

## INTRODUCTION

This is the 10<sup>th</sup> issue of “Imports of Goods and Services” covering data for the financial year 2016-17. The publication provides annual estimates of Pakistan’s imports of goods and services compiled by the State Bank of Pakistan (SBP). *Goods are physical, produced items over which ownership rights can be established and whose economic ownership can be passed from one institutional unit to another by engaging in transactions.* Imports of goods cover payments for movement all these transactions to non-residents. *Services are the result of a production activity that changes the conditions of the consuming units, or facilitates the exchange of products or financial assets. Services are not generally separate items over which ownership rights can be established and cannot generally be separated from their production.* Services are intangible deliveries and their main features are that they are neither transferred nor storable. Imports of services include the payments for services performed by the nonresidents for residents.

Major part of the imports data compiled by SBP are reported by authorized dealers in foreign exchange thorough International Transaction Reporting System (ITRS) and are on mixed f.o.b. (free on board), CFR and c.i.f.(cost insurance and freight) basis. The BOP estimates are arrived at a uniform f.o.b. valuation as recommended by BPM6 by deducting the element of freight and insurance estimated at 8% up to FY11, 6% from FY12 to FY15 and 3.5% from Jul FY16 onwards of total import payments and adding the imports not covered by the banking channel i.e. imports financed by loans, suppliers & other credits, grants etc. Estimates of imports of capital goods supplied to Pakistani branches or subsidiaries from the parent companies abroad based on annual survey of foreign investment are also covered. Information on imports under personal baggage, sales of duty free shops, land borne imports from Afghanistan and imports of Export Processing Zone (EPZ) from the rest of world are also included.

Data compiled by Pakistan Bureau of Statistics (PBS) are based on flow of commodities crossing Pakistan Custom’s boundaries. The BOP imports are on f.o.b. basis whereas PBS releases imports on c.i.f. basis. The category of General Merchandise in BOP is comparable with the “Imports” released by Pakistan Bureau of Statistics based on data provided by customs authorities. Under sixth edition of the IMF’s Balance of Payments Manual (BPM6), Goods procured in ports by carriers are also added in imports under General Merchandise. Owing to difference in coverage, timing, valuation and classification of exchange record vis- à-vis customs records, the figures in this publication are likely to differ from those released by the Pakistan Bureau of Statistics, Statistics Division of the Ministry of Economic Affairs and Statistics. Over longer intervals, however, these differences will tend to minimize. Due to rounding off separate items, totals may show minor differences.

From April 2003 data of imports payments is being compiled on Harmonized System (HS) of classification. HS Coding System was developed under the auspices of the Customs Cooperation Council (CCC) now known as the World Customs Organization (WCO). It is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes. The HS comprises codes and descriptions of goods that appear as headings and subheadings, arranged in 99 chapters, grouped in 21 sections:

1. Live Animal; Animals Products
2. Vegetable Products
3. Animal or Vegetable Fats, oils & Waxes
4. Prepared Foodstuffs; Beverages, Spirits, Vinegar and 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. Footwear, 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 or 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, Antiques and Special Transaction NES

HS commodity classification is available at the website of FBR at <http://www.fbr.gov.pk/>.

Due to increasing tendency for 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 imports of services in the publication. The data on trade in services that takes place between residents and non-residents is compiled according to the definitions and classification of the 6<sup>th</sup> Manual of Balance of Payments (BPM6) 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. BPM6 classification of services sector has the following 12 standard components:

1. Manufacturing services on physical inputs owned by others
2. Maintenance and repair services n.i.e.
3. Transport
4. Travel
5. Construction
6. Insurance and pension services
7. Financial services
8. Charges for the use of intellectual property n.i.e.
9. Telecommunications, computer, and information services
10. Other business services
11. Personal, cultural, and recreational services
12. Government goods and services n.i.e

Structure of the publication is as follows:

First chapter of “summary” shows the aggregate figures presented in million US dollar with graphs.

*Statement 1* shows the overall figures of import of goods and services by commodities and type in equivalent Pak rupees and US dollars. The statement is further bifurcated into various regional groups based on similar interests.

*Statement 2* shows the overall figures of import of goods and services by countries.

*Statement 3* shows the overall imports of goods by commodities and services by type from each country.

*Statement 4* shows overall imports of goods and services by countries / commodity and country / type.

*Statement 5* shows commodity by country matrix of major countries and commodities.

Appendix A shows the list of countries included in groups based on similar interests while Appendix B shows the regional groups of countries.