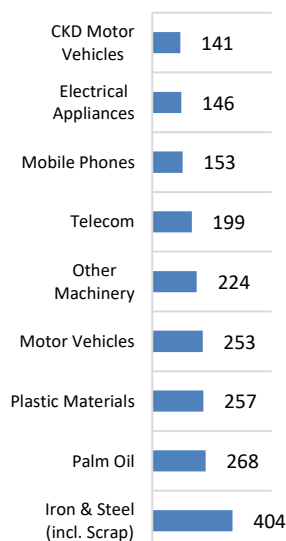


## Economy

### Exhibit: Imported items per months

Top 10 imported items in terms of US\$ mn per month during the past 12 months of import.



### External Balance

## Import Ban Items Will Marginally Address C/a Problem; More Measures Needed

- The Government has announced ban on various imported items in a bid to restrict widening C/a deficit and depleting forex reserves which has put pressure on PKR against USD in recent months as PKR has crossed 200 mark recently.
- The ban on imported items is likely to fetch savings of nearly USD 100mn / month. Including mobile and automobile CKD will further lead to additional savings of USD 285mn / month, however, recent news state that Government has reversed ban on mobile and automobile CKD.
- In our view, the measures taken to reduce import bill to arrest current economic crisis remain insufficient. We highlight, alongside import of non-essential items, reversal of fuel and power subsidy and resumption of IMF program remain key measures to evade current economic crisis. However, ban on non-essential items may potentially benefit locally industry.

### Government announces ban various imported items

The Government has announced ban on various imported items in a bid to restrict widening C/a deficit and depleting forex reserves which has put pressure on PKR against USD in recent months as PKR has crossed 200 mark recently. The ban on imported items is likely to fetch savings of nearly USD 100mn / month. Including mobile and automobile CKD will further lead to additional savings of USD 285mn / month, however, recent news state that Government has reversed ban on mobile and automobile CKD.

The incumbent Government claimed that import ban on these items will likely lead to savings of USD 6bn per annum, however, in our view, excluding mobile and automobile CKD the annual savings through import would be round USD 1.2bn.

### Local industry to cherish import ban of certain items

Although total savings are not substantial to arrest the current forex reserve crisis in our view, however, we view local industry is likely to benefit from ban on imported items.

We highlight that ban on Mobile CBU units is likely to benefit AIRLINK and LUCK while INDU, PSMC, HCAR, LUCK are likely to beneficiary of ban on Automobile CBU units. Ban on juices, ice cream, cornflakes and shampoo will potentially benefit NESTLE, UPFL and FCEPL while ban on home appliances is likely to positive for PAEL and WAVES. Ban on cigarettes is likely to benefit PAKT, KHTC and PMPK. Import restriction on Jams & jelly, Chocolates and confectionary items to benefit NATF, MFFL and ISIL.

### More needs to be done to evade economic crisis

In our view, the measures taken to reduce import bill to arrest current economic crisis remain insufficient. We highlight, alongside import of non-essential items, reversal of fuel and power subsidy and resumption of IMF program remain key measures to evade current economic crisis. However, ban on non-essential items may potentially benefit locally industry.

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**Exhibit: List of imported proposed for a ban**

Items	Amount (USDmn/mnth)	Potential Beneficiary
Mobile Phones (CBU)	27.50	AIRLINK, LUCK
Automobiles (CBU)	18.40	INDU, PSMC, HCAR, LUCK
Home Appliances (CBU)	5.12	PAEL, WAVES
Fruits and Dry Fruits	19.49	
Crockery	3.98	
Private Weapons & Ammunition	3.23	
Shoes	2.85	BATA, SGF
Chandeliers & Lighting (except Energy Savers)	2.57	
Headphones & Loudspeakers	2.26	
Sauces, Ketchup etc.	1.87	NATF
Doors and Window Frames	1.64	
Travelling Bags and Suitcases	1.60	
Sanitary ware	1.26	
Fish & Frozen Fish	1.25	
Carpets (except from Afghanistan)	1.17	
Preserved Fruits	1.14	
Tissue Paper	0.94	PKGS
Furniture	0.81	
Shampoos	0.76	UPFL
Confectionary	0.58	ISIL, MFFL
Luxury mattresses & sleeping bags	0.16	
Jams & Jelly	0.46	NATF, MFFL
Cornflakes	0.45	NESTLE, UPFL
Bathroom ware / Toiletries	0.40	
Heaters / Blowers	0.38	PAEL
Sunglasses	0.21	
Kitchen ware	0.31	
Aerated water	0.29	
Frozen Meat	0.28	ASC
Juices	0.25	NESTLE, FCEPL
Pasta etc.	0.20	
Ice cream	0.19	FCEPL, UPFL
Cigarettes	0.16	PAKT, KHTC, PMPK
Shaving Goods	0.12	TREET
Luxury Leather Apparel	0.08	
Musical Instruments	0.07	
Saloon items like hair dryers etc.	1.06	
Chocolates	0.97	ISIL

Source: IGI Research, Newsprint

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