EMERGING
PAKISTAN

PAKISTAN BUSINESS NEWSLETTER

Issue: March 2018

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IN THE ISSUE

Pakistan - Canada Bi-lateral trade

February 2018

Pakistan's exports to Canada continued its rising streak, increasing by 7.4% in February 2018 as compared to corresponding month of last year. However, Canadian exports suffered a dip of 16% in the same period.

C$ million

	Feb 2017	Feb 2018	% change
Pakistan's exports to Canada	28.2	30.3	7.4%
Pakistan's imports from Canada	69.8	58.6	(16%)

Source: Trade Data Online

Textile had been the major export product of Pakistan to Canada followed by leather gloves and garments and food products.

Canada's top exported products include Colza seeds, lentils / pulses followed by machinery and mechanical appliances to Pakistan.

Exports continue to grow since June last year: Ministry of Commerce

12 March 2018

Since June 2017, exports have continued to rise. During February 2018, exports have achieved the highest monthly growth yet in the fiscal year, by posting 16% increase in dollar terms and 22% increase in rupee terms, in comparison to the exports in February 2017.

The current year's export performance has already contributed additional forex inflows of around USD 1.5 billion during the first eight months and is expected to reach the figure of additional USD 2.5 billion, during 2017-18. This increase in economic activity in the external sector reflects an increase of 0.8% of GDP. This means an additional Rs. 280 billion in incomes to trade, industry, agricultural sectors, helping to create more jobs for the public in the process.

These results, sources say, have been achieved due to the export-friendly policies and incentives of the government and the renewed efforts towards seeking better market access by the Ministry of Commerce. The positive trend in the international demand and exchange rate correction are also expected to help sustain this rising trend in the coming months.

Imports have also responded to the steps taken to check the surge in consumer goods inflows since the past few years. The imposition of Regulatory Duties on 355 non-essential consumer items by ECC on the proposal by Ministry of Commerce resulted in reduction in the imports of these goods by 16%, while the FBR revenue registered an increase.

However, since a large chunk of imports comprise of essential goods such as fuels and edible oil, which has been affected by the rising trend since July 2017, the impact of reduced imports of non-essentials, is being offset. The imports of machinery and raw materials, essential for economic growth, also contribute to the gap in the balance of trade.

However, despite all these pressures, the increase in imports has been only 9.7% during February 2018 as compared to February 2017, bringing down the trade deficit by 21% from USD -3636m in Jan 2018 to USD -2895m in February 2018.

INTERNATIONAL
THE NEWS

Textile exports up 7.2 percent to $8.8bln in eight months

21 March 2018

KARACHI: Textile exports rose 7.2 percent to $8.79 billion during the first eight months of the current fiscal year of 2018 as value-added sector continued to post recovery in foreign earnings, official data showed on Tuesday. Textile exports, accounting for around 60 percent of the country's total exports, amounted to $8.21 billion in the corresponding period of the last fiscal year, Pakistan Bureau of Statistics (PBS) data showed.

Exports have been on the downward trend for the last four years, but trade enhancement package worth Rs180 billion comprising rebates and tax concessions announced in January last year encouraged exporters to vie for additional shares in the international market.

In July-February, knitwear exports recorded the highest 13.3 percent growth in the value-added sector, fetching $1.76 billion in exports revenue. Export of readymade garments rose 13.1 percent to $1.69 billion in the period under review. Bedwear exports increased 4.5 percent to $1.48 billion. Export of cotton cloth, however, remained flat at $1.43 billion in the first eight months.

In February, textile exports rose 7.14 percent year on year (YoY), but they fell 1.81 percent month on month (MoM). Value-added textile sector could not keep up the uptrend during the month as compared to the previous month.

Exports of knitwear increased 13.43 percent YoY, but decreased 9.11 percent MoM. Bedwear export declined 3.27 percent YoY and 5.24 percent MoM. Exports of readymade garments increased 7.8 percent YoY, but decreased 8.7 percent MoM. Cotton cloth export improved 13 percent in February over the same month a year earlier, but it inched down 3.4 percent over January.

PBS data further showed that food exports climbed 21.7 percent to $2.84 billion in July-February over the corresponding period last fiscal year. The key exportable item in the food group is rice that earned the country $1.26 billion during the first eight months of FY2018, up 22.1 percent over the comparable period of FY2017.

Exports from manufacturing group, comprising sports goods, carpets, leather products, engineering goods and fertiliser rose 10.4 percent to $2.22 billion in the July-February period.

Total exports, during the eight months, jumped 11.6 percent to $14.85 billion, while imports soared 17.1 percent to $39.1 billion in the period under review. PBS data showed that alone oil import payment accounted for 23 percent of total import bills in July-February. Pakistan spent $9.014 billion on imports of petroleum products, crude and liquefied natural and petroleum gases, up a staggering 35 percent over the corresponding period a year earlier.

Though machinery imports were the second biggest head with $7.56 billion of import bills, they fell 3.2 percent in July-February over the same period a year ago. Imports of fertiliser, insecticides, plastic materials, medicinal products and others under agricultural group increased 17.21 percent to $5.68 billion.

The country coughed up $4.22 billion on food imports in the period under review, up 6.32 percent over the same period earlier. Furthermore, metal group imports amounted to $3.46 billion, followed by transports ($2.91 billion) and textile group, consisting of raw cotton, synthetic fibre and worn clothing ($2.15 billion).

DAWN

US renews GSP scheme for Pakistan

13 March 2018

ISLAMABAD: The US House of Representatives has passed a bill to renew the Generalised System of Preferences (GSP) scheme allowing duty free access for goods from 120 countries including Pakistan for the next three years. The scheme expired on December 31, 2017. The Bill now provides an extension up to December 2020.

A senior official in the commerce ministry told Dawn that this was the first hurdle in the renewal of the package. Now, the bill will be presented in the US Senate for a passage. After the passage of the bill, US president Donald Trump will sign it into a law.

On Oct 25, USTR announced to implement the 15 eligibility criteria of the GSP established by the US Congress. Most of these include respecting arbitral awards in favour of US citizens or corporations, combating child labour, respecting internationally recognised worker rights, providing adequate and effective intellectual property protection, and providing the United States with equitable and reasonable market access.

According to the official, the 120 beneficiary countries will now require compliance of the eligibility criteria. However, the commerce ministry official claimed that Pakistan is compliant in all these areas. It is worth mentioning that the beneficiary 120 countries have also established a GSP alliance in Washington, according to the official. This alliance is also in contact with Washington, he added.

In 2015, when the GSP scheme was revived with retrospective status, it was estimated to get maximum utilisation of available concessions. However, data shows the utilisation of the scheme was very limited over the past years.

Official data shows that in the FY16 Pakistan's GSP exports stood at $247 million, up from $180.5m in the previous year. The official said the utilisation is improving and it will further improve following the depreciation of Pakistani currency. GSP-based exports account for 5 per cent of Pakistan's total exports to the USA. Non-GSP exports to USA stood at $3.4 billion in the year 2016-17.

BUSINESS RECORDER
Founded by M. A. Zuberi

Growth in tax revenues

6 March 2018

Tax revenues have shown buoyancy in the first half of 2017-18. The overall growth rate in these revenues of the federal and provincial governments combined is 16 percent. During the corresponding period of 2016-17, the growth rate was substantially lower at only 6 percent. If this buoyancy continues then there will be a significant increase in the tax-to-GDP ratio this year.

The basic question is what explains this buoyancy in tax revenues? Is it due to heavy taxation proposals in the budget of 2017-18 or the result more of rapid expansion in tax bases? Has tax administration visibly improved, especially of the Federal Board of Revenue (FBR)?

There are some special features of the high growth in tax revenues. First, Provincial taxes have demonstrated more buoyancy with a growth rate of 21 percent, as compared to the increase in Federal tax revenues of 16 percent. In particular, the provincial sales tax on services continues to show rapid growth since its levy over five years ago. The efforts of the Sindh Revenue Board and the Punjab Revenue Authority must be recognized.

Second, the performance in the first quarter of 2017-18 was exceptional. National tax revenues showed a very high growth rate of over 21 percent. This growth rate has fallen sharply in the second quarter to below 13 percent. This does not auger well for the rest of the year.

Third, despite the high growth there is still a shortfall with respect to the budget estimates for 2017-18. Federal tax revenues were targeted to show growth of 19 percent. With the actual increase of 16 percent, there is potentially a shortfall of almost 84 billion. This could rise if there is no improvement over the performance in the second quarter.

Fourth, of particular concern is the fact that direct taxes of the federal and provincial governments combined have demonstrated a substantially lower growth rate of 15 percent as compared to 20 percent in the case of indirect taxes. This continues to have negative implications on the regressivity of the tax burden in Pakistan.

Fifth, FBR is by far the major contributor to tax revenues in the country with a share of 84 percent. As such, the dynamism in revenues is largely due to enhanced collection by FBR. The performance is very close to target. FBR was expected to show an increase of 19 percent in 2017-18. In the first eight months of the year, it has managed to raise revenues by almost 18 percent. Here again, the efforts of the management team in FBR should be appreciated.

Coupled with the rapid expansion in the tax base is the enhancement in the tax rates. Regulatory duties, ranging from 2 percent to 80 percent, were levied on 731 import items in October 2017. On top of this, the rupee was devalued by 5 percent in December 2017, leading to a further increase in the tax base.

BUSINESS RECORDER
Founded by M. A. Zuberi

Performance of the banking sector

28 March 2018

According to the latest Quarterly Performance Review (QPR) of the banking sector for the quarter ended 31st December, 2017, released by the State Bank of Pakistan, improving asset quality, stable liquidity, robust solvency and slow pick-up in private sector advances were the key developments during the last quarter of CY17. The asset base of the banking sector had expanded by 4.5 percent during the quarter. Strong demand from textile and cement sectors had improved gross advances to private sector by 7.3 percent on a quarterly basis and 16.4 percent on a yearly basis despite retirement of credit in chemical and pharmaceutical sectors. Besides, banks had mostly invested in short-term MTBs while investment in PIBs and Sukuk had declined. Moderate growth in deposits and higher inter-bank borrowings had supported the funding needs of banks.

The risk profile of the banking sector had remained satisfactory and moderation in profitability and asset quality had improved as NPLs to gross loans (infection) rate was recorded at only 8.4 percent at the end of December, 2017, touching the lowest level in a decade. The banking sector earned profits (before tax) of Rs 266.8 billion during October-December, 2017, with an ROA of 1.6 percent and an ROE of 19.5 percent. Net Interest Income (NII) had improved due to high growth in advances during the last few years while Capital Adequacy Ratio (CAR) of the banking sector had gone up to 15.8 percent which is well above the minimum required CAR of 11.275 percent.

The news that almost all the indicators of the banking sector are showing a robust performance is a very healthy development for the economy of the country. This is so because the banking sector plays a critical role in mobilising savings from households spread all over the country and placing them at the disposal of entrepreneurs. The efficiency with which it could play the role of financial intermediation between savers and investors would determine the rate of economic growth of a country and its employment generating potential.

Another positive development is that Pakistan's banking system is not far behind the developed countries' in promoting innovative techniques and upgrading skill level within the banking system. Efforts have also been made in Pakistan to make the banking system more inclusive and focus its lending activities on the SMEs and agriculture sector, which is the need of the hour. A well above the minimum prescribed ratio CAR and a very satisfactory risk profile constitute developments that are also worthy of note. This will ensure that the banks in the country would continue to remain solvent, giving added confidence to the savers that, unlike in some other countries, the banks in Pakistan would not default and their savings would continue to be safe.

The Nation

Cement sector registers 14.30pc growth

3 March 2018

LAHORE - The cement sector is experiencing dream growth particularly in the domestic market for the last three years, as the industry has registered an overall growth of 14.30 percent during first eight months period (July-Feb) of the current fiscal year.

According to the latest data released by All Pakistan Cement Manufacturers Association (APCMA) on Friday, the total cement dispatches in the first eight months of this fiscal stood at 30.106 million tons compared with dispatches of 26.339 million tons during the corresponding period of last year. This is an increase of almost 4 million tons in eight months. The data shows that the cement dispatched crossed volume of 4 million tons in two months of Jan and Feb 2018. The total cement dispatches were recorded as 3.781 million tons in Feb 2018.

The spokesman for APCMA said that cement industry is among the highest contributors to the national exchequer over the last few years. The contribution has increased to Rs117 billion in 2016-17 from Rs39 billion in 2012-13. Attributing domestic growth in the sector to the policies of the government and its thrust on mega infrastructure projects, he said that the local production could increase substantially if the smuggling of this commodity from Iranian border is checked.

PAKISTAN TODAY

Pakistani rice exporters benefit from increased market access in Indonesia

21 March 2018

ISLAMABAD: After bilateral negotiations, the Ministry of Commerce was successful in getting greater market access for its exports into the Indonesian market.

According to officials of Ministry of Commerce and Industry, the negotiations to get unilateral market access on 20 high priority tariff lines and increased access for our agricultural products were initiated in 2017. These culminated during the visit of the Indonesian President His Excellency Joko Widodo on 26-27 January 2018.

While the notification of the 20 tariff lines will be issued by the Indonesian authorities after completing the official formalities, Kinnows exports have already increased due to a longer available time limit for exports allowed by the Indonesian authorities this year.

Another major breakthrough has been for the rice exporters. This year, the Indonesian rice importing agency BULOG, allocated a higher quota of imports from Pakistan. After the bidding process, eight Pakistani Rice exporters got orders for 6250 MTs each totalling to 50,000 MTs. This was announced today by the Indonesian authorities as communicated by the Pakistani Commercial Section, Jakarta. This single transaction will be worth around $22.5 million.

It is expected that after the notification of the additional 20 tariff lines (of Pakistan's top export potential) by the Indonesian authorities, the Preferential Trade Agreement (PTA), signed in February 2012, and became operational in September 2013, will bring more opportunities for Pakistani exporters, helping in reducing the trade deficit between the two countries.

PAKISTAN TODAY

Forbes '30 under 30' Asia list features nine Pakistanis

27 March 2018

Forbes just released its much anticipated "30 under 30" Asia list and nine Pakistanis have made it to the list. *Forbes stated*, "Despite a challenging environment, young Pakistanis are increasingly looking to make a difference in their country. And they're likely to be successful, too. More than 60% of the country's booming population (the sixth-largest population in the world) is made up of young people. That amounts to a workforce that's youthful, energetic and just may be the generation to bring the positive changes needed."

Muhammad Asad Raza and Abrahim Ali Shah
"Muhammad Asad Raza and Abrahim Shah launched Neurostic; the healthcare startup aims to provide low cost and high quality wearable and implantable medical devices for the developing world.

Neurostic also provides prosthetic services for amputees in Pakistan, Afghanistan, Iran and Syria, places that have little or no access to rehabilitation facilities."

Muhammad Shaheer Niazi
At just 17, Muhammad Shaheer Niazi is already a full-fledged scientist whose work has appeared in the prestigious *Royal Society Open Science* journal. The teenager was the first to photograph the movement of ions, capturing the charged ions that create the honeycomb. Niazi aims to win Pakistan's first Nobel Prize in Physics.

Adnan Shaffi and Adeel Shaffi
"Brothers Adnan Shaffi, 28, and Adeel Shaffi, 29, founded PriceOye in 2015, a price comparison platform for electronics in second and third-tier cities in Pakistan.

While e-commerce stores in Pakistan are restricted to first-tier cities like Lahore, Karachi and Islamabad, many have forgotten about lower-tiered cities, leading to a 20% increase in prices in those areas.

The platform uses data analytics to provide marketing information to retailers and at the same time finds the best deals across a variety of retailers for the consumers.

Sadia Bashir
Pakistani entrepreneur Sadia Bashir found she had a passion for video games, and while female education was not a priority at home, she fought for and funded her own education.

After working for established gaming companies she cofounded Pixel Art Games Academy. The mission of the academy is to bridge the gap between industry demand and education by providing training in video game development and recruitment opportunities.

She has also created scholarships for women who want to learn video game development within her academy."

Hamza Farrukh
What began as Hamza Farrukh's college project to bring fresh water to one rural Pakistani village funded by a $10,000 Davis Project for Peace grant, quickly grew into a mission to implement cost-effective, sustainable and maintenance-free clean water access for all rural Pakistanis.

Farrukh began Bondh-E-Shams -The Solar Water Project and developed a solar-powered water extraction and filtration system. Costing $8,000, it has a lifespan of 25 years and can service around 5,000 people per day.

Syed Faizan Hussain
Syed Faizan Hussain is a solution-driven social activist based in Pakistan. He founded non-profit Perihelion Systems in 2013 to better the lives of many by using technology. Some of Perihelion's products include; Edu-Aid, an American Sign Language translating software; One Health, a disease surveillance and tracking system used to predict outbreaks and alert health institutions to expedite intervention; and Glove Gauge, wearable technology to facilitate professional production processes such as measurements.

Momina Mustehsan
Momina Mustehsan is one of Pakistan's biggest music stars and is fast becoming one of the most high profile activists in the country. After singing a duet with famed singer Rahat Fateh Ali Khan, Mustehsan quickly earned an online following in the millions. Mustehsan used her newfound exposure to advocate for social causes important to her, including women's rights, cyberbullying and mental health awareness. She was named one of *BBC'S* 100 Influential Women for 2017.

INTERNATIONAL THE NEWS

Nissan to roll out Datsun cars in Pakistan next year

29 March 2018

KARACHI: Ghandhara Nissan Ltd on Wednesday said it was launching production of Datsun model cars in Pakistan with an investment of Rs4.5 billion over the next four years, while sales of the first locally built vehicles were expected to begin within next fiscal year.

Nissan Motor Company Ltd, a Japanese multinational carmaker headquartered in Nishi-ku, Yokohama, has struck a manufacturing and licensing agreement with Ghandhara Nissan Ltd, its automotive partner in Pakistan, for local production of Datsun models.

"This entrance into Pakistan automotive market represents a significant step in the ongoing development of local manufacturing infrastructure and economic activity," Peyman Kargar, senior vice president Nissan, said speaking at the soft launching ceremony at a local hotel.

Nissan joins automaking partner Renault SA, along with Hyundai Motor Co and Volkswagen AG in announcing increased presence in Pakistan after the government in 2016 introduced policies to promote growth in the auto industry, dominated for decades by Japanese automakers including Toyota Motor Corp and Honda Motor Co Ltd.

With a population of nearly 200 million people and growing, Pakistan is a market with big growth potential, posting annual sales of 200,000 cars in 2017, up 60 percent from 2014. That compared with sales of over 2 million passenger vehicles a year in neighbouring India, which has a population of 1.3 billion.

Kargar said together with Ghandhara, Nissan would be working actively with suppliers to localise and exchange technology and skills. "It would provide a lasting benefit to the emerging local component industry," he added.

A company statement said the agreement also covered distribution, providing access to a market where demand for new vehicles had grown to more than 200,000 units a year.

"It will also provide a significant boost to the automotive industry, which already accounts for about 4.0 percent of Pakistan's gross domestic product," the statement said adding the project and the development of a retail network would create more than 1800 jobs.

The Morning Mail

Travel, tourism added Rs930b to Pakistan's economy last year: report

22 March 2018

The travel and tourism sector contributed Rs930.9 billion to national economy that is 2.9 per cent of country's gross domestic product (GDP) in 2017, this is expected to rise further this year. The direct contribution of travel and tourism is forecast to rise by 5.9 per cent to Rs986 billion in 2018, the World Travel and Tourism Council revealed in its annual Economic Impact Report on Thursday.

The contribution primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services. But it also includes for example, activities of the restaurant and leisure industries directly supported by tourists.
The report further noted that the direct contribution of travel and tourism to GDP is expected to grow by 5.8 per cent to Rs1.727 trillion (3.0 per cent of GDP) by 2028.

The total contribution of travel and tourism to GDP, including wider effects from investment, the supply chain and induced income impacts was Rs2,349 billion in 2017 (7.4 per cent of GDP) and is expected to grow by 5.8 per cent to Rs2,486 billion (7.4 per cent of GDP) in 2018.

Further, the report stated that travel and tourism generated 1,493,000 jobs directly in 2017 (2.5per cent of total employment) and this is forecast to grow by 2.8 per cent in 2018 to 1,534,000 (2.5 per cent of total employment). The number of jobs includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). By 2028, travel and tourism will account for 2,008,000 jobs directly, it added. Meanwhile, the total contribution of travel and tourism to employment (including wider effects from investment, the supply chain and induced income impacts) was 3,894,000 jobs in 2017 (6.5 per cent of total employment). This is forecast to rise by 2.6 per cent in 2018 to 3,997,000 jobs (6.5 per cent of total employment).

The report noted that visitor exports are a key component of the direct contribution of travel and tourism. In 2017, Pakistan generated Rs98.7 billion in visitor exports. In 2018, this is expected to grow by 4.7 per cent, and the country is expected to attract 1,252,000 international tourist arrivals. By 2028, international tourist arrivals are forecast to total 2,054,000, generating expenditure of Rs192.5 billion, an increase of 6.4 per cent per annum.

PAKISTAN TODAY

Pakistan biggest Auto Show 2018 concludes with a huge turnout of 300,000 visitors

4 March 2018

LAHORE: The Pakistan Auto Show 2018 concluded at the Expo Centre in Lahore. The three-day grand event, organised by the Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM) from 2nd to the 3rd and 4th of March 2018, attracted large crowds of more than three hundred thousand visitors and professionals, seeking technological insights and valuable knowledge on the advancement of engineering in the industry. It featured a vast range of products and process displays from than 200 international & local auto-manufacturers and a multitude of enterprises operating in the relevant sectors. This pioneering exhibition showcases the robust growth and vast potential of Pakistan's Automobile industry, reflecting the nation's pursuit to become a future hub for auto manufacturing.

The SVC of PAAPAM Ashraf Sheikh stated, "As the demand for automobiles is expected to rise continuously over the next 3-5 years, the big challenge for Pakistan is to nurture local assemblers & vendors and ensure rapid investments in capacity-building, to meet the sharply rising demand. This industry has already achieved a high level of localisation, whereby it boasts: 75 per cent localisation in Cars & HCVs, 96 per cent in Tractors, 96 per cent in Motorcycles and 80 per cent in Three Wheelers. Its products are being exported to; the European Union, USA, African Countries and all over Asia. The annual production in 2017 (six months) had reached; 107,787 cars, 941,000 motorcycles and 3-Wheelers, 4,514 Trucks, 409 Buses, 32,641 Tractors. We are delighted to see that the 2018 event received an overwhelming response from industry stakeholders, international large-scale buyers and diverse consumer segments, as the exhibition featured a wide range of products including; cars, tractors, trucks, buses, 4X4, Motorcycles, three wheelers and exotic cars. The presence of Globally leading companies like; Toyota, Honda, Suzuki, Total Parco, JW FORLAND and many more have thoroughly enriched the proceedings of the exhibition."

INTERNATIONAL THE NEWS

France vows to weigh power sector assistance

13 March 2018

ISLAMABAD: Marc Barety, the Ambassador of France in Pakistan, on Monday said the French Development Agency (AFD) would consider providing assistance in Balochistan's solar tube-wells project and the development of renewable energy institute.

"The progress in power sector has been exemplary and many French Potential Companies, dealing with power sector, are taking keen interest in Pakistan," Barety said at a meeting with Sardar Awais Leghari, the Minister for power division, at his office. Appreciating the energy-related efforts of the government, the French ambassador said the AFD would definitely study ways to offer its expertise in the installation of solar-powered tube wells and to provide off-grid solution besides reducing the components of circular debt.

Leghari said French companies should explore and invest Pakistan's fast growing power sector for its better returns. "The consumer services areas in DISCOs (distribution companies) provide good opportunity to investors," the minister said.

Leghari said an energy trade market would be established in Pakistan after the passage of National Electric Power Regulatory Authority (NEPRA) amendment bill. "The power division was already working on the concept of "wheeling" with the Securities and Exchange Commission of Pakistan (SECP) to make electricity a tradable commodity," he said and added that it would ultimately benefit the consumers.

He also informed the French envoy about Pakistan's plans to establish a renewable energy institute and the efforts of Alternate Energy Development Board (AEDB) and Higher Education Commission (HEC) for the same.

"In this regard, Pakistan also was in consultation with the US and Danish governments to learn from their experiences and has invited French government and the AFD for their assistance in the establishment of the institute," the minister added. He further said the government has also sought assistance of the World Bank and IFC for the renewable energy institute, while the power division was also working on domestic resource mobilisation for setting up the institute.

THE EXPRESS TRIBUNE

Pakistan's e-commerce market size set to cross $1b this year

19 March 2018

KARACHI: In a surprising but welcome development, the size of Pakistan's e-commerce sector is expected to cross the coveted $1-billion mark in fiscal year 2017-18, much earlier than previous estimates, said an industry official.

Propelled by the increase in broadband penetration as well as a rise in the number of online payment merchants, the six-month data of the central bank suggests that Pakistan will cross the threshold in FY18, two years ahead of earlier projections. Adam Dawood, head of Yayvo, the online shopping portal that is part of TCS E-COM (Pvt.), said that strong growth during the current fiscal year will push annual sales beyond $1 billion.

"If we believe that 85% of the market is based on cash on delivery (COD) payments, then the fact that we have already achieved Rs9.3 billion of prepayment sales within the first six months of FY18 puts us on a fairly easy course to hit $1 billion in e-commerce sales this year," Dawood told The Express Tribune.

He backed his assumptions with two major positive indicators that have historically pushed the sector forward. "Broadband penetration and number of online payment merchants have both witnessed a massive increase within the year. Number of subscriptions has increased from 44.5 million to 52 million subscribers while the number of merchants has gone up from 571 to 905 by January."

Higher smartphone and internet penetration coupled with increased number of online payment merchants expand both the total serviceable market of customers and the availability of online purchases. In layman terms, the e-commerce sector is witnessing both demand- and supply-led growth.

Despite encouraging growth, the size of Pakistan's e-commerce sector is still negligible compared to regional countries. According to market research portal Statista, Pakistan's e-commerce sales amounted to $622 million in 2017 compared to India's $20.05 billion and China's $1.2 trillion. In relative terms too, both India and China outpace Pakistan with e-commerce sales as a percentage of country retail sales being 1.85% and 21.19%, respectively, compared to Pakistan's 0.34%.

Dawood blames the delayed availability of mobile broadband services for the relatively small size of the e-commerce sector, rather than deficiencies on part of e-commerce firms.

"Investment in technology is crucial for our economy to continue growing in the digital age," Dawood contended. "Studies by the GSMA have shown that once 3G technologies enter a country it has a direct impact on GDP growth. Sri Lanka got 3G in 2006 with India starting in 2008, whereas Pakistan came in very late in 2014."

The game changer, he believes, would be increased usage of digital financial services. “We only have 19.8 million debit cards and 1.3 million credit cards with 49 million bank accounts. When the number of bank accounts starts reaching the number of mobile connections in the country, we will see exponential growth in almost every industry in Pakistan,” he said.