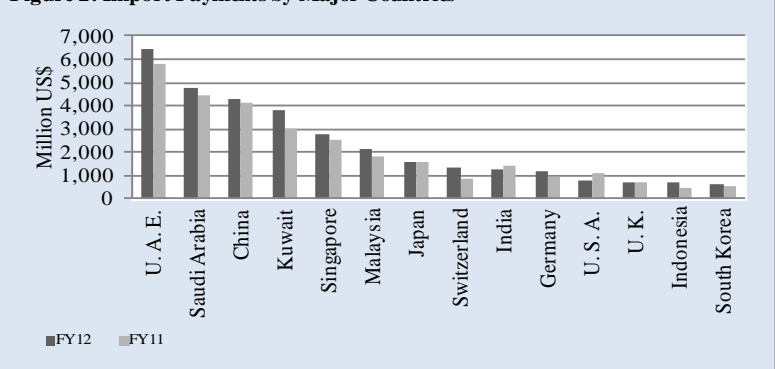
**Table 3: Export Receipts by Major Commodity Groups**

Commodity	FY12				FY11	
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	FY12	FY11
	Cotton	1,209	1,158	1,275	1,306	4,947
Other Made-up Textile Articles; Sets, Worn Clothin	868	799	786	830	3,284	3,232
Articles of Apparel & Clothing Accessories Knit/Cr	716	587	521	516	2,340	2,736
Cereals	546	512	635	552	2,245	2,658
Articles of Apparel/Clothing Acces not Knitted /Cro	358	332	350	362	1,402	1,076
Mineral Fuels, Oils and Their Distillation Product	395	279	176	210	1,060	1,707
Salt, Sulfur, Earth's and Stones, Lime and Stone	160	150	142	193	646	586
Man-Made Staple Fibers	196	162	131	146	635	599
Articles of Leather, Travel Goods and Handbags etc	181	164	149	140	635	567
Plastics and Articles thereof	140	115	140	146	541	494
Raw Hides, Skins and Leather other than Fur skins	131	121	116	138	508	549
Toys, Games and Sports Requisites; Parts & Acces.	94	80	94	99	366	344
Beverages, Spirits and Vinegar	83	79	92	108	363	223
Optical, Photographic, Measuring and Medical Inst.	79	78	79	79	315	301
Iron and Steel	83	57	56	71	267	273
Edible Fruits and Nuts	61	46	87	47	241	270
Articles of Iron or Steel	53	52	50	70	225	140
Fish and Crustaceans	40	63	48	70	222	209
Meat and Edible Meat Offal	67	44	50	60	221	193
Pearls, Stones, Precious Metals, Imitation Jewelry	17	10	111	80	218	166
Special Woven Fabrics, Tufted Textiles Fabrics, Lace	60	42	51	54	207	295
All Others	787	718	752	910	3,168	3,193
<b>Grand Total</b>	<b>6,326</b>	<b>5,649</b>	<b>5,892</b>	<b>6,187</b>	<b>24,053</b>	<b>24,568</b>

**Figure 1: Export Earnings by Major Countries**



**Figure 2: Import Payments by Major Countries**



A total of \$14,878 million, 38 percent of total import payments, were made for group comprising minerals fuels, oil and their distillation products. Import payments for animal or vegetable oils and cleavage products jumped up by \$601 million (30%) to reach \$2,629 million. Payments made for purchase of fertilizer witnessed a significant increase of \$586 million (127 percent) during FY12 from \$461 million in FY11 to \$1,047 million.

The country-wise comparison of import payments including freight to major

countries during FY12 with those of previous year is shown in Figure 2. Major chunk of payments i.e. \$24,263 million (61 percent) were made to UAE, Saudi Arabia, China, Kuwait Singapore and Malaysia in FY12. The order of the percentage share of these countries remained unchanged during FY12 & FY11.

**Table 4: Import Payments of Major Commodity Groups**

Commodity	(Million US dollar)					
	FY12				FY 12	FY 11
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun		
Mineral Fuels, Oils and Their Distillation Product	4,428	2,898	3,861	3,691	14,878	12,941
Animal or Vegetable Fats, Oils & Cleavage Products	711	730	539	648	2,629	2,028
Organic Chemicals	604	536	507	560	2,207	1,966
Nuclear Reactors, Boilers, Machinery and Appliance	472	494	516	601	2,084	2,249
Iron and Steel	422	366	398	493	1,680	1,400
Electrical Machinery & Equipment and Parts thereof	415	379	395	466	1,654	1,542
Plastics and Articles thereof	341	368	408	390	1,506	1,392
Vehicles other than Railway /Tramway Rolling Stock	293	281	247	286	1,107	989
Fertilizers	203	507	237	100	1,047	461
Special Classification Provisions	187	263	189	327	966	1,199
Ships, Boats and Floating Structures	119	144	252	186	702	569
Oil Seeds and Oleaginous Fruit	98	284	220	66	668	583
Man-Made Staple Fibers	149	161	142	138	591	582
Cotton	91	135	156	185	567	1,091
Edible Vegetables	117	143	119	173	552	493
Miscellaneous Chemical Products	147	146	124	133	549	528
Man-Made Filaments	149	134	132	125	539	526
Organic or Inorganic Compounds of Precious Metals	110	159	117	117	503	457
Paper and Paperboard, Articles of Paper Pulp	106	103	118	137	464	398
Rubbers and Articles thereof	109	101	103	102	415	369
Coffee, Tea, Mate and Spices	92	88	125	97	402	394
All Others	921	957	998	1,041	3,917	4,223
<b>Grand Total</b>	<b>10,285</b>	<b>9,377</b>	<b>9,904</b>	<b>10,063</b>	<b>39,629</b>	<b>36,379</b>

## Services

The deficit in services account increased by \$1,252 million (65 percent) from \$1,940 million in FY11 to \$ 3,192 million in FY12 the aggregate receipts of services transactions during FY12. declined to \$5,035 million, down by \$733 million (13 percent) as compared to previous year. Increase of \$519 million (7percent) in aggregate payments ballooned services deficit. Government, transportation

and other business services accounted for 80 percent of total receipts i.e. \$ 4,027 million. Transportation and other business services consumed 62 percent of services payments.

**Table 5: Services**

Services (Net)	(Million US dollar)					
	FY12			FY11		
	Credit	Debit	Net	Credit	Debit	Net
<b>Services (Net)</b>	<b>5,035</b>	<b>8,227</b>	<b>-3,192</b>	<b>5,768</b>	<b>7,708</b>	<b>-1,940</b>
1. Transportation	1,503	3,510	-2,007	1,648	4,072	-2,424
2. Travel	369	1,367	-998	351	972	-621
3. Communications services	212	179	33	226	176	50
4. Construction services	25	62	-37	18	83	-65
5. Insurance services	89	279	-190	54	148	-94
6. Financial services	54	107	-53	70	121	-51
7. Computer and information services	248	164	84	217	177	40
8. Royalties and license fees	7	151	-144	6	122	-116
9. Other business services	813	1,555	-742	781	1,193	-412
10. Personal, cultural, and recreational services	4	3	1	3	10	-7
11. Government services.	1,711	850	861	2,394	634	1,760

## Income

The income deficit of \$3,017 million in FY11 was increased by \$228 million (8%) to reach \$ 3,245 million during FY12. The net inflow of compensation of employees decreased by \$4 million to \$21 million in the current year as compared with the previous year. The net outflow of direct investment income widened to \$2,112 million during FY12 as compared to \$2,037 million in the last year. Portfolio investment income and other investment income posted net outflows of \$374 million and \$780 million respectively.

	FY12			FY11		
	Credit	Debit	Net	Credit	Debit	Net
<b>Income (Net)</b>	<b>826</b>	<b>4,071</b>	<b>-3,245</b>	<b>716</b>	<b>3,733</b>	<b>-3,017</b>
1. Compensation of employees	27	6	21	28	3	25
2. Investment income	799	4,065	-3,266	688	3,730	-3,042
2.1 Direct investment	65	2,177	-2,112	28	2,065	-2,037
2.2 Portfolio investment	323	697	-374	420	655	-235
2.3 Other investment	411	1,191	-780	240	1,010	-770
2.3.1. IMF charges*	-	164	-164	-	123	-123
2.3.2. Interest on External debt	-	615	-615	-	714	-714
2.3.3. Interest on private sector debt	-	103	-103	-	95	-95
2.3.4. Other investment income	411	309	102	240	78	162

\*IMF charges include payments by Federal Government and Central Bank

## Current Transfers

Current transfers account remained affluent with \$17,544 million during FY12, up by \$1,857 million (12 percent) from \$15,687 million in FY11. Pakistani expatriates, during FY12, sent more than \$13 billion, highest repatriation of all times in a fiscal year. Current transfers payments of \$73 million and \$69 million were made by general government and other sectors respectively.

	FY12				FY12	FY11
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun		
<b>Current Transfers (Net )</b>	<b>4,270</b>	<b>4,285</b>	<b>4,603</b>	<b>4,386</b>	<b>17,544</b>	<b>15,687</b>
Current transfers receipts	4,287	4,344	4,622	4,433	17,686	15,863
General government	93	216	211	138	658	845
Cash grants for budgetary	12	77	121	20	230	516
Others	81	139	90	118	428	329
Other sectors	4,194	4,128	4,411	4,295	17,028	15,018
Workers remittances	3,297	3,028	3,411	3,450	13,186	11,201
Residents FCAs	-78	167	149	51	289	367
Others	975	933	851	794	3,553	3,450
Current transfers payments	17	59	19	47	142	176
General government	8	41	6	18	73	21
Other sectors	9	18	13	29	69	155

## Capital & Financial Account

The net inflow in capital & financial account during FY12 reduced to \$1,463 million as against \$2,262 million during previous year. The net capital inflow increased by \$22 million touched \$183 million during FY12.

	FY12				FY12	FY11
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun		
<b>Capital and Financial Account (Net)</b>	<b>633</b>	<b>-267</b>	<b>199</b>	<b>898</b>	<b>1,463</b>	<b>2,262</b>
Capital Account (net)	31	59	54	39	183	161
Financial Account (net)	602	-326	145	859	1,280	2,101
1- Direct Investment	230	258	55	201	744	1,591
2-Portfolio Investment	-44	-113	13	0	-144	338
3-Other Investment	416	-471	77	658	680	172

Financial account recorded a surplus of \$1,280 million during FY12, 39 percent lower than last year's position (\$2,101million). Direct investment shrunk by 53 percent, to \$744 million from \$1,591 million in the previous year. The portfolio investment, recorded net outflow of \$144 million as compared with net

inflow of \$338 million in the previous year. The other investment increased by \$508 million from \$172 million to \$680 million.

### Disbursement and Repayment of Loans

The inflow of foreign loans/credits increased to \$3,191 million as compared to \$2,866 million in the previous year. Of the total disbursement of long-term loans of \$3,070 million, \$1,781 million were for financing of various projects while \$852 million was non-project loans. Short term loans stood at \$121 million from \$20 million a year ago.

The repayment of loans/credits reached \$3,370 million during the current year as against \$2,733 million in the previous year. An amount of \$3,076 million, 91 percent of total repayments was made against long term loans, of which \$1,445 million were for official loans. The repayment of short-term loans/credits decreased to \$294 million during FY12 as against \$484 million in FY11.

	FY12	FY11
<b>Utilization of foreign loans / credits</b>	<b>3,191</b>	<b>2,866</b>
I) Long-term	3,070	2,846
Monetaries Authorities	-	-
Government	2,633	2,377
a) Project loans	1,781	925
b) Non-project loans	852	1,452
Banks	-	-
Other Sector	437	469
II) Short-term	121	20
Government	-	-
Other Sector	121	20

	FY12	FY11
<b>Repayment of foreign loans /credits</b>	<b>3,370</b>	<b>2,733</b>
I) Long-term	3,076	2,249
Monetary Authorities	1,155	267
Government	1,477	1,557
Civil	1,445	1,525
Military	32	32
Banks	-	-
Other Sector	444	425
II) Short-term	294	484
Government	100	400
Other Sector	194	84

### Reserves and related items

Net reserve assets decreased by \$4,430 million during FY12 contrary to an increase of \$2, 225 million in the preceding year. Use of fund credit repurchases/repayments in current year increased to \$1,155 million from \$267million. Quarter-wise bifurcation of repurchases/repayments is \$55 million (SDR 34.46 million), \$81 million (SDR 51.69 million), \$53 million (SDR 35 million) and \$66 million (SDR 43 million) on the account of ECF in the current year. \$399 million (SDR 258 million) & 501 million (SDR 330 million) were paid against Stand by Arrangements.

	FY12				FY12	FY11
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun		
1. Reserves and related items	759	1,033	859	624	3,275	-2,492
1.1 Reserve Assets	814	1,114	1,311	1,191	4,430	-2,225
1.2 Use of Fund credit	-55	-81	-452	-567	-1,155	-267
i) Purchases/drawings	-	-	-	-	-	-
ii) Repurchases/repayments	55	81	452	567	1,155	267
ECF	55	81	53	66	255	267
SBA	-	-	399	501	900	-

## Summary Balance of

ITEM	2011		2012		Jul - Jun	
	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	2011-12	2010-11
<b>Current Account Balance</b>	-1,367	-1,032	-639	-1,620	-4,658	214
<b>Current Account Balance without off. transfers</b>	-1,452	-1,207	-844	-1,740	-5,243	-610
Goods: Exports fob	6,149	5,923	6,262	6,362	24,696	25,356
Goods: Imports fob	10,390	9,699	10,082	10,290	40,461	35,872
Trade Balance	-4,241	-3,776	-3,820	-3,928	-15,765	-10,516
Services: Credit	1,230	1,440	1,227	1,138	5,035	5,768
Services: Debit	1,976	2,059	1,959	2,233	8,227	7,708
Balance on Goods & Services	-4,987	-4,395	-4,552	-5,023	-18,957	-12,456
Income: Credit	224	267	138	197	826	716
Income: Debit	874	1,189	828	1,180	4,071	3,733
Of which : Interest payments	370	506	331	426	1,633	1,483
Balance on Gds & Serv. & Inc	-5,637	-5,317	-5,242	-6,006	-22,202	-15,473
<b>Current Transfers.: Credit</b>	4,287	4,344	4,622	4,433	17,686	15,863
Of which:						
Workers' Remittances	3,297	3,028	3,411	3,450	13,186	11,201
FCAs Residents	-78	167	149	51	289	367
Current Transfers :Debit	17	59	19	47	142	176
<b>Capital Account,</b>	31	59	54	39	183	161
Capital Account, : Credit	31	61	55	39	186	161
Project Grants	31	59	54	36	180	160
Debt Forgiveness	-	-	-	-	-	-
Others	-	2	1	3	6	1
Capital Account... Debit	-	2	1	-	3	-
<b>Financial Account</b>	602	-326	145	859	1,280	2,101
Direct Investment Abroad	-33	-10	-13	-21	-77	-44
Dir. Invest. In Rep. Econ.	263	268	68	222	821	1,635
Portfolio Investment Assets	-	3	-16	-19	-32	-7
Equity Securities	-	-	-18	-19	-37	-7
Debt Securities	-	3	2	-	5	-
Portfolio Investment Liab.	-44	-116	29	19	-112	345
Equity Securities	-45	-63	26	22	-60	366
Debt Securities	1	-53	3	-3	-52	-21
Financial Derivatives Assets	-	-	-	-	-	-
Financial Derivatives Liabilities	-	-	-	-	-	-

## Payments –Overall

(Million US Dollars)

ITEM	2011		2012		Jul – Jun	
	Jul – Sep	Oct - Dec	Jan-Mar	Apr – Jun	2011-12	2010-11
Other Investment Assets	334	-550	94	131	9	-920
Monetary Authorities	-	-	-	-	-	-
General Government	1	-	-2	4	3	-3
Banks	200	-224	-60	-7	-91	-63
Other Sector	133	-326	156	134	97	-854
Other Investment Liab.	82	79	-17	527	671	1,092
Monetary Authorities	-8	1	2	-100	-105	-10
General Government	-48	305	-37	778	998	298
Disbursements	371	647	322	1,293	2,633	2,377
Long-term	371	647	322	1,293	2,633	2,377
Project loans	294	641	322	524	1,781	925
Program loans	77	6	-	769	852	1,452
Short-term	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-
IDB loans	-	-	-	-	-	-
Amortization	419	341	344	473	1,577	1,957
Long-term	319	341	344	473	1,477	1,557
Short-term	100	-	-	-	100	400
Other Liabilities	-	-1	-15	-42	-58	-122
Banks	378	-68	166	-256	220	52
Other Sector	-240	-159	-148	105	-442	752
Disbursements	131	213	114	100	558	489
Amortization	160	234	129	115	638	509
Other Liabilities	-211	-138	-133	120	-362	772
Net Errors and Omissions	-25	266	-419	98	-80	16
<b>Overall Balance</b>	-759	-1,033	-859	-624	-3,275	2,492
Reserves and Related Items	759	1,033	859	624	3,275	-2,492
Reserve Assets	814	1,114	1,311	1,191	4,430	-2,225
Use of Fund Credit and Loans	-55	-81	-452	-567	-1,155	-267
Purchases	-	-	-	-	-	-
Repurchases	55	81	452	567	1,155	267
<b>Exceptional Financing</b>	-	-	-	-	-	-
<b>SBP Reserves</b>	15,614	14,451	13,167	11,905	11,905	16,614