

INTRODUCTION

Export receipts is an important segment in the compilation of Pakistan's Balance of Payments estimates, which is based mainly on the proceeds of exports and major portion of it depends on the report of foreign exchange transactions submitted by banks through monthly International Transactions Reporting System (ITRS). The money value against shipments of goods abroad is either realized in foreign exchange or through non-resident's Pak. Rupee accounts. 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 non-residents. The banks (i.e., the authorized dealers in foreign exchange) report each transaction in the currency of settlement. For purposes of aggregation, the amounts received in foreign currencies have been converted to Pak. Rupees at the monthly average rates prevailing during the respective periods. Consequent upon de-linking of Pak. Rupee from U.S. Dollars effective from 8th February 1982 transactions have been converted at midpoint of buying and selling rates.

The timing of transactions is related to the realization of money and not the movement/ transfer of ownership of goods across Pakistan's international borders. For example, if a non- resident buyer makes an advance payment for purchase of cotton ahead of the normal export season, the Statistics & DWH Department records it a receipt from exports as soon as a bank account is credited although the actual shipment(s) may take place later. Similarly, if Pakistan enters into a deferred payments agreement with a non-resident, 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. Between these two extremes, majority of transactions are financed by usance bills that can have maturity within 180 days and accordingly the export proceeds lag behind the physical movement of commodities. This also holds good for merchandise sold on consignment basis.

For purposes of exchange record, the valuation depends on the terms of contract. Most of the consignments are settled through 'free on board' (f.o.b.) basis but in some cases goods are shipped on 'cost, insurance and freight' (c.i.f.) basis. 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 elements of insurance and freight from c.i.f. proceeds and adjustment of coverage and timing from the total recorded figures of exports. This sophistication is, however, not possible for individual commodities and as such the figures presented here are 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 of information released by the Pakistan Bureau of Statistics, Government of Pakistan. Over longer period, however, these differences may tend to minimize.

Up to 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 include the amount realized against 86 other commodities. The list was again enlarged in July, 1967 and further elaborated in July, 1970 to cover 141 commodities. From July, 1972 a three digit modified form of the Pakistan Standard Trade Classification (PSTC) was adopted for compilation of

export receipt. From July, 1984 the commodity list was 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 is compiled according to Harmonized System of classification (HS). 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. HS Coding System was developed under the auspices of the Customs Cooperation Council (CCC) now known as the World Customs Organization (WCO). As per HS classifications, commodities are classified into the following twenty one sections:-

<u>Section</u>	<u>Description</u>	<u>Section</u>	<u>Description</u>
1	Live Animals; Animals Products	12	Footwear, Headgear, Umbrellas, Walking Sticks etc,
2	Vegetable Products	13	Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials
3	Animal or Vegetable Fats, Oils & Waxes	14	Natural or Cultured Pearls, Precious or Semi Precious Stones, Metals
4	Prepared Foodstuffs; Beverages, Spirits, Vinegar and Tobacco	15	Base Metals and Articles or Base Metal
5	Mineral Products	16	Machinery and Mechanical Appliances, Electrical Equipment & Appliances
6	Products of Chemical or Allied Industries	17	Vehicles, Aircraft, Vessels and Associated Transport Equipment
7	Plastics and Articles thereof; Rubber and Articles thereof	18	Optical, Photographic, Measuring, Checking, Precision Medical or Surgical Instruments
8	Raw Hide and Skins, Leather, Fur Skins and Articles thereof		
9	Wood and Articles of Wood	19	Arms and Ammunition; Parts and Accessories thereof
10	Pulp of Wood or Other Fibrous Cellulosic Material	20	Miscellaneous Manufactured Articles
11	Textiles and Textile Articles	21	Works of Arts, Collectors, Pieces, Antiques and Special Transaction NES

The exports for which payments are not received during the reference month are not covered in reporting by banks. Moreover, export through land borne trade is not fully covered in export receipts of banking channel. For export of goods used in balance of payments statistics, the component of freight and insurance is subtracted, outstanding export bills and other items unaccounted for are added to the export receipts realized by the banks during the reference period. The export of goods used in BOP is not comparable with the "Exports" released by Pakistan Bureau of Statistics based on data provided by customs authorities due to difference in timing, coverage and valuation. The exports of goods under BPM5 include goods for processing, repair of goods and purchase of goods at ports. However, commodity-wise and country-wise details are provided only for export receipts in the relevant statements and the remaining exports are reported as lump sum amount.

This publication provides major developments in export of goods and services in the chapter “*Summary Tables*”. These tables provide a synopsis of major export of goods and services, receipts of goods and services from major trading partners, regions, group of countries and also illustrated with the help of various graphs.

Due to the increasing tendency of trade agreements to cover services as well as goods and the need for statistics to support implementation of these agreements, it was decided to include data on export of services in the publication. The data will help the government and policy makers in planning and promoting trade in services. The data on trade in services that take place between residents and non-residents is compiled according to the definitions and classification of the Balance of Payments Manual 5th edition (BPM5) of IMF. The classification provides a coherent structure of the services sector which facilitates analytical studies and bilateral comparisons of particular components or overall transactions in the sector. The BPM5 classification of services sector has been classified into the following eleven standard components:

<u>Sr. No.</u>	<u>Services Sector</u>	<u>Sr. No.</u>	<u>Services Sector</u>	<u>Sr. No.</u>	<u>Services Sector</u>
1	Transportation Services	2	Travel Services	3	Communication Services
4	Construction Services	5	Insurance Services	6	Financial Services
7	Computer & Information Services	8	Royalties and License fees	9	Other Business Services
10	Personal, Cultural & Recreational Services	11	Government Services		

Structure of the publication is as follows:-

Statement-3.1.1 shows Export of Goods by Commodity and Services by Type in equivalent Pak. Rupees.

Statement-3.1.2 shows Export of Goods by Commodity and Services by Type in equivalent U.S. Dollars.

Statement-3.2 shows Export of Goods and Services by Country.

Statement-3.3 shows Export of Goods by Country / Commodity and Services by Country / Type.

Statement-3.4 shows Export of Goods by Commodity / Country and Services by Type / Country, is only available at SBP website.

The values are rounded off to million in the “*Summary Tables*” and to thousand in other statements in the publication. Totals and subtotals may show slight difference due to rounding off. The columns “% Share to Total”, “Growth” and “% Change” is based on complete floating decimal values.