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Multiple Crises? Post-Musharraf Political, Economic and Strategic Challenges facing Pakistan

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The resignation of 'president' Musharraf in early August 2008 brought to an end the military dictatorship that had commenced with his coup against the Nawaz Sharif administration in October 1999. In early September a new President was elected overwhelmingly by the electoral college of legislators: Asif Ali Zardari, who had assumed leadership of the Pakistan People's Party after the assassination of his spouse, Benazir Bhutto. The PPP had emerged as the largest party in the elections of February 18, 2008, with the Pakistan Muslim League (Nawaz) in second place. Between Musharraf's departure and Zardari's election the federal coalition between these two parties also collapsed, stemming from PML(N)'s apprehension that PPP was not sincere in the restoration of judges sacked by Musharraf. The Punjab, the most populous of Pakistan's four provinces, also had a PML(N)-PPP coalition, and this too appeared to be increasingly fragile.

Thus political instability and uncertainty had continued despite the transition to democracy. Events in Pakistan had been moving rapidly during the previous fifteen months, leading to these complexities. They were accompanied by a deteriorating economic situation, with terms like 'meltdown' being frequently employed by analysts. Additionally, Pakistan was caught up in escalating military conflict, with an insurgency in the North-West Frontier Province and the over-flow from the war in Afghanistan. Major civil disobedience in Kashmir against Indian rule also threatened to heighten regional tensions. No easy solutions were forthcoming for these multiple crises; and there was even a prospect of a breakdown in civil order from rising frustrations over mismanagement, economic adversities and external threats.

Major political instability can be traced to early 2007, with efforts by Musharraf to try and ensure his own continued incumbency and the return of his support group, the PML(Quaid), in elections due later in the year. Musharraf was unsure whether the Chief Justice of the Supreme Court, Iftikhar Chaudhry, would tolerate electoral manipulation.

Successive interventions of intelligence agencies in favour of authoritarian-leaning politicians had compromised the electoral process in Pakistan. Chaudhry had also challenged some of the regime's scams, such as the 'privatization' for a trifling sum of the country's steel mill with its large land area, and an allocation of almost a quarter million acres in the emerging port city of Gwadar to 'institutional' fronts of the military leadership. He had also taken up the issue of missing persons, which was likely to incur American outrage, with scores of young Pakistanis unaccounted for and several presumably incarcerated in their torture facilities. Musharraf's sacking of the Chief Justice in March 2007, his restitution by a judicial bench in July, and then the removal of the entire judiciary through the infamous Provisional Constitutional Order in November, were accompanied by a resilient movement of lawyers and civil society for their restoration. These protests contributed further to Musharraf's increasing unpopularity caused by his perceived vassal-like support for the Western invasion and occupation of Afghanistan, resulting in the brutal murder of tens of thousands of its citizens. Consequent to the PCO, Musharraf engineered his reelection for a further five years by the outgoing legislature, a further violation of the Constitution.

Alongside these developments, Musharraf promulgated the equally controversial National Reconciliation Ordinance, clearly brokered by the Americans. This promised amnesty against outstanding cases to the disreputable, highly corrupt politicians of the 1990s. The NRO enabled the return of Benazir Bhutto and, after her assassination in December 2007, of Asif Zardari. With Nawaz Sharif and his brother, Shahbaz, also returning to the country, the elections of February 2008 resulted in the decisive defeat of Musharraf's supporters, leading to his eventual resignation. The post-election phase was marked by the inability of the PPP to meet its written agreements with its coalition partners for the restoration of the sacked judges. After putting up various legal complications and reservations to the process, and thereby breaking up the coalition with PML(N), a few judges at a time were restored, but it became clear this would not happen with Iftikhar Chaudhry. Presumably, he might have re-opened the old cases of murder and corruption against Zardari, which were dropped through the NRO. Zardari's survival tactics could well prove to be the basis for his continuing loss of credibility.

Zardari's subsequent election as President stemmed from his party's electoral success, and from the acquiescence of smaller regional parties, in return for ministerial and other public positions. In the case of the Muhajir (later de-ethnicized as Muttahida) Qaumi Movement, with its pro-Musharraf record and mafia-like fiat over urban Sindh, support for Zardari is said to have been secured by British government pressure on its terroristic leader, Altaf Hussain, who had been extended a safe haven in London. This guest of the British was facing 234 cases, including 44 for murder and 18 for torture with drill machines (whereas Zardari faced a more modest four for murder and 11 for corruption). For a nation weary of the damage done to its institutions by its ruling cliques, Zardari's newly acquired presidential status was highly problematical. Through the PPP's two tenures in the 1990s, he and his wife had allegedly accumulated an asset base of US$ two billion: just one Swiss bank account unfrozen after the NRO contained US$ 60 million. It was also revealed that doctors in New York had conclusively reported that Zardari was suffering from severe mental problems, including dementia. This could have been a stratagem for delaying foreign court cases, but even so his state of mind became a further matter of controversy.

There was grave doubt whether the new team of legislators and political leaders had the intellectual capacity, the willingness and the integrity to push through the institutional reforms and modernization programme that the country badly needed. Already, political appointees, nepotism and overemployment threatened to vitiate the viability of public sector organizations, as in the 1990s (similarly under Musharraf military officers filled public sector positions at an unprecedented scale). Oblivious to the grave threats facing the country, the new legislators were focusing as avidly as ever on patronage networks and resource diversions. In the first six months the national and provincial assemblies hardly passed any legislation, nor was any serious work at the committee level undertaken. There was little actual action on poverty alleviation or in stemming the flow of gender-based crimes, including 'honour' killings. Indeed, the government stood exposed for suppressing investigations into the apparent burial alive of seven women in

Balochistan, since one of the suspects was a close relative of a cabinet minister. A federal senator even defended this horrific crime as part of ‘tribal’ tradition.

Another major concern with the Zardari presidency was his adherence to the ‘deal’ that enabled Benazir to return to Pakistan, presumably entailing continued support for the ‘war on terror’. In the final days of her life, Benazir appeared to change her approach, questioning military operations in the Frontier and Balochistan: she thereby probably alienated the establishment as well as the extremists. Zardari, with fewer pretensions to being a populist politician, might prove to be much more malleable. The ongoing Western pressure to eliminate alleged ‘alqaeda’ safe havens inevitably entailed civilian casualties; and this was likely to prove highly unpopular. Already, military operations against insurgents had led to civilian deaths and internal population displacement. The argument that force alone could solve such resistance movements was far from convincing. It was politically and morally not tenable for the Pakistani military to continue to strike against its own citizens, unlike the few qualms in the West for the continued killings of Afghans by Western forces, or in India for the murder of over 100,000 people in Kashmir ensuing from Indian military occupation.

The danger lay in the outbreak of a regional war, with the extension of full-scale hostilities to Pakistan. By killing civilians, the consequences of Pakistan’s military actions against militants, and even more so Western armed intrusions, could provoke serious civil conflict that could spread across Pakistan. The current escalation in the Afghan war lay in the decision by US-NATO in 2006 to try and extend greater control over southern and eastern Afghanistan: thence emerged the verbalizations over a ‘revived Taliban’. One solution lay in the foreign forces adopting a rapid exit strategy from Afghanistan, though it was suspected that the ‘alqaeda’ narrative was merely a ruse for the greater game of appropriating natural resources. Pakistanis were gravely apprehensive of a Cambodia type outcome, where a client regime was overthrown by insurgents who then indulged in retributive killings. Pakistanis were also gravely apprehensive that, after over a million deaths and unending suffering in Iraq, they along with Iran would be the next targets of imperialist genocide. The conflict between the United States and the extremists was, therefore, seen to be posing an existential threat to the country and its people.

Clearly, the rise of armed insurgency, and of the supposed extension of Taliban influence, posed a serious challenge to Pakistani state and society. The appearance of armed groups with territorial ambitions begged the question of how a decade of military dictatorship allowed the writ of the state to decline to this level. The funding, sponsorship and arming of these militants remained another 'mystery': suspicions pointed to Indian agents as prime culprits, with safe havens in Afghanistan. The series of terror bombings, in which an Indian role could not be discounted, negatively impacted on Pakistan's international image, apart from inflicting heavy casualties among innocent civilians. Remarkably, religious politics in Pakistan had consistently failed to achieve electoral success, except in 2002 in the western belt as a reaction to the Western invasion of Afghanistan. The anti-democratic stance of Pakistan's otherwise secular ruling establishment induced it to frequently refer to Islam as an integrative force, from which religious ideologues did draw some self importance. In the 1980s the Islamist discourse was promoted by the Central Intelligence Agency and its military client, the Zia-ul-Haq regime, as a cover for jihadist operations against the Soviet military occupation of Afghanistan. The current, undifferentiated notion of 'Islamic extremism' conveniently obscured the real factors behind resistance movements against elite mismanagement and foreign military occupation. Nevertheless, the spread of Taliban values would, as in Afghanistan, drive away the technocratic segment and denude the country of upper end human resources, apart from being quite contrary to local syncretistic and pluralist traditions and culture.

In the economic sphere Pakistan faced equally intractable problems. In the 1980s Pakistan's economy had the highest growth rates in South Asia, at over 6%. These dipped to around 4.5% in the 1990s, for once below Indian growth rates. Economic sanctions after the nuclear tests of 1998 and increasing inability to meet foreign debt repayments left the economy in deep malaise by 2000. In the post-9/11 reversion to front line status, economic buoyancy returned with the resumption of Western economic and military assistance, money inflows from expatriates insecure over money laundering, capital inflows from privatization, and more stable agricultural performance. Agriculture still contributed around 25% to GDP. A drastic decline in interest rates and money inflows did create a consumer spending boom and an aura of prosperity under Musharraf. Pakistan's stock market rose from 1,200 in 2000 to 15,000 in 2008, among the best performers globally. The escalation in both share and property values was underwritten by historically low interest rates, reduced from above 20% to as low as 5%. Indeed the super rich emerging under Musharraf, unlike the industrial barons of the 1960s, were some stock brokers adept at insider trading, who then reinvented themselves as 'investment bankers', and property speculators, mostly closely linked to military generals.

In time interest rates climbed back up, but not before creating a resilient inflationary cycle, with high demand levels pushing up prices even of basic food commodities. With the wheat trade opened to the private sector, flour prices by 2007 rose to unprecedented levels, with serious accusations of hoarding and maldistribution in which even senior politicians were allegedly involved. The oil price rise further exacerbated inflationary pressures: by mid-2008 inflation was running at 25-30%. The demand and consumption led growth created buoyancy for business, with appreciable expansion in market size for a large range of products. A growing middle class enabled multinationals, for example, to show sizeable returns: Nestle profitably entered the milk market and food industry, doubles its profits every few years, the cellular telecom market expanded rapidly with significantly higher densities than India, while Unilever continued to enjoy dominant market share in tea in the third or fourth largest tea importer in the world. Indeed, the latest recommendations of the IMF to Pakistan were to try and bring the growth rate down to around 5%, in order to control inflationary spurts.

Growth in the 2000s had also been quite imbalanced, in favour of the financial sector. Banking spreads were among the highest in the world, with bank profits commensurately high. Expansion in the banking sector was accompanied by some foreign banks acquiring Pakistani retail banks chains, ensuring extensive branch networks (ABN-AMRO, now Royal Bank of Scotland, and Standard Chartered bought Prime and Union Banks respectively, and Barclays is looking for a local acquisition). Manufacturing, on the other hand, began to suffer from loss of international competitiveness, resulting from higher production costs, especially with rising energy prices and emerging gas and electricity shortages. Higher financial costs also accrued with the return of higher interest rates, creating adversity even in Pakistan's major industry, cotton textiles. The latter was concentrated at the lower value added spinning segment, with little bargaining power over foreign buyers. The knitwear segment, which had emerged in the 1990s, had already relapsed into crisis after 2000, from failure to compete internationally with lower cost suppliers.

The inability to diversify exports, which were dominated by cotton and leather based products, kept export earnings at around US$ 15 billion. The consequent trade imbalance, which rose by mid-2008 to as high as US$ 2 billion per month, was rapidly depleting foreign exchange reserves built up in the post-9/11 years. With less than six months of reserves left, a threat of sovereign bankruptcy was looming by early 2009, unless imports could be drastically controlled or the country resorted to International Monetary Fund support, with the subsequent austerity measures. The rapid removal of subsidies, as in pricing of petroleum products and energy rates, threatened to further erode real incomes and could prove politically risky for the fledgling democracy. Pakistan also could not rely in the shorter term on a regional impetus for regaining economic buoyancy. As a region, South Asia had the least intensive economic cooperation and integration globally. Its two largest economies, India and Pakistan, were the least committed, at around 1% of their total external trade, to intra-regional transactions. The South Asian Free Trade Agreement had come into effect in mid-2006, but with a Kashmir solution still pending, Pakistan in the case of India continued to maintain, although in a more liberalized form, its 'positive list' of trade items: it also still refrained from conceding Most Favoured Nation status to India.

A problem that further exacerbated Pakistan's economic woes was the continuing inability to both widen the tax base and increase the tax to GDP ratio. The latter remained around 9%, leaving little fiscal space even for recurrent expenditures, apart from crowding out development funding. The fiscal deficit ballooned to over 7% by 2007-08:

the challenge for the new government was to reduce it to below 5%. Revenue receipts reached an all time high of rupees one trillion in 2007-08, but this still remained under 10% of GDP (the rupee remained stable around Rs60:US$1 for some years, and then devalued by 25-30% in mid-2008). Progressive taxation had performed poorly over the years, with large scale tax evasion by the business community, and inability to bring agricultural incomes into the tax net, a concession to the political influence of larger farmers. The widespread informal sector by remaining undocumented has also escaped formal taxation, but not without rent payments to the revenue bureaucracy that oversaw the massive shortfalls in revenue generating capacity. In the 1990s the government succumbed to World Bank and IMF pressure for indirect taxes, and introduced a general sales tax of 15%, thereby shifting the revenue burden on to the general population. The removal of capital gains tax, and of wealth tax after 2000, further lightened the relative revenue burden on the upper income segments.

The new elected government needed to take quick and strong steps to reverse the economic decline. It had to concentrate on strengthening the agro-based sector, though energy shortages and in 2008 even news of water shortfalls would make it difficult to raise the agricultural growth rate. Agricultural credit flows should be maintained, infrastructure and logistics chains improved, and value addition chains strengthened and entrepreneurial initiatives encouraged in agro-processing and marketing. More immediately, the growing fiscal, trade and current account deficits had to be controlled. A tighter monetary policy was needed to control inflation, and a more restrictive import policy to reduce the trade imbalance. Already, interest rates had been raised, though this process should have started a couple of years earlier, and their impact was diluted by expansionary effects from a sudden rise in government borrowing in 2007-08, probably to pay for escalating oil import costs. In September 2008 regulatory duties were imposed on a number of luxury import items. However, enhanced imports were essential for infrastructure strengthening, especially in the power sector, and for capital goods procurement.

As a priority, the government needed to target export expansion and diversification. This was again problematical, in the context of international recessionary pressures. The Export Promotion Bureau, renamed the Trade Development Authority of Pakistan, had also proved largely ineffective, and provided another sinecure sump for bureaucratic inefficiency. Government borrowing, and especially heavy reliance on the central bank for funds, had to be curtailed, for which state expenditures needed reduction. Delay in the issuance of Global Depository Receipts (GDRs) and in the issuance of euro bonds was a negative signal for foreign portfolio investment, which fell significantly in 2007-08 owing to the international financial crisis and to outflows from the domestic stock market. Clearly, political instability and high country risk contributed to investment shyness. Meeting the ongoing heavy defence budget, and the new demands from legislators for 'development' funds and other perquisites, posed a further challenge.

The agro-based sectors remained pivotal to the health of the overall economy. Growth rates variances were really a reflection of the performance of agriculture: the reduction in 2007-08 to 5.8% growth resulted from poor returns in commodity production. Agriculture depended primarily on canal irrigation, supplemented by groundwater, but also with reliance on seasonal rainfall. Pakistan had the largest contiguous irrigation network in the world, in addition to over one million tube wells, and a cultivated area of over 20 million hectares. Pakistan's livestock herd was around the same size as that of the United States and European Union, but of course with significant productivity differentials. Apart from the four major crops of wheat, cotton, rice and sugarcane, the country produced a whole range of other grains and horticultural products. The great potential from enhanced value creation in agribusiness remained a key resource for Pakistan. Unfortunately, the inability, owing to opposition from the smaller provinces, to build the next large dam in the Indus system at Kalabagh, was impacting on the current shortages in irrigation and power supplies. Efforts to reform the centralized irrigation management system developed by the British, and adopt more participatory methods, were being resisted by rent seeking incumbent interests. Agricultural research and education also needed quality upgradation. Despite three agricultural universities, a network of research stations and a state agricultural research council with extensive physical resources, little of qualitative value was forthcoming.

Statistical monitoring of the Pakistani economy is accompanied by the usual concerns over accuracy and dependability of the data. Even government monitoring of population levels, the annual growth rate, age structure and birth and death rates is suspect, given the problems with holding regular census operations. Tables 1- 9 provide a selective picture of some economic trends and trade and investment figures. All Tables except Table 2 are drawn from the *Pakistan Economic Survey 2007-08*, a useful overview appearing annually and published by the Ministry of Finance. Table 2 is drawn from the Third Quarterly report of the State Bank of Pakistan. The fourth report becomes the annual report of the SBP, and the series are another useful source on the macro-economy and the financial sector. The Federal Bureau of Statistics, Government of Pakistan, also publishes a number of surveys and statistical series on socio-economic conditions.

Proper research into the potential impacts of climate change had failed to be conducted, and public debate or government awareness building on these concerns remained minimal. Global warming threats in an already arid ecology were little understood, especially in the context of extensive arable farming with largely smallholding and technologically deprived producers. Rather than rapid glacier depletion, some evidence pointed to actual expansion in area under glaciers in Pakistan, since these lay at a higher average elevation than in India and Nepal and were further north (Pakistan's K2, the world's second highest and by some estimates the highest peak, lies a thousand kilometres north of Everest). Other estimates projected a reduction in river supplies of even 40% by 2050, threatening the sustainability of a population that had already grown more than five-fold in sixty years, from 35 million at independence to over 170 million currently. Well over half the population was under the age of twenty years, with dramatic implications for future reproduction rates, employment and infrastructure needs, and social discipline.

Table 1: Growth Performance of Components of Gross National Product (% Growth at Constant Factor Cost)

Sector	1980s	1990s	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	
COMMODITY PROD'N SECTOR	**6.5**	**4.6**	**4.2**	**9.3**	**9.5**	**5.1**	**6.0**	**3.2**	
1. Agriculture	5.4	4.4	4.1	2.4	6.5	6.3	3.7	1.5	
A. Major Crops	3.4	3.5	6.8	1.7	17.7	-3.9	8.3	-3.0	
B. Minor Crops	4.1	4.6	1.9	3.9	1.5	0.4	-1.3	4.9	
C. Livestock	5.3	6.4	2.6	2.9	2.3	15.8	2.8	3.8	
D. Fishing	7.3	3.6	3.4	2.0	0.6	20.8	0.4	11.0	
E. Forestry	6.4	-5.2	11.1	-3.2	-32.4	-1.1	-29.5	-8.5	
2. Mining & Quarrying	9.5	2.7	6.6	15.6	10.0	4.6	3.1	4.9	
3. Manufacturing	8.2	4.8	6.9	14.0	15.5	8.7	8.2	5.4	
A. Large Scale	8.2	3.6	7.2	18.1	19.9	8.3	8.6	4.8	
B. Small Scale	8.4	7.8	6.3	-20.0	7.5	8.7	8.1	7.5	
4. Construc'n	4.7	2.6	4.0	-10.7	18.6	10.2	17.9	15.2	
5. Electricity & Gas Distribn	10.1	7.4	-11.7	56.8	-5.7	-26.6	2.5	-14.7	
SERVICES SECTOR	**6.6**	**4.6**	**5.2**	**5.8**	**8.5**	**6.5**	**7.6**	**8.2**	

6. Transport, Storage & Comm.	6.2	5.1	4.3	3.5	3.4	4.0	6.5	4.4	
7. Wholesale & Retail Trade	7.2	3.7	6.0	8.3	12.0	-2.4	5.4	6.4	
8. Finance & Insurance	6.0	5.8	-1.3	9.0	30.8	42.9	15.0	17.0	
9. Ownership of Dwellings	7.9	5.3	3.3	3.5	3.5	3.5	3.5	3.5	
10. Public Admn. & Defence	5.4	2.8	7.7	3.2	0.6	10.1	9.1	10.9	
11. Services	6.5	6.5	6.2	5.4	6.6	9.9	8.8	9.4	
12. GDP (Constant Factor Cost)	**6.1**	**4.6**	**4.7**	**7.5**	**9.0**	**5.8**	**6.8**	**5.8**	
13. GNP (Constant Factor Cost)	**5.5**	**4.0**	**7.5**	**6.4**	**8.7**	**5.6**	**6.7**	**6.1**	

Table 2: Selected Economic Indicators				
		FY06	**FY07**	**FY08**
		Growth Rate (%)		
Large -Scale Manufacturing	Jul-Mar	8.0	9.0	4.8
Exports (fob)	Jul-Apr	17.2	2.9	10.2
Imports (cif)	Jul-Apr	40.4	8.9	28.3
Tax revenue (FBR)	Jul-Apr	21.3	20.0	16.3
CPI (12 Month MA)	Jul-Apr	8.2	7.8	9.8
Private Sector Credit	Jul-10th May	19.9	12.5	14.9
Money Supply (M2)	Jul-10th May	12.3	14.1	9.0
		Billion US dollars		
Total liquid reserves[1]	End April	13.1	13.7	12.3
Home remittances	Jul-Apr	3.6	4.5	5.3
Net foreign investment	Jul-Apr	4.0	5.9	3.6
		% of GDP[2]		
Fiscal deficit	Jul-Dec	1.8	1.9	3.6
Home remittances	Jul-Apr	7.5	7.8	10.7
Net foreign investment	Jul-Apr	4.0	5.9	3.6

[1] With SBP & commercial banks

[2] Based on full-year GDP in the denominator. For FY08 estimated full-year GDP has been used.

Table 3: Sectoral Share in Gross Domestic Product (GDP)

(At Constant Factor Cost) (In %)

	1969-70	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**
Commodity Producing Sector	**61.6**	**47.9**	**47.6**	**48.4**	**48.7**	**48.3**	**47.9**	**46.8**
1. Agriculture	38.9	24.1	24.0	22.9	22.4	22.5	21.8	20.9
- Major Crops	23.4	8.0	8.2	7.8	8.4	7.6	7.7	7.1
- Minor Crops	4.2	3.1	3.0	2.9	2.7	2.6	2.4	2.4
- Livestock	10.6	12.0	11.7	11.2	10.6	11.6	11.1	10.9
- Fishing	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3
- Forestry	0.1	0.7	0.7	0.6	0.4	0.4	0.2	0.2
2. Mining & Quarrying	0.5	2.4	2.5	2.6	2.7	2.6	2.5	2.5
3. Manufacturing	16.0	15.9	16.3	17.3	18.3	18.8	19.0	18.9
- Large Scale	12.5	10.4	10.6	11.7	12.9	13.2	13.4	13.3
- Small Scale	3.5	5.6	5.6	4.2	4.1	4.3	4.3	4.4
4. Construction	4.2	2.4	2.4	2.0	2.1	2.2	2.5	2.7
5. Electricity & Gas Distribute	2.0	3.0	2.5	3.7	3.2	2.2	2.1	1.7
Services Sector	**38.4**	**52.1**	**52.4**	**51.6**	**51.3**	**51.7**	**52.1**	**53.2**
6. Transport, Storage and	6.3	11.4	11.4	10.9	10.4	10.2	10.2	10.0
7. Wholesale and Retail	13.8	17.8	18.0	18.2	18.7	17.2	17.0	17.1

Trade								
8. Finance and Insurance	1.8	3.5	3.3	3.4	4.0	5.5	5.9	6.5
9. Ownership of Dwellings	3.4	3.2	3.1	3.0	2.9	2.8	2.7	2.6
10. Public Admn. & Defence	6.4	6.4	6.6	6.3	5.9	6.1	6.2	6.5
11. Other Services	6.7	9.8	9.9	9.7	9.5	9.9	10.1	10.4
12.GDP (Constant Factor Cost)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 4: Net Inflow of Foreign Direct Investment (Group-Wise)

									Million US$
ECONOMIC GROUP	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2006-07 July-March**	**2007-08 July-March**	
1 Food, Beverages & Tobacco	-5.1	7.0	4.6	22.8	61.9	515.8	489.8	33.3	
2 Textiles	18.4	26.1	35.5	39.3	47.0	59.4	46.8	22.3	
3 Sugar, Paper & Pulp	0.9	2.3	2.1	4.3	5.1	17.4	15.8	9.6	
4 Leather & Rubber Products	0.8	1.2	3.5	6.5	8.2	7.3	6.2	4.6	
5 Chemicals & Petro Chemicals	12.9	86.9	16.8	52.1	72.4	52.5	31.8	85.3	
6 Petroleum Refining	2.8	2.2	70.9	23.7	31.2	155.2	98.7	61.7	
7 Mining & Quarrying	6.6	1.4	1.1	0.5	7.1	23.7	20.5	22.0	
8 Oil & Gas Explorations	268.2	186.8	202.4	193.8	312.7	545.1	421.9	465.5	
9 Pharmaceuticals & OTC Products	7.2	6.2	13.2	38.0	34.5	38.4	25.7	38.6	
10 Cement	0.4	-0.4	1.9	13.1	39.0	33.7	13.4	89.5	

11 Electronics & Other Machinery	26.4	17.6	17.0	16.5	21.0	22.0	15.7	36.5	
12 Transport Equipment (Autos)	1.1	0.6	3.3	33.1	33.1	50.4	36.7	73.3	
13 Power	36.4	32.8	-14.2	73.3	320.6	204.6	125.1	39.8	
14 Construct'n	12.8	17.6	32.0	42.7	89.5	157.1	114.4	69.7	
15 Trade	34.2	39.1	35.6	52.1	118.0	173.4	130.9	148.4	
16 Communications	12.7	24.3	221.9	517.6	1937.7	1898.7	1411.6	923.0	
16.1) Telecommunications	6.0	13.5	207.1	494.4	1905.1	1824.3	1350.0	811.6	
17 Financial Business	3.5	207.6	242.1	269.4	329.2	930.1	696.0	685.6	
18 Social & Other Services	10.2	19.7	16.4	24.7	64.7	88.4	72.3	86.1	
19 Others	12.7	28.8	33.1	78.9	65.5	166.1	85.7	144.1	
TOTAL	484.7	798.0	949.4	1,524.0	3,521.0	5,139.6	3,859.1	3,038.8	

Table 5: Number of Privatised Transactions (Rupees in Million)

Sector	From 1991 to Jun 06		From Jul 06 to Jun 07		From Jul 07 to Feb. 08		Total	
	No.	Amount	No.	Amount	No.	Amount	Number of Transaction	Amount
Banking	7	41,023					7	41,023
Capital Market Transaction	18	32,190	3	83,614	1	17,320	22	133,124
Energy	14	51,756					14	51,756
Telecom	4	187,360					4	187,360
Automobile	7	1,102					7	1,102
Cement	16	11,862	1	4,316			17	16,178
Chemical / Fertilizer	20	24,353	2	16,229			22	40,582
Engineering	7	183					7	183
Ghee Mills	24	843					24	843
Rice/Roti Plants	23	324					23	324
Textile	3	215	1	156			4	371
Newspapers	5	271					5	271
Tourism	4	1,805					4	1,805
Others	6	159					6	159
Total	158	353,446	7	104,315	1	17,320	166	475,081

Table 6: Structure of Exports

US$ Million

Particulars	July-April		% Change	Absolute Increase/Decrease	% Contribution to Increase in Exports
	2007-08*	2006-07			
A. Food Group	2007.3	1640.3	22.4	367.0	26.1
Rice	1210.9	942.0	28.5		
Fish & Fish Preparation	165.9	158.2	4.9		
Fruits	127.3	95.2	33.7		
Spices	21.5	20.2	6.6		
Oil Seeds, Nuts & Kernels	35.3	13.8	155.1		
Meat & Meat Preparation	41.2	33.7	22.3		
All other Food Items	405.3	377.2	7.4		
B. Textile Manufactures	8649.6	8875.0	-2.5	-225.5	-16.0
Raw Cotton	58.1	45.3	28.5		
Cotton Yarn	1070.6	1176.5	-9.0		
Cotton Cloth	1572.5	1717.5	-8.4		
Knitwear	1504.3	1479.9	1.7		
Bed Wear	1565.0	1634.7	-4.3		
Towels	497.6	506.0	-1.7		
Readymade Garments	1200.2	1250.8	-4.0		

Made-up Articles	28.6	419.4	2.2		
Other Textile Materials	752.7	645.0	16.7		
C. Petroleum Group	930.9	674.1	38.1	256.9	18.2
Petroleum Crude	0.0	0.0	0.0		
Petroleum Products	407.7	222.8	83.0		
Petroleum Top Naptha	523.2	450.9	16.0		
Solid Fuel (Coal)	0.1	0.4	-84.9		
D. Other Manufactures	2890.7	2170.8	33.2	719.9	51.1
Carpets. Rugs & mats	182.3	193.3	-5.7		
Sports Goods	244.5	234.0	4.5		
Leather Tanned	338.6	279.8	21.0		
Leather Manufactures	570.7	461.2	23.7		
Surgical G. & Med.Inst.	202.6	152.1	33.2		
Chemicals & Pharma. Pro.	498.4	315.9	57.8		
Engineering Goods		163.7	191.7	-14.6	
All other manufactures	690	342.8	101.3		
E. All Other Items	777.0	487.1	59.5	289.9	20.6
Total	15255.5	13847.3	10.2	1408.2	100.0

*Provisional

Table 7: Major Export Markets (Percentage Share)

Country	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08*
USA	21.8	24.8	24.4	24.7	23.5	23.9	23.9	25.5	24.6	26.4
Germany	6.6	6.0	5.3	4.9	5.2	4.9	4.8	4..2	4.1	4.3
Japan	3.5	3.1	2.1	1.8	1.3	1.1	1.1	0.8	0.7	0.8
UK	6.6	6.8	6.3	7.2	7.1	7.6	6.2	5.4	5.6	5.6
Hong Kong	7.1	6.1	5.5	4.8	4.6	4.7	3.9	4.1	3.9	4.0
Dubai	5.4	5.7	5.3	7.9	9.0	7.3	3.3	5.6	7.5	1.6
Saudi Arabia	2.4	2.5	2.9	3.6	4.3	2.8	2.5	2.0	1.7	1.7
Sub-Total	53.4	55.0	51.8	54.9	55.0	52.3	45.7	47.6	48.1	44.4
Other	46.6	45.0	48.2	45.1	45.0	47.7	54.3	52.4	51.9	55.6
Countries										
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*July - November

Table 8: Major Contributors to Increase Imports July-April 2007-08

(US$ Million)

	July-April		**Absolute Increase**	**% Change**	**Percentage Contribution**
	2006-07	**2007-08**			
Total Imports	24993.0	32061.1	7068.1	28.3	100.0
A. Food Group	2371.8	3523.7	1151.9	48.6	16.3
B. Machinery Group	3953.6	4224.5	270.9	6.9	3.8
C. Petroleum Group	5896.6	8670.4	2773.8	47.0	39.2
D. Consumer Durables	1731.3	1703.9	-27.3	-1.6	-0.4
Elect. Mach. & App.	531.6	607.7	76.1	14.3	-1.1
Road Motor Vehicles	1199.7	1096.3	-103.4	-8.6	-1.5
E. Raw Materials	3841.5	5325.8	1484.3	38.6	21.0
F. Telecom	1868.6	1890.1	21.5	1.2	0.3
G. Others	5329.6	6722.6	1393.0	26.1	19.7

Table 9: Major Sources of Imports

(Percentage Share)

Country	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08*
U.S.A	7.7	6.3	5.3	6.7	6.0	8.5	7.6	5.8	7.5	7.2
Japan	8.3	6.3	5.3	5.0	6.6	6.0	7.0	5.4	5.7	4.6
Kuwait	5.9	12.0	8.9	7.1	6.6	6.4	4.6	6.2	.7	6.6
Saudi Arabia	6.8	9.0	11.7	11.6	10.7	11.4	12.0	11.2	11.4	11.7
Germany	4.1	4.1	3.5	4.3	4.6	3.9	4.4	4.7	3.9	3.2
U.K	4.3	3.4	3.2	3.4	2.9	2.8	2.6	2.8	2.3	2.0
Malaysia	6.7	4.3	3.9	4.4	4.6	3.9	2.6	3.0	3.1	3.9
Sub-Total	43.8	45.4	41.8	42.5	42.0	42.9	40.8	39.3	39.6	38.5
Other Countries	56.2	54.6	58.2	57.5	58.0	57.1	59.2	60.7	60.4	61.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*July-March