

## Review on Balance of Payments FY13

Pakistan's balance of payments showed a deficit of \$2,496 million in its current account balance during FY13 as against a deficit of \$4,658 million during FY12. There has been a significant decline of \$2,162 million in current account deficit contributed by a decrease of \$1,720 million in trade in services deficit, mainly due to the receipt of \$1,806 million as coalition support fund (CSF) under government services. A decline of \$334 million is also observed in trade in goods deficit, however, income account deficit widened to \$3,685 million from

\$3,245 million in the previous year reflecting an increase of 14 percent. The capital and financial accounts showed a net inflow of \$264 million and \$ 549 million respectively during FY13. Financial account reflected a decrease of \$731 million inflow over the previous year. There have been lower payments of \$1,283 million in overall as compared with previous year.

**Table 1: Summary Balance of Payments**

Items	FY13				Million US\$	
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	FY13	FY12
<b>Current Account balance</b>	<b>439</b>	<b>-522</b>	<b>-1,172</b>	<b>-1,241</b>	<b>-2,496</b>	<b>-4,658</b>
Trade balance (Goods)	-3,661	-4,295	-3,694	-3,781	-15,431	-15,765
Exports	6,148	6,001	6,192	6,454	24,795	24,696
Imports	9,809	10,296	9,886	10,235	40,226	40,461
Services (net)	148	-138	-715	-767	-1,472	-3,192
Income (net)	-696	-1,023	-852	-1,114	-3,685	-3,245
Current transfers (net)	4,648	4,934	4,089	4,421	18,092	17,544
<b>Capital Account (net)</b>	<b>30</b>	<b>68</b>	<b>94</b>	<b>72</b>	<b>264</b>	<b>183</b>
<b>Financial Account (net)</b>	<b>-406</b>	<b>-156</b>	<b>115</b>	<b>996</b>	<b>549</b>	<b>1,280</b>
Errors and Omissions (net)	-91	7	-169	-56	-309	-80
Overall balance	-28	-603	-1,132	-229	-1,992	-3,275
<b>Reserves and related items</b>	<b>28</b>	<b>603</b>	<b>1,132</b>	<b>229</b>	<b>1,992</b>	<b>3,275</b>

## Merchandise Trade

Exports fetched \$24,795 million during FY13, increased by \$99 million (0.4%) from \$24,696 million during the previous year. Imports decreased by \$235 million (0.6%) from \$40,461 million to \$40,226 million in FY13. The general merchandise transactions reported through banks (export receipts) on a mixed f.o.b and c&f basis amounted to \$23,693 million as compared to

\$23,493 million during previous fiscal year. The general merchandise exports at f.o.b are arrived at by deducting freight, adding outstanding export bills of \$401 million (timing adjustments) and other exports of \$488 million not covered through banking channel.

**Table 2: Trade Balance**

Trade Balance	FY13				Million US\$	
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	FY13	FY12
<b>Trade Balance</b>	<b>-3,661</b>	<b>-4,295</b>	<b>-3,694</b>	<b>-3,781</b>	<b>-15,431</b>	<b>-15,765</b>
<b>Exports (I+II+III)</b>	<b>6,148</b>	<b>6,001</b>	<b>6,192</b>	<b>6,454</b>	<b>24,795</b>	<b>24,696</b>
I.General merchandise exports (f.o.b)	6,095	5,940	6,139	6,408	24,582	24,427
(a) Exchange record	5,848	5,606	5,941	6,298	23,693	23,493
(b) Timing adjustment	154	241	67	(61)	401	11
(c) Coverage adjustment	93	93	131	171	488	922
II. Repairs of goods	1	3	1	1	6	5
III.Goods procured in ports by carriers	52	58	52	45	207	264
<b>Imports (I+II+III)</b>	<b>9,809</b>	<b>10,296</b>	<b>9,886</b>	<b>10,235</b>	<b>40,226</b>	<b>40,461</b>
I.General merchandise imports (f.o.b)	9,682	10,210	9,812	10,165	39,869	40,009
(a) Exchange record	9,559	10,022	9,820	9,920	39,321	39,629
(b) less freight (6%)	574	601	589	595	2,359	2,377
(c) Personal baggage, NRI & duty free shops	79	87	62	39	267	320
(d) Foreign economic assistance	329	531	311	353	1,524	1,540
(e) Others	289	171	208	448	1,116	898
II. Repairs of goods	33	12	15	9	69	91
III.Goods procured in ports by carriers	94	74	59	61	288	362

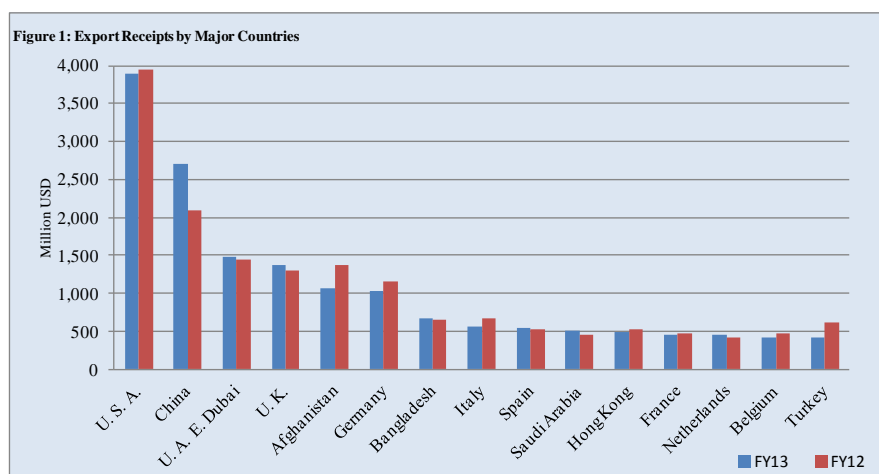
The general merchandise (imports) showed a decline by \$140 million over of the previous year. Of the total imports payments against general merchandise (f.o.b), \$ 39,321 million were reported by banks while those under foreign economic assistance, personal baggage & NRI, sale of duty free shops and others taken together amounted to \$ 2,907 million.

Export receipts during FY13 by commodity groups are shown in descending order in Table 3 along with the corresponding period. The commodity-wise analysis of export receipts revealed that exports remained concentrated in textiles and textile articles as they earned \$12,963 million i.e. 55 percent of total exports receipts in the current year. Food and food products shared 17 percent of the total export receipts. Same groups earned \$13, 221 million and \$3,683 million respectively of over-all exports in the previous year.

Country-wise comparison of export receipts by major countries during FY13 along with FY12 is shown in Figure 1. USA, China, UAE, Afghanistan, UK, and Germany remained major destinations of country's exports. It has been observed that 68 percent of total exports were destined for these countries.

**Table 3: Export Receipts by Commodity Group** Million US\$

Commodity Group	FY13				FY13	FY12
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun		
Textiles and Textile Articles	3,251	3,178	3,253	3,282	12,963	13,221
Vegetable Products	633	602	801	768	2,805	2,908
Mineral Products	365	366	325	434	1,490	1,256
Prepared Foodstuffs; Beverages, Spirits, Vinegar and Tobacco	253	242	358	420	1,273	775
Raw Hide and Skins, Leather, Fur skins and Articles thereof	290	280	286	312	1,168	1,143
Base Metals and Articles or Base Metal	189	178	143	118	627	744
Live Animals and Animals Products	134	159	148	174	615	531
Plastics and Articles thereof; Rubber and Articles thereof	144	125	126	124	519	630
Miscellaneous Manufactured Articles	116	105	111	133	465	486
Products of Chemical or Allied Industries	112	93	97	111	412	449
Optical, Photographic, Cinematographer, Measuring, Checking, Precision Apparatus	86	83	77	86	332	321
Natural or Cultured Pearls, Precious or Semi Precious Stones, Metals	76	10	20	154	260	218
Machinery and Mechanical Appliances	60	59	62	61	240	258
Animal or Vegetable Fats, Oils and Waxes	44	35	28	26	133	154
Footwear, Headgear, Umbrellas, Walking Sticks etc.	25	21	29	23	98	98
Articles of Stone, Plaster, Cement, Asbestos, Mica or similar Materials	19	20	22	19	80	84
Vehicles, Aircraft, Vessels and Associated Transport Equipment	20	19	21	18	78	82
Pulp of Wood or of other Fibrous Cellulosic Material	17	17	19	21	74	71
Wood and Articles of Wood	10	11	8	12	40	41
Arms and Ammunition, Parts and Accessories thereof	3	2	6	2	14	17
Works of Arts, Collectors, Pieces, Antiques and Special Transactions NES	1	1	1	0	3	6
<b>Total</b>	<b>5,848</b>	<b>5,606</b>	<b>5,941</b>	<b>6,298</b>	<b>23,693</b>	<b>23,493</b>



Import payments during FY13 by commodity groups are shown in descending order in Table 4 along with the corresponding period.

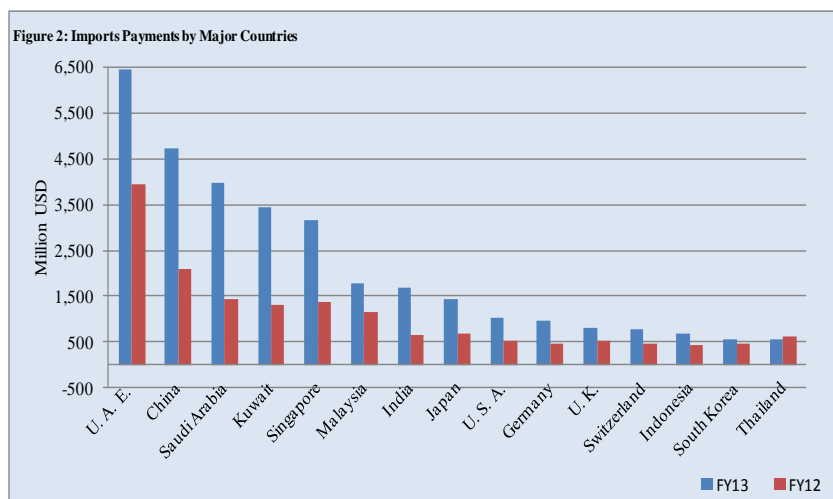
A total of \$14,726 million, 37 percent of total import payments, were made for minerals products. Import payments for products of chemical or allied industries captured 12 percent of the total import payments. Machinery & mechanical appliances increased by \$108 million and captured 16 percent of the total import payments. There is no significant decrease in import payments during FY13 as compared to previous year.

The country-wise comparison of import payments including freight to major countries during FY13 with corresponding year is shown in Figure 2. Major chunk of payments i.e. \$23,503 million (60 percent) were made to UAE, Saudi Arabia, China, Kuwait Singapore and Malaysia in FY13. The order of the percentage share of these countries remained unchanged during FY13 as compared to FY12.

## Services

The deficit in trade in services account significantly decreased by \$1,720 million (54 percent) from \$3,192 million in FY12 to \$ 1,472 million in FY13. This notable decline is due to receipts of \$1,806 million of CSF during the period which doubled the export of government services as compared with the corresponding period.

Commodity Group	FY13				FY13	FY12
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun		
Mineral Products	3,558	4,000	3,696	3,472	14,726	14,999
Products of Chemical or Allied Industries	1,271	1,286	1,065	1,204	4,826	5,271
Machinery and Mechanical Appliances	928	990	891	1,037	3,846	3,738
Textiles and Textile Articles	512	575	910	615	2,612	2,041
Base Metals and Articles or Base Metal	600	560	583	698	2,441	2,340
Animal or Vegetable Fats, Oils and Waxes	617	452	550	404	2,023	2,629
Plastics and Articles thereof; Rubber and Articles thereof	480	455	478	523	1,936	1,921
Vehicles, Aircraft, Vessels and Associated Transport Equipment	452	391	368	530	1,741	1,941
Vegetable Products	421	386	496	298	1,601	1,798
Works of Arts, Collectors, Pieces, Antiques and Special Transactions NES	223	348	212	520	1,303	966
Prepared Foodstuffs, Beverages, Spirits, Vinegar and Tobacco	89	155	175	173	592	470
Pulp of Wood or of other Fibrous Cellulosic Material	139	139	143	170	591	557
Optical, Photographic, Cinematographer, Measuring, Checking, Precision Apparatus	98	109	78	105	390	326
Live Animals and Animals Products	52	40	49	32	173	150
Articles of Stone, Plaster, Cement, Asbestos, Mica or similar Materials	31	38	33	36	138	127
Miscellaneous Manufactured Articles	29	30	30	36	125	107
Wood and Articles of Wood	24	26	31	28	109	106
Raw Hide and Skins, Leather, Fur skins and Articles thereof	18	20	18	25	81	86
Footwear, Headgear, Umbrellas, Walking Sticks etc.	13	12	8	9	42	38
Arms and Ammunition, Parts and Accessories thereof	2	9	6	4	21	13
Natural or Cultured Pearls, Precious or Semi Precious Stones, Metals	2	1	0	1	4	5
<b>Total</b>	<b>9,559</b>	<b>10,022</b>	<b>9,820</b>	<b>9,920</b>	<b>39,321</b>	<b>39,629</b>



The aggregate receipts of services transactions during FY13 rose to \$6,733 million, with an increase of \$1,698 million (34 percent) as compared to previous year. A decrease of \$22 million (0.3 percent) in aggregate payments of services was observed during FY13.

Government services, transportation and other business services accounted for 82 percent of total receipts i.e. \$ 5,493 million. Transportation and other business services consumed 62 percent of services payments.

### Income

The income deficit of \$3,245 million in FY12 increased by \$440 million (14%) to reach \$3,685 million during FY13. Net inflow of compensation of employees increased from \$21 million to \$24 million in the current year as compared with the

previous year. The net outflow of direct investment income widened to \$2,687 million during FY13 as compared to \$2,112 million in the last year. Portfolio investment income and other investment income posted net outflows of \$314 million and \$708 million respectively during FY13.

### Current Transfers

Current transfers account remained affluent with \$18,092 million during FY13, up by \$548 million (3 percent) from \$17,544 million in FY12. Pakistani expatriates, during FY13, sent approximately \$14 billion, highest repatriation of all times in a fiscal year.

	Million US\$					
	FY13			FY12		
	Credit	Debit	Net	Credit	Debit	Net
<b>Services</b>	<b>6,733</b>	<b>8,205</b>	<b>-1,472</b>	<b>5,035</b>	<b>8,227</b>	<b>-3,192</b>
1. Transportation	1,269	3,291	-2,022	1,503	3,510	-2,007
2. Travel	298	1,233	-935	369	1,367	-998
3. Communications services	509	206	303	212	179	33
4. Construction services	29	10	19	25	62	-37
5. Insurance services	42	260	-218	89	279	-190
6. Financial services	57	120	-63	54	107	-53
7. Computer and information services	294	203	91	248	164	84
8. Royalties and license fees	5	142	-137	7	151	-144
9. Other business services	796	1,790	-994	813	1,555	-742
10. Personal, cultural, and recreational services	6	4	2	4	3	1
11. Government services.	3,428	946	2,482	1,711	850	861

	Million US\$					
	FY13			FY12		
	Credit	Debit	Net	Credit	Debit	Net
<b>Income (Net)</b>	<b>488</b>	<b>4,173</b>	<b>-3,685</b>	<b>826</b>	<b>4,071</b>	<b>-3,245</b>
1. Compensation of employees	31	7	24	27	6	21
2. Investment income	457	4,166	-3,709	799	4,065	-3,266
2.1 Direct investment	27	2,714	-2,687	65	2,177	-2,112
2.2 Portfolio investment	223	537	-314	323	697	-374
2.3 Other investment	207	915	-708	411	1,191	-780
2.3.1. IMF charges*	-	100	-100	-	164	-164
2.3.2. Interest on External debt	-	604	-604	-	615	-615
2.3.3. Interest on private sector debt	-	94	-94	-	103	-103
2.3.4. Other investment income	207	117	90	411	309	102

\* include payments made by general government and monetary authority

	Million US\$					
	FY13				FY13	FY12
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun		
<b>Current Transfers (Net )</b>	<b>4,648</b>	<b>4,934</b>	<b>4,089</b>	<b>4,421</b>	<b>18,092</b>	<b>17,544</b>
<b>Current transfers receipts</b>	<b>4,666</b>	<b>4,967</b>	<b>4,097</b>	<b>4,453</b>	<b>18,183</b>	<b>17,686</b>
General government	67	137	112	96	412	658
Cash grants for budgetary support	12	43	44	21	120	230
Others	55	94	68	75	292	428
Other sectors	4,599	4,830	3,985	4,357	17,771	17,028
Workers remittances	3,599	3,518	3,237	3,568	13,922	13,186
Residents FCAs	67	276	142	79	564	289
Others	933	1,036	606	710	3,285	3,553
<b>Current transfers payments</b>	<b>18</b>	<b>33</b>	<b>8</b>	<b>32</b>	<b>91</b>	<b>142</b>
General government	0	5	0	5	10	73
Other sectors	18	28	8	27	81	69

Current transfers payments of \$10 million and \$81 million were made by general government and other sectors respectively.

## Capital & Financial Account

The net inflow in capital & financial account during FY13 reduced to \$650 million as against \$1,463 million during previous year. The net capital inflow increased by \$81 million touched \$264 million during FY13.

Financial account recorded a surplus of \$549 million during FY13, 57 percent lower than last year's position (\$1,280 million).

	FY13				Million US\$	
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	FY13	FY12
	<b>Capital and Financial Account</b>	<b>-376</b>	<b>-88</b>	<b>209</b>	<b>1,068</b>	<b>813</b>
<b>Capital Account</b>	30	68	94	72	264	183
<b>Financial Account</b>	<b>-406</b>	<b>-156</b>	<b>115</b>	<b>996</b>	<b>549</b>	<b>1,280</b>
1- Direct Investment	102	419	-81	818	1,258	744
Direct Investment Abroad	-23	-25	-143	-7	-198	-77
Dir. Invest. In Rep. Econ.	125	444	62	825	1,456	821
2-Portfolio Investment	109	-5	6	-84	26	-144
Assets	-5	-17	-63	-14	-99	-32
Liabilities	114	12	69	-70	125	-112
3-Other Investment	-617	-570	190	262	-735	680
Assets	-420	-624	442	288	-314	9
Liabilities	-197	54	-252	-26	-421	671

The inflow of foreign direct investment in Pakistan increased by \$635 million (77percent) stood at \$1,456 million against \$821 million during the same period last year while the foreign direct investment abroad reflected \$198 million as against \$77 million during previous year.

A net inflow of \$125 million was recorded in portfolio investment in Pakistan during FY13 as compared to net outflow of \$112 million in the corresponding last year while the foreign portfolio investment abroad reflected \$99 million as against \$32 million during previous year. Other investment liabilities decreased by \$421 million and assets increased by \$314 million during FY13.

## Disbursement and Repayment of Loans

The inflow of foreign loans was \$2,939 million in FY13 as compared to \$3,191 million in the previous year. Of the total disbursement of long-term loans of \$2,498 million, \$2,136 million were for financing of various projects while \$138 million for non-project loans of the general government. Inflow of short term loans stood at \$441 million as against \$121 million a year ago.

	Million US\$	
	FY13	FY12
<b>Utilization of foreign loans</b>	<b>2,939</b>	<b>3,191</b>
I) Long-term	2,498	3,070
Monetaries Authorities	-	-
Government	2,274	2,633
a) Project loans	2,136	1,781
b) Non-project loans	138	852
Banks	-	-
Other Sector	224	437
II) Short-term	441	121
Government	256	-
Other Sector	185	121

	Million US\$	
	FY13	FY12
<b>Repayment of foreign loans</b>	<b>5,454</b>	<b>3,370</b>
I) Long-term	4,948	3,076
Monetary Authorities	2,538	1,155
Government	1,891	1,477
Banks	16	-
Other Sector	503	444
II) Short-term	506	294
Government	391	100
Other Sector	115	194

The repayment of loans reached \$5,454 million during the current year as against \$3,370 million in the previous year. A payment of \$4,948 million was made against long term loans, of which \$1,891 million payments made by general government including \$361 million to IMF against Standby Arrangements (SBA). The repayment of short-term loans increased to \$506 million during FY13 as against \$294 million in FY12.

### Reserves and related items

Reserve assets decreased by \$4,530 million during FY13 contrary to decrease of \$4,430 million in the preceding year. Use of fund credit repurchases/ repayments in current year increased to \$2,538 million from \$1,155million.

	<b>FY13</b>				<b>Million US\$</b>	
	<b>Jul-Sep</b>	<b>Oct -Dec</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>FY13</b>	<b>FY12</b>
	1. Reserves and related items	28	603	1,132	229	1,992
1.1 Reserve Assets	472	1,323	1,716	1,019	4,530	4,430
1.2 Use of Fund credit	-444	-720	-584	-790	-2,538	-1,155
i) Purchases/drawings	-	-	-	-	-	-
ii) Repurchases/repayments	444	720	584	790	2,538	1,155
ECF	52	53	40	39	184	255
SBA	392	667	544	751	2,354	900

Quarter-wise bifurcation of repurchases/repayments is \$52 million (SDR 34.46 million), \$53 million (SDR 34.46 million), \$40 million (SDR 25.84 million) and \$39 million (SDR 25.84 million) on account of ECF in the current year. An amount of \$2,354 million was paid against Standby Arrangements by monetary authority from the total of \$2,715 million (SDR 1,799.15 million).

## Summary Balance of

ITEM	2012		2013		Jul - Jun	
	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	2012-13	2011-12
<b>Current Account Balance</b>	<b>439</b>	<b>-522</b>	<b>-1,172</b>	<b>-1,241</b>	<b>-2,496</b>	<b>-4,658</b>
<b>Current Account Balance without off. transfers</b>	<b>372</b>	<b>-654</b>	<b>-1,284</b>	<b>-1,332</b>	<b>-2,898</b>	<b>-5,243</b>
Goods: Exports fob	6,148	6,001	6,192	6,454	24,795	24,696
Goods: Imports fob	9,809	10,296	9,886	10,235	40,226	40,461
Trade Balance	-3,661	-4,295	-3,694	-3,781	-15,431	-15,765
Services: Credit	2,176	2,060	1,202	1,295	6,733	5,035
Services: Debit	2,028	2,198	1,917	2,062	8,205	8,227
Balance on Goods & Services	-3,513	-4,433	-4,409	-4,548	-16,903	-18,957
Income: Credit	111	143	63	171	488	826
Income: Debit	807	1,166	915	1,285	4,173	4,071
Of which : Interest payments	284	343	251	362	1,240	1,633
Balance on Gds & Serv. & Inc	-4,209	-5,456	-5,261	-5,662	-20,588	-22,202
Current Transfers.: Credit	4,666	4,967	4,097	4,453	18,183	17,686
Of which:						
Workers' Remittances	3,599	3,518	3,237	3,568	13,922	13,186
Resident's FCAs	67	276	142	79	564	289
Current Transfers :Debit	18	33	8	32	91	142
<b>Capital Account</b>	<b>30</b>	<b>68</b>	<b>94</b>	<b>72</b>	<b>264</b>	<b>183</b>
Capital Account : Credit	30	68	95	73	266	186
Project Grants	23	64	93	70	250	180
Debt Forgiveness	0	0	0	0	0	0
Others	7	4	2	3	16	6
Capital Account : Debit	0	0	1	1	2	3
<b>Financial Account</b>	<b>-406</b>	<b>-156</b>	<b>115</b>	<b>996</b>	<b>549</b>	<b>1,280</b>
Direct Investment Abroad	-23	-25	-143	-7	-198	-77
Dir. Invest. In Rep. Econ.	125	444	62	825	1,456	821
Portfolio Investment Assets	-5	-17	-63	-14	-99	-32
Equity Securities	0	-2	0	2	0	-37
Debt Securities	-5	-15	-63	-16	-99	5
Portfolio Investment Liabilities	114	12	69	-70	125	-112
Equity Securities	96	34	69	-79	120	-60
Debt Securities	18	-22	0	9	5	-52
Financial Derivatives Assets	0	0	0	0	0	0
Financial Derivatives Liabilities	0	0	0	0	0	0

## Payments –Overall

(Million US Dollars)

ITEM	2012		2013		Jul – Jun	
	Jul – Sep	Oct - Dec	Jan - Mar	Apr – Jun	2012-13	2011-12
Other Investment Assets	-420	-624	442	288	-314	9
Monetary Authorities	0	0	0	0	0	0
General Government	4	-2	-3	-1	-2	3
Banks	-285	-418	453	124	-126	-91
Other Sector	-139	-204	-8	165	-186	97
Other Investment Liab.	-197	54	-252	-26	-421	671
Monetary Authorities	0	-2	-3	715	710	-105
General Government	17	312	-172	91	248	998
Disbursements	398	1,008	499	625	2,530	2,633
Long-term	398	752	499	625	2,274	2,633
Project loans	364	700	490	582	2,136	1,781
Program loans	34	52	9	43	138	852
Short-term	0	256	0	0	256	0
Commercial loans	0	0	0	0	0	0
IDB loans	0	256	0	0	256	0
Amortization	381	696	671	534	2,282	1,577
Long-term	381	435	541	534	1,891	1,477
Short-term	0	261	130	0	391	100
Other Liabilities	0	0	0	0	0	-58
Banks	-310	-28	-1	-778	-1,117	220
Other Sector	96	-228	-76	-54	-262	-442
Disbursements	153	136	82	38	409	558
Amortization	87	273	107	151	618	638
Other Liabilities	30	-91	-51	59	-53	-362
<b>Net Errors and Omissions</b>	<b>-91</b>	<b>7</b>	<b>-169</b>	<b>-56</b>	<b>-309</b>	<b>-80</b>
<b>Overall Balance</b>	<b>-28</b>	<b>-603</b>	<b>-1,132</b>	<b>-229</b>	<b>-1,992</b>	<b>-3,275</b>
<b>Reserves and Related Items</b>	<b>28</b>	<b>603</b>	<b>1,132</b>	<b>229</b>	<b>1,992</b>	<b>3,275</b>
Reserve Assets	472	1,323	1,716	1,019	4,530	4,430
Use of Fund Credit and Loans	472	1,323	1,716	1,019	4,530	4,430
Purchases	0	0	0	0	0	0
Repurchases	-444	-720	-584	-790	-2,538	-1,155
Exceptional Financing	0	0	0	0	0	0
SBP Reserves	444	720	584	790	2,538	1,155