###### Current Account Deficit (CAD) of Pakistan touched $13,434 million during FY19 as compared to a deficit of $19,195 million during FY18. The break-up of CAD is as follows:



**REVIEW ON PAKISTAN’S BALANCE OF PAYMENTS – FY19**

1. Trade in Goods shows a deficit of $27,612 million decreased by $3,291 million as compared to corresponding period last year.
2. Trade in Services is in deficit of $4,970 million decreased by $1,456 million.
3. Primary Income witnessed a deficit of $5,610 million increased by $173 million as compared to last year.
4. Secondary income revealed a surplus of $24,758 million increased by $1,187 million as compared to last year.

During FY19, net receipts of $229 million have been recorded in capital account. Net borrowing of current and capital account touched $13,205 million whereas, financial account net of reserves related items showed a net inflow of $11,759 million during FY19 decreased by 13.6%.

**TRADE IN GOODS**



###### Trade in goods balance shows a deficit of $27,612 million decreased by 10.6% during FY19 as compared to $30,903 million a year earlier. Exports reached $24,257 million during FY19, decreased by 2.1% from $24,768 million a year earlier. Imports decreased by $3,802 million from $55,671 million in FY18 to $51,869 million during FY19. General Merchandise Exports[[1]](#footnote-1) decreased by $511 million to reach $24,241 million as compared to $24,753 million recorded during corresponding period last year. The imports payments reported by banks decreased by $4,155 million to reach $50,293 million during FY19 as compared to $54,448 million a year earlier. During FY19, Imports on FOB[[2]](#footnote-2) basis touched $51,869 million decreased by 6.8% as compared to $55,671 million recorded during FY18.

**EXPORTS BY COMMODITY AND COUNTRY**

Export receipts by commodity groups during FY19 along with FY18 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 56.8% of total exports receipts during FY19 as they earned $13,659 million with a growth of 1.5%. Vegetable products witnessed the second largest share of 14.1% of the total export receipts increased by 10.9% from $3,051 million in FY18 to $3,385 million during FY19.

The country-wise comparison of exports receipts during FY19 with FY18 is shown in Figure 1. USA, China, UK, UAE and Germany remained top five destinations of country’s exports and witnessed 43.1% share of total exports. Exports to USA have been 16.8% of total exports increased by 4.5% as compared to last year, exports to China has second largest share i.e. 7.7% of total exports increased by 6.1% as compared to last year. Exports to UK also remained 7.3% of total exports.

**IMPORTS BY COMMODITY AND COUNTRY**

Import payments by commodity groups during FY19 along with FY18 are shown in Table 4[[3]](#footnote-3).



Commodity-wise analysis of import payments reveals that 31.0% of overall import payments were made for minerals products which increased by 6.6% from $14,617 million in FY18 to $15,580 million in FY19. Machinery and mechanical appliances group shared 12.9% of total import payments decreased by 22.8% from $8,420 million in FY18 to $6,500 million in FY19. Minerals products, machinery and mechanical appliances and products of chemical or allied industries groups shared 56.2% of the total imports payments during FY19.



The country-wise comparison of import payments to major countries during FY19 with FY18 is shown in Figure 2. During FY19, major chunk of import payments i.e. $27,447 million (54.6% of total import payments) were made to China, UAE, Singapore, Saudi Arabia and USA.

**TRADE IN SERVICES**



The trade in services balance showed a deficit of $4,970 million as against a deficit of $6,426 million a year earlier.

**EXPORT OF SERVICES**

Export of services increased by 2.0% from $5,851 million in FY18 to $5,966 million in FY19. Sectoral analysis reveals that other business services shares 26.3% of overall export of services increased by 16.1% as compared to last year. The second largest share is 21.0% held by government goods and services decreased by $9 million or 0.7% as compared to last year. Telecommunication, Computer and Information services shared 20.0% of total export of services, which is the third highest and increased by $125 million as compared to last year.

**IMPORT OF SERVICES**

Import of services stood at $10,936 million decreased by 10.9% from $12,277 million reported in FY18. The analysis shows that reduction of $1,341 million in payments has mainly been due to decline of 25.3% in travel services which reduced to $1,709 million in FY19 from $2,289 million in FY18. Transport, Other Business and Travel services shared 71.7% of total import of services.

**PRIMARY INCOME**



Primary income account showed a deficit of $5,610 million during FY19 increased by 3.2% from $5,437 million a year earlier. Net inflow of compensation of employees decreased to $117 million in the current year from $123 million in FY18. During the period under review, net payments to direct investors decreased by $284 million from $3,200 million in FY18 to $2,916 million in FY19. Portfolio investment income and other investment income posted net outflows of $673 million and $2,281 million respectively during FY19. Besides, income from Reserves assets increased from $112 million in FY18 to $143 million during the period under review.

**SECONDARY INCOME**



Secondary income (Net) recorded as $24,758 million during FY19, increased by 5.0% from $23,571 million reported in FY18. During current year, Pakistani expatriates sent $21,740 million to Pakistan increased by 9.2% as compared to corresponding period last year.

**FINANCIAL ACCOUNT**



The financial account net inflows touched $11,759 million reflecting a decrease of 13.6% during FY19 as against of $13,611 million in FY18. Foreign Direct Investment in Pakistan decreased by $1,420 million (with a decline of 51.0%) to reach $1,362 million for the period under review as against $2,782 million recorded during last year. A net outflow of $1,418 million (including a payment of $1,000 million under Euro bonds) recorded in portfolio investment in Pakistan during FY19 as compared to net inflow of $2,209 million in FY18. Other investment liabilities increased by 30.2% to reach $11,530 million from $8,855 million in FY18. Other investment assets have however, decreased from $273 in FY18 million to ($67) million during FY19.

**DISBURSEMENTS AND REPAYMENTS OF LOANS**

During FY19, inflows of $10,406 million were recorded under foreign loans decreased by $1,500 million as compared to $11,906 million in FY18. During current year, $6,610 million long term loans were disbursed to the government out of which $2,673 million were disbursed to finance various projects in Pakistan whereas $3,937 million were disbursed as non-project loans. Inflows of short-term loans decreased from $2,304 million in FY18 to $2,287 million in FY19. The major share in short-term loans pertains to government which decreased by $80 million during FY19 as compared to FY18.



During the period under review, $7,268 million loans were repaid as compared to $5,086 million repaid in FY18. Payments of $5,154 million were made against long-term loans of which $4,444 million were repaid against government loans. The short-term loan repayments increased by $253 million from $1,861 million in FY18 to $2,114 million during the current year of which $1,538 million has been paid against government loans.

**RESERVES AND RELATED ITEMS**



Reserve assets decreased by $1,880 million during FY19 as against a decrease of $6,227 million in previous year.

Further, during FY19, $376 million has been paid to IMF against Use of Fund credit and loans. Resultantly, reserves and related items decreased by $1,504 million in FY19.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Summary Balance of Payments** |  | |  |  |  | |  |  | |
| **Million US$** |  | |  |  |  | |  |  | |
|  |  | |  |  |  | |  |  | |
| **Items** | **2018** | | | **2019** | | | **Jul-Jun** | | |
| **Jul - Sep** | **Oct - Dec** | | **Jan - Mar** | | **Apr – Jun** | **2018-19** | | **2017-18** |
|  |  |  | |  | |  |  | |  |
| **Current Account Balance** | **-4,112** | **-4,211** | | **-1,961** | | **-3,150** | **-13,434** | | **-19,195** |
| **Current Account Balance without Official Transfers** | **-4,394** | **-4,368** | | **-2,085** | | **-3,330** | **-14,177** | | **-20,165** |
| Exports of Goods FOB | 5,893 | 5,972 | | 6,186 | | 6,206 | 24,257 | | 24,768 |
| Imports of Goods FOB | 13,904 | 13,598 | | 11,810 | | 12,557 | 51,869 | | 55,671 |
| ***Balance on Trade in Goods*** | ***-8,011*** | ***-7,626*** | | ***-5,624*** | | ***-6,351*** | ***-27,612*** | | ***-30,903*** |
| Exports of Services | 1,471 | 1,549 | | 1,546 | | 1,400 | 5,966 | | 5,851 |
| Imports of Services | 2,883 | 2,752 | | 2,419 | | 2,882 | 10,936 | | 12,277 |
| ***Balance on Trade in Services*** | ***-1,412*** | ***-1,203*** | | ***-873*** | | ***-1,482*** | ***-4,970*** | | ***-6,426*** |
| ***Balance on Trade in Goods and Services*** | ***-9,423*** | ***-8,829*** | | ***-6,497*** | | ***-7,833*** | ***-32,582*** | | ***-37,329*** |
| Primary Income Credit | 168 | 156 | | 142 | | 112 | 578 | | 726 |
| Primary Income Debit | 1,236 | 1,647 | | 1,318 | | 1,987 | 6,188 | | 6,163 |
| ***Balance on Primary Income*** | ***-1,068*** | ***-1,491*** | | ***-1,176*** | | ***-1,875*** | ***-5,610*** | | ***-5,437*** |
| ***Balance on Goods, Services and Primary Income*** | ***-10,491*** | ***-10,320*** | | ***-7,673*** | | ***-9,708*** | ***-38,192*** | | ***-42,766*** |
| Secondary Income Credit | 6,453 | 6,166 | | 5,765 | | 6,606 | 24,990 | | 23,800 |
| General Government | 284 | 163 | | 128 | | 186 | 761 | | 1,007 |
| Current International Cooperation | 33 | 40 | | 35 | | 21 | 129 | | 202 |
| Other Official Current Transfers | 251 | 123 | | 93 | | 165 | 632 | | 805 |
| Financial Corporations, NFC\*, Households and NPISHs | 6,169 | 6,003 | | 5,637 | | 6,420 | 24,229 | | 22,793 |
| Workers' Remittances | 5,537 | 5,451 | | 5,044 | | 5,708 | 21,740 | | 19,914 |
| Other Personal Transfers | 0 | 0 | | 0 | | 0 | 0 | | 0 |
| Other Current Transfers | 632 | 552 | | 593 | | 712 | 2,489 | | 2,879 |
| Secondary Income Debit | 74 | 57 | | 53 | | 48 | 232 | | 229 |
| ***Balance on Secondary Income*** | ***6,379*** | ***6,109*** | | ***5,712*** | | ***6,558*** | ***24,758*** | | ***23,571*** |
| ***Capital Account Balance*** | ***98*** | ***35*** | | ***26*** | | ***70*** | ***229*** | | ***376*** |
| Capital Account Credit | 98 | 35 | | 26 | | 70 | 229 | | 376 |
| Capital Account Debit | 0 | 0 | | 0 | | 0 | 0 | | 0 |
| **Net Lending (+) / Net Borrowing (–)** | **-4,014** | **-4,176** | | **-1,935** | | **-3,080** | **-13,205** | | **-18,819** |
| **Financial Account** | **-2,753** | **-3,217** | | **-5,383** | | **-406** | **-11,759** | | **-13,611** |
| **Direct Investment** | **-392** | **-133** | | **-392** | | **-519** | **-1,436** | | **-2,772** |
| Direct Investment Abroad | -5 | -19 | | 12 | | -62 | -74 | | 10 |
| Equity and Investment Fund Shares\*\* | -5 | -19 | | 12 | | -63 | -75 | | 8 |
| Debt Instruments | 0 | 0 | | 0 | | 1 | 1 | | 2 |
| Direct Investment in Pakistan | 387 | 114 | | 404 | | 457 | 1,362 | | 2,782 |
| Equity and Investment Fund Shares\*\* | 337 | 121 | | 351 | | 333 | 1,142 | | 2,683 |
| Debt Instruments | 50 | -7 | | 53 | | 124 | 220 | | 99 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Items** | **2018** | | **2019** | | **Jul-Jun** | |
| **Jul - Sep** | **Oct - Dec** | **Jan - Mar** | **Apr – Jun** | **2018-19** | **2017-18** |
| **Portfolio Investment** | **140** | **168** | **-22** | **988** | **1,274** | **-2,257** |
| Portfolio Investment Abroad | -45 | -66 | -13 | -20 | -144 | -48 |
| Equity and Investment Fund Shares | 1 | 0 | 0 | 0 | 1 | -18 |
| Debt Securities | -46 | -66 | -13 | -20 | -145 | -30 |
| Portfolio Investment in Pakistan | -185 | -234 | 9 | -1,008 | -1,418 | 2,209 |
| Equity and Investment Fund Shares | -185 | -234 | 10 | -6 | -415 | -239 |
| Debt Securities | 0 | 0 | -1 | -1,002 | -1,003 | 2,448 |
| **Financial Derivatives and Employee Stock Options** | **0** | **0** | **3** | **-3** | **0** | **0** |
| **Other Investment** | **-2,501** | **-3,252** | **-4,972** | **-872** | **-11,597** | **-8,582** |
| **Net Acquisition of Financial Assets** | **-205** | **-203** | **332** | **9** | **-67** | **273** |
| Central Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposit Taking Corporations | -295 | -152 | 448 | -93 | -92 | -322 |
| General Government | 2 | 5 | 34 | 7 | 48 | 41 |
| Other Sector | 88 | -56 | -150 | 95 | -23 | 554 |
| **Net Incurrence of Liabilities** | **2,296** | **3,049** | **5,304** | **881** | **11,530** | **8,855** |
| Central Bank | 1 | 1,998 | 2,995 | 501 | 5,495 | 1,548 |
| Deposit Taking Corporations | 89 | 412 | 67 | -101 | 467 | -109 |
| **General Government** | **1,879** | **-58** | **2,216** | **257** | **4,294** | **4,894** |
| **Disbursements** | **1,255** | **1,119** | **3,543** | **2,338** | **8,255** | **8,507** |
| Credit and Loans with the IMF | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Long Term | 667 | 784 | 3,277 | 1,882 | 6,610 | 6,782 |
| Short Term | 588 | 335 | 266 | 456 | 1,645 | 1,725 |
| **Amortization** | **1,376** | **1,177** | **1,337** | **2,092** | **5,982** | **4,107** |
| Credit and Loans with the IMF | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Long Term | 778 | 565 | 1,170 | 1,931 | 4,444 | 2,619 |
| Short Term | 598 | 612 | 167 | 161 | 1,538 | 1,488 |
| **Other Liabilities (Net)** | **2,000** | **0** | **10** | **11** | **2,021** | **494** |
| **Other Sector** | **327** | **697** | **26** | **224** | **1,274** | **2,522** |
| Disbursements | 762 | 1,032 | 223 | 510 | 2,527 | 3,485 |
| Amortization | 443 | 360 | 226 | 257 | 1,286 | 979 |
| Other Liabilities (Net) | 8 | 25 | 29 | -29 | 33 | 16 |
| **Net Errors and Omissions** | **441** | **-245** | **-88** | **-166** | **-58** | **-933** |
| **Overall Balance** | **820** | **1,204** | **-3,360** | **2,840** | **1,504** | **6,141** |
| **Reserves and Related Items** | **-820** | **-1,204** | **3,360** | **-2,840** | **-1,504** | **-6,141** |
| Reserve Assets | -904 | -1,246 | 3,235 | -2,965 | -1,880 | -6,227 |
| Use of Fund Credit and Loans | -84 | -42 | -125 | -125 | -376 | -86 |
| Exceptional Financing | 0 | 0 | 0 | 0 | 0 | 0 |
| **SBP Gross Reserves** | **10,336** | **9,089** | **12,371** | **9,301** | **9,301** | **11,341** |
| \* 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)