



Pakistan

Major Business Sectors

Karachi, 31st July 2012

1. OVERVIEW AND TRENDS

Pakistan's economy has been predominantly agrarian. Since Pakistan came into existence, the contribution of the agricultural sector to the GDP has declined gradually from over 50 percent in 1949-1950 to about 21 percent in the Fiscal Year (FY) 2011-12 (July 2011-June 2012). However, agriculture still remains the major sector of the GDP composition. Other economic sectors include industry and services, contributing to the GDP about 25 percent and 53.5 percent respectively.

Gross Domestic Product (GDP) - Fiscal Year 2011-12 (at constant factor cost of 1999-2000)

Business Sectors	In percent			Value of GNP (Billion Rs.)
	Share in GDP	Change from Previous Year	Growth rate	
Agriculture	21	+0.1	3.3	1,269,491
Industry	25	-0.1	3.4	1,531,166
Services	53.5	+0.1	4.0	3,227,914
	Total		3.7	6,028,571

Currency: Pakistani Rupee (Rs.) is the official currency of the country. The notes are in denominations of 5000, 1000, 500, 100, 50, 20 and 10, while coins are available in denomination of 5, 2 and 1.

Rupee CHF parity/Exchange rate: 1 CHF = 95.56 as on 25 July 2012.

Since its independence in 1947, Pakistan has transformed itself from a low skilled agrarian economy to a semi-industrialized economy. On the other hand, Pakistan has a long way to go in economic and social development as a large portion of its 180 million inhabitants is still living below poverty line.

In the early 2000s, with financial support from international financial institutions (IFIs), including the IMF, the World Bank, and the Asian Development Bank, the Government of Pakistan expanded the role of markets in the economy, privatized a number of large state-owned enterprises, established market-based regulatory bodies, and took steps to reduce the cost of doing business in Pakistan.. Following the liberalization of markets and the implementation of economic reforms, the following developments in the economic and social sectors had been observed:

- High GDP growth resulting from output and sales growth;
- Monetary stability;
- Developments of money and securities markets;
- Improvements in the standard of living and poverty reduction (based on economic growth);
- Development and reinforcement of the banking sector and enhancement of its role in the social and economic development of the country.

However, the economic development has been slowed down since 2008, as the macroeconomic situation deteriorated significantly owing to adverse security developments, large price increase of

some commodities such as oil and food, global financial turmoil, and national political issues. Other challenges being faced by Pakistan's economy include energy deficiency, growing population, etc.

In order to ensure that macroeconomic difficulties do not further slow down the pace of job creation and adversely affect poverty reduction, the government reached a Standby Agreement with IMF on November 24, 2008 for a US \$11.3 billion, spread out over a period of 23 months.

It's worth mentioning that the recent unprecedented floods and torrential rains (July-August 2010 & 2011) in the country to some extent intensified the effects of an already fragile macroeconomic environment.

However, despite the said challenges, Pakistan's economy witnessed a moderate recovery with real GDP growth rising to 4.1 percent in the FY 2009-10 after falling to a multi-decade low of 1.2 percent in FY 2008-09. The State Bank of Pakistan's forecasts suggests that the real GDP growth during FY 2010-11 is likely to be in the range of 2 to 3 percent.

2. MAJOR SECTORS OF ECONOMY

Agriculture:

The agriculture sector comprising of farming, forestry, livestock, poultry and fisheries, contributes about 21 percent to the GDP, employs about 45 percent of the total work force and is the main source of livelihood for over 60 percent of the country's population living in rural areas. It contributes substantially to the country's exports, provides raw material to major industries such as textile, sugar, dairy, leather and other agro-based industries and as well as market for industrial products.

The agriculture growth in the fiscal year (FY) 2011-12 increased from 2.38 percent in the preceding year to 3.13 percent. This positive growth is mainly attributed to a sharp pick up in the production of rice, cotton, and sugarcane. Livestock also showed a marginal positive growth of 4.04% as compared to 3.97% in the last year. The share of livestock in agriculture has also increased to 55% due to global integration, reasonable profits, and changing dietary patterns.

Share in GDP and growth rate of Agriculture sector

	Share in GDP %		Growth %	
	2010-11	2011-12	2010-11	2011-12
Agriculture	21.2	21.1	2.4	3.1
Crops			-	-
<i>Major crops (Wheat, rice, cotton, sugarcane etc.)</i>	6.7	6.7	-0.2	3.2
<i>Minor crops (Pulses, vegetables, fruits et.)</i>	2.2	2.1	2.7	-1.3
Livestock	11.6	11.6	4.0	4.0
Fishing	0.4	0.4	1.9	1.8
Forestry	0.2	0.2	-0.4	0.9

Industry:

Industry is the second largest and an important sector of the economy accounting for 25 percent of the GDP. It comprises of large to middle scale manufacturing, mining & quarrying, construction, electricity & gas distribution.

In manufacturing, cotton yarn and cotton cloth is the leading sector, followed by food processing industries largely based on indigenous raw materials. Engineering sector in Pakistan is engaged in manufacturing cement and sugar plants, industrial boilers, chemical/petrochemical plant & equipment, construction equipment and power transmission towers, textile related engineering, automotive, etc.

During the FY 2011-12, the manufacturing sector being remained under stress due to energy shortages, and poor law and order situation posed a marginal growth of 0.5% as compared to last fiscal year. Moreover, the heavy floods, which depressed the supply chain and affected market demand also contributed to a low growth of the manufacturing sector.

Share in GDP and growth rate of Industry sector

	Share in GDP %		Growth %	
	2010-11	2011-12	2010-11	2011-12
Industry	25.5	25.4	0.7	3.4
Manufacturing	18.7	18.6	3.1	3.6
<i>Large-scale</i>	12.1	11.9	1.1	1.8
<i>Small-scale</i>	5.1	5.3	7.5	7.5
<i>Slaughtering</i>	1.4	1.4	4.4	4.5
Mining and quarrying	2.4	2.4	-1.3	4.4
Construction	2.1	2.15	-7.1	6.5
Electricity and Gas distribution	2.3	2.2	-7.2	-1.6

The industrial growth during FY2011-12 stemmed mainly from a rebound in construction, and mining & quarrying sectors. A high growth in the construction sector was recorded due to rapid execution of work on the rehabilitation of the flood affected areas and increased investment in small scale construction. On the other hand, Mining and quarrying sector yielded positive growth due to increased output of chromite, bauxite, gypsum, chalk, fluoride, and natural gas.

Services:

The services sector is becoming an increasingly important dimension of Pakistan's economy due to its major contribution of about 53.5 percent in the GDP. Wholesale & retail trade, transport & storage, communication, community & social services and personal services are leading service activities in Pakistan. Other services are finance and insurance, ownership of dwellings, public administration, etc.

After reaching an 11-year low growth (3.1 percent) during FY2008-09, the services sector rebounded strongly in FY2010-11 with 4.4 percent growth and grew at 4% during FY2011-12. During the year, services sector was well supported by exceptional performance of finance and insurance sector due to its integration with the world economy. On the other hand, ownership of dwellings also recorded positive growth and contributed to the services sector mainly due to reconstruction and rehabilitation of flood affected areas.

Share in GDP and growth rate of Services sector

	Share in GDP %		Growth %	
	2010-11	2011-12	2010-11	2011-12
Services	53.4	53.5	4.4	4.0
Wholesale & retail trade	17.1	17.1	3.5	3.6
Transport storage & communication	9.9	9.6	0.9	1.3
Finance and insurance	4.7	4.8	-1.4	6.5
Ownership of dwellings	2.7	2.7	1.8	3.5
Public administration and defence	6.7	6.6	14.2	2.6
Community, social & personal services	12.3	12.6	6.9	6.8

3. FOREIGN TRADE

Direction of Exports:

Pakistan's major exports consist of five items (cotton textiles, leather, rice, synthetic textile and sports goods). These five items accounts for about 70 percent share in the total exports. Intensity of concentration further deepens when analyzed within these five export items, as above 52 percent contribution in the total exports comes from cotton textiles.

The composition of exports markets remains fairly concentrated, as about 40 percent of Pakistan's exports are destined to seven major markets (USA, Germany, Japan, UK, Hong Kong, Dubai and Saudi Arabia) and the remaining exports' share of 60 percent consists of all other countries.

Major Exports in Fiscal Year 2011-12 (July-June)

Business sector	% of Exports	% Change from Previous year	Value in USD (Mia)	Main countries of origin
Food Group (Rice, fish & fish preparation, fruits, spices, oil seeds, nuts & kernels, meat & meat preparation, etc.)	15	-9.7.	3.7	Afghanistan, Gulf States, Sri Lanka, South Korea, Indonesia, Italy, Japan, China, Bangladesh, Netherlands, UK, Switzerland , etc.
Textile Group (Raw cotton, cotton yarn, cotton cloth, knitwear, bed wear, towels readymade garments, made-up articles etc.)	52.8	-0.38	13.0	USA, Hong Kong, UK, Germany, China, South Korea, France, Italy, Switzerland , etc.
Petroleum Group (Fuels, oils and products of their distillation, etc.)	4.3	-37.7	1.06	UAE, Afghanistan, Iran, Bangladesh, Sudan, Oman etc.
Other Manufacture (Carpets, Rugs & Mats, Sports goods, Footwear, Surgical goods & medical instruments, Cutlery, Onyx, Chemicals & Pharmaceutical products, Engineering goods, Gems, Jewelry, Furniture, Molasses, Handicraft, Cement, etc.).	18.7	+9	4.63	USA, UK, Germany, S. Arabia, UAE, Italy, France, Spain, Afghanistan, Portugal, Russian Federation, Singapore, Switzerland , etc.
All others	6.0	+6.38	1.5	-
I-Total Export Receipts through Banks (cif)			24	-
II-Freight on Export			0.55	-
III- Export Receipts through Banks (fob) (I-II)			23.44	-
IV-Other Exports*			1.2	-
Total Export as per Balance of Payment (III+IV)			24.6	-

Source: State bank of Pakistan

*includes land borne exports, export of samples, export processing zone, outstanding export bills and refund & rebate, repairs on goods, goods procured on ports & carriers less freight on export.

Direction of Imports:

Pakistan's major import groups include: food, machinery, petroleum, consumer durables (electric machines and apparatus, road motor vehicles etc.) and raw materials (chemical products, iron & steel and scrap, plastic material, fertilizer manufactured, insecticides, silk yarn, synthetic fibre and raw cotton) etc.

Most of imports in the country are concentrated in few numbers of markets in the world namely Saudi Arabia, Kuwait, Malaysia, U.S.A, Japan, Germany, and U.K. Data for the FY 2009-10 exhibits that almost 36.0 percent of total import markets of Pakistan consists of these seven countries. Saudi Arabia has held the lion share in Pakistan's imports within markets since 2003-04. However, signs of market diversification are present as the combined share of these major export partners has been declining from as high as 43 percent in 2003-04 to current levels.

Major imports in Fiscal Year 2011-12 (July-June)

Business sector	% of Imports	% Change from Previous year	Value in USD (Mia)	Main countries of origin
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Food Group (Dairy products, edible vegetables and certain roots and tubes, coffee tea, mate, spices, cereals, oil seeds, animal and vegetable fat and oil products, prepared foodstuffs, sugar & sugar confectionary, beverages, etc.)	11.7	4.4	4.7	USA, Brazil, Argentina, Australia, Canada, India, Malaysia, UAE, Indonesia, etc.
Machinery Group (Power generation machines, office machines, textile machinery, construction & mining machinery, aircraft, telecommunication, ships & boats, agriculture machinery, etc.)	9.5	-2.56	3.85	China, Japan, USA, Germany, UK, Italy, Switzerland , etc.
Petroleum Group (Fuels, oils and products of their distillation, etc.)	35.7	16.2	14.3	Saudi Arabia, UAE, Kuwait, Iran, etc.
Vehicles, aircrafts, vessels and associated transport equipments etc. (Other than railway or tramway rolling stock, etc.)	4.7	18.7	1.9	Japan, China, Germany, Malaysia, etc.
Products of chemical & allied industries (Organic, inorganic chemicals & compounds, Pharmaceuticals, fertilizers, soap, washing preparations, etc.)	16.7	19.6	6.7	China, Germany, UK, Switzerland , USA, etc.
Metal Group (Gold, Iron & steel, articles & scrap of iron & steel, copper, aluminium, lead zinc, tin & articles thereof, etc.)	5.7	15	2.3	China, Belgium, Australia, Japan, Germany, Africa, Switzerland , Argentina, etc.
Miscellaneous (Rubber Crude Including Synthetic/Reclaim, Rubber Tyres & Tubes, Wood & Cork, Jute, Paper & Paper Board, etc.)	2.2	9.7	0.9	-
All others	7	-6.6	2.8	-
I-Total Import payments through Banks (cif)			39.66	-
II-Freight & Insurance			2.3	-
III-Import Payments through Banks (fob) (I-II)			37.2	-
IV-Other Imports*			2.7	-
Total Import as per Balance of Payment (III+IV)			40	-

Source: State bank of Pakistan

*includes unclassified imports, sale of duty free shops, imports under foreign assistance, land borne imports with Afghanistan, capital equipment, cost of imports (Exchange Companies), refund & rebate, import from EPZ, repairs on goods, goods procured on ports & carriers less freight on import.

Promotion opportunities

Trade Fairs/Exhibitions: Information about trade fairs and exhibitions can be obtained from Pakistan Homepage on the website of the OSEC Business Network Switzerland (<http://www.osec.ch>) or from the following organizations in Pakistan:

- **Trade Development Authority of Pakistan (TDAP)**
5th Floor, Block A, Finance & Trade Centre
Shahrah-e-Faisal, Karachi 75200 Pakistan
Tel.:+92. (0)21. 99206487-90

UAN:+92. (0)21. 111-444-111

E-mail: tdap@tdap.gov.pk

Website: www.tdap.gov.pk

- **Karachi Expo Centre**
University Road, Karachi- Pakistan
Tel.:+92. (0)21. 111-444-111, 99206808, 34999234
Fax:+92. (0)21. 99206497, 99206473, 34999231
Email: epb@tdap.gov.pk

Leading trade fair/exhibition organizers

- **Ecommerce Gateway Pakistan (Pvt.) Ltd.**
Website: www.ecgateway.net
- **Pegasus Consultancy (Pvt.) Ltd.**
Website: www.pegasusconsultancy.com
- **CEMS Pakistan (Pvt.) Ltd.**
Website: <http://www.cems.com.sg/>

Business Council/Forum

Swiss Business Council

10, Sasi Town, Abdullah Haroon Road,
Karachi

Tel.:+92. (0)21. 3522-1627

Fax:+92. (0)21. 614-0649

Email: info@swissbusinesscouncil.com.pk

Website: www.swissbusinesscouncil.com.pk

Contact persons:

President

Mr. Dr. Ahmad Faraz, Managing Director, Roche Pakistan Ltd.

Office Manager

Mr. Fletcher P. Albert

Trade journals/publications

- **Jamal's Yellow Pages of Pakistan**
Website: www.jamals.com
(Jamal's Yellow Pages is a leading commercial search provider in Pakistan)
- **PhoneBook Directory Systems**
Website: <http://phonebook.com.pk/>
(PhoneBook Director System is another leading commercial search provider in Pakistan)
- **Pakistan & Gulf Economist**
www.pakistaneconomist.com/
(Weekly financial magazine in Pakistan)
- **Money**
<http://www.money20.com/>
Fortnightly Business & Personal Finance Magazine
- **Pakistan Textile Journal**
www.ptj.com.pk
(Pakistan Textile Journal is the leading monthly magazine for the textile industry of Pakistan).
- **ENERGY UPDATE**
Web: www.energyupdate.com.pk
(Monthly "Energy Update" is a trade magazine on energy sector in Pakistan).
- **Red Book** Pharma Guide Publishing Company
Bungalow no. 176-N,
Block-2, P.E.C.H.S.,
Karachi - 75100
Tel.:+92. (0)21.34395301 - 02
Fax:+92. (0)21.34383769
E-mail: pharmaguide@cyber.net.pk

(**Red Book** is a comprehensive guide of pharmaceutical products with trade & retail prices)

- **ThePharmaGuide.com** <http://thepharmaguide.com/>
ThePharmaGuide.com is an online, healthcare media publishing company. It provides easy-to-read, in-depth, medical information for visitors via its web site.
ThePharmaGuide.com also provides powerful targeted marketing for advertisers who want to take advantage of a health condition based viewer ship.

- **Professional Medical Publications**

Professional Medical Publications is a medical publishing house in Pakistan. Founders of this publication house have been active in the field of medical journalism since 1966. It has two renowned publications to its credit: “**PULSE**” International, a fortnightly medical Views-paper and “**PAKISTAN JOURNAL OF MEDICAL SCIENCES**” (**PJMS**), a peer reviewed quarterly medical journal now in its 20th year of publication.

Respective websites of both the publications are: www.pulsepakistan.com and www.pjms.com.pk

- **Daily press**

DAWN (www.dawn.com)

The News International (www.thenews.com.pk)

Business Recorder (www.brecorder.com)

The Express Tribune (www.tribune.com.pk)

The Financial Daily (www.thefinancialdaily.com)

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Sources:

-State Bank of Pakistan,

-Economic Survey of Pakistan 2011-12