

INTRODUCTION

The credit entry for merchandise in Pakistan's Balance of Payments is mainly based on proceeds of exports recorded by the Exchange Policy Department. The money value against shipments of goods abroad is either realized in foreign exchange or in non-resident rupees. Both forms of settlement tend to improve the country's international position: the former by increasing its reserves and the latter by decreasing its liabilities to foreigners.

The banks authorized to deal in foreign exchange report each transaction in the currency of settlement. For the purposes of aggregation, the amounts received in foreign currencies have been converted to Pakistani Rupees at the prevailing rates during the respective periods. Consequent upon delinking of Pakistani Rupee from US\$ w.e.f. 8th January, 1982 transactions have been converted at monthly average of midpoint of buying and selling rates.

The timing of transactions is related to the transfer of ownership of money and not the time of actual shipment. For example, if a foreign buyer makes an advance payment for purchase of cotton ahead of the normal export season, the Exchange Policy Department will record it as a receipt from exports as soon as a bank account is credited although the actual shipment may take place later. Similarly, if Pakistan enters into a deferred payments agreement with a foreign country, the shipment of goods will precede the receipt of their money value. Here again, the sale proceeds will be recorded at the time when the money is received. The majority of transactions are financed by usance bills within 180 days maturity and accordingly the export proceeds lag behind the physical movement of commodities. This also holds goods for merchandise sold on consignment basis.

For purposes of exchange record, the valuation depends on the terms of contract. Most of the deals are on f.o.b. basis but in some cases goods are shipped on c & f contracts. The recorded proceeds are, therefore, on a mixed basis. The balance of payments entry is arrived at a uniform f.o.b. valuation by deducting the element of freight and adjustment of coverage and timing from the total recorded figure of exports. This sophistication is, however, not possible for individual commodities and as such the figures presented here on a mixed basis.

Owing to differences in coverage, timing, valuation and classification of exchange record vis -à-vis customs record; the statistics in this publication are likely to differ from those released by the Federal Bureau of Statistics Government of Pakistan. Over longer period, however, these differences may tend to minimize.

Upon June, 1965, the State Bank of Pakistan compiled and released figures of export proceeds for Cotton, Cotton Manufactures, Jute, Jute Manufactures, Hides and Skins, Tea, Wool and Others. From July, 1965 the

export list was considerably enlarged to work out the amount realized against a number of other commodities. The development made it possible to introduce a monthly publication entitled "EXPORT RECEIPTS" from April, 1966 which is now being released within 40 days of the end of each month. The list was enlarged in July, 1967 and further elaborated in July, 1970 to cover 141 commodities. From July, 1972 however, a three digit modified form of the Pakistan Standard Trade Classification (PSTC) has been used. From July, 1984 the commodity list has however been further expanded by adopting four digit commodity codes in accordance with the Standard International Trade Classification (SITC) Volume-II Revision 2(1981).

From April 2003 data of export receipts have been compiled according to Harmonized System of Classification. The revised system is intended to serve as a universally accepted classification system for goods, which facilitates to compare export and import data across different countries of the world. Harmonized System is a commodity classification system in which articles are grouped largely according to the nature of the materials of which they are made. The commodities are classified in the following 21 sections are as under:-

Section	Description
1	Live animals; animals products
2	Vegetable products
3	Animal or vegetable fats, oils & waxes
4	Prepared foodstuffs; beverages, spirits, vinegar & tobacco
5	Mineral products
6	Products of chemical or allied industries
7	Plastics and articles thereof; rubber and articles thereof
8	Raw hide and skins, leather, fur skins and articles thereof
9	Wood and articles of wood
10	Pulp of wood or of other fibrous cellulosic material
11	Textiles and textile articles
12	Foot wear, headgear, umbrellas, walking sticks etc,
13	Articles of stone, plaster, cement, asbestos, mica or similar materials
14	Natural or cultured pearls, precious or semi precious stones, metals
15	Base metals and articles of base metal
16	Machinery and mechanical appliances, electrical equipment & appliances
17	Vehicles, aircraft, vessels and associated transport equipment
18	Optical, photographic, measuring, checking, precision medical or surgical instruments
19	Arms and ammunition; parts and accessories thereof
20	Miscellaneous manufactured articles
21	Works of arts, collectors, pieces and antiques and special transactions

The current publication is first in nature that is based on Harmonized System of Classification covering data from July 2003 to June 2004. Complete HS commodity classification is available on SBP website at http://www.sbp.org.pk/fe_manual/hs/index.htm

Export receipts provide figures for the current year in Rs and US \$ to which it relate compared with the previous year figures in US \$. Last columns in statements show the difference in Export Receipts of two years. The publication is in the nature of year book and has been based on the figures of the twelve months from July, 2003 through June, 2004. All statements have been uniformly set by having arranged the amounts in the descending order of magnitude in the first column.

Statement 1 shows group-wise Export Receipts data from different groups. Countries of each group are listed at appendix "A" where appendix "B" shows geographical groups of countries.

Statements 2 shows country-wise, Statement 3 shows country / commodity and statement 4 shows commodity / country data of Export Receipts. Statement 5 is a simplified as "Country -Commodity" matrix of export receipts for the financial year 2003-2004.

The figures are rounded to million in the Chapter of Summary and to thousand in other statements in the publication. Totals and Subtotals may show slight difference due to rounding of figures. The columns "% Share to Total", "Growth" and "% Change" are based on full figures. "NES" and ".." Stands for not elsewhere specified and negligible amount respectively.