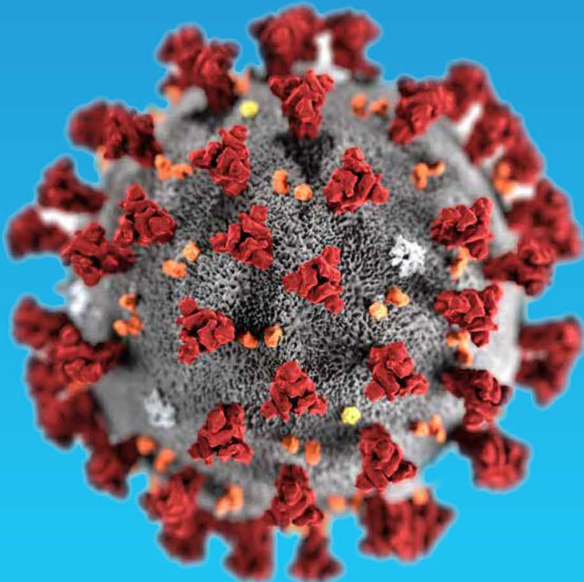
COVID-19 and Pakistan: Implications & Way Forward



The Federation of Pakistan Chambers of Commerce & Industry

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Foreword

The World has experienced a significant lockdown owing to COVID-19 which has caused colossal damage to human lives as death tools have exceeded to 0.6 million and still the virus is spreading in all countries.

Like the other countries, COVID-19 has disrupted the economic activities in Pakistan due to lockdown and suspension of economic activities resulting in the negative growth of the economy which is recorded for the second time in history. The Government of Pakistan also took a large number of economic measures to minimize the risk and overcome the uncertain situation.

FPCCI, being the apex trade body of Pakistan is closely monitoring the situation and complying with the Government's advice, and playing a crucial role to facilitate all sectors of the economy. FPCCI has always played a proactive role with the support of its members, in particular, and the policymakers, regulators, business, and industry, in general, and keeping abreast of the vital issues and challenges concerning the national economy.

FPCCI established a help desk that is working 24 hours with all Government departments for resolving the issues of the business community. Moreover, to highlight the issues faced by trade and industry, FPCCI arranges webinars and conferences for its trade bodies on different economic issues. FPCCI also participated in international conferences and discussed the measures taken by their governments to minimize the losses.

This booklet titled '**COVID-19 and Pakistan: Implications & Way Forward'** is a timely initiative taken by Sheikh Sultan Rehman, Vice President FPCCI to assess the implications of the COVID-19 pandemic on different sectors of the national economy. I am sure that this booklet would provide a useful reference document for our members, students, policymakers, economists, finance professionals, and other stakeholders to have an overall view of the situation faced by our national economy amid the COVID-19 outbreak in Pakistan.

Mian Anjum Nisar
President

FPCCI

Message

It is my great honor and pleasure to present to you, report on **'COVID-19 and Pakistan: Implications & Way Forward'**. I feel privileged to work under the dynamic leadership and able guidance of Mian Anjum Nisar, President FPCCI who is dedicated and sincerely trying his best to resolve the difficulties faced by the business community of our beloved country.

COVID-19 has affected the economies of all countries bringing numerous challenges to developing countries. The first case of pandemic COVID-19 was reported in February 2020 which later spread to all provinces of Pakistan which severely affected the economic activities. Like other countries, Pakistan had no option but to lock down the country to control the spread of the disease.

To analyze the impact of COVID-19 on Pakistan's economy, FPCCI has taken initiative to bring a comprehensive report on this issue. The objective of this report is to investigate the impact of COVID -19 on economic growth, poverty, unemployment, foreign trade, tax revenue, food security, domestic commerce, service sector, etc and analyze the measures taken by Pakistan and other countries. Moreover, the report presents the measures taken by other affected economies.

I hope that this report will provide a guideline to policymakers on economic issues. Your comments and suggestions, if any, will be highly appreciated.

Sheikh Sultan Rehman
Vice President

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COVID-19 and Pakistan

Introduction

The pandemic disease first appeared in China in December 2019 and soon spread over to 209 countries. More than 0.6 million deaths so far reported and more than 13.06 million people have been affected with COVID-19. The severity of this disease is so high that the WHO has officially declared this disease as a pandemic.

The pandemic COVID-19 affected the developed nations more as compared to the developing countries. Due to a large number of deaths in developed nations, the countries left with no option but to take preventive measures in the form of lockdown. On the other hand, lockdown and quarantine badly affected economic activities and resulted in a dramatic rise in unemployment and poverty globally. Leading Experts estimated the economic losses of pandemic COVID-19 to be much greater than the Great Depression of 1929 and the financial crisis of 2008.

According to IMF, World Bank, and other Global Institutions, the Global GDP growth has drastically declined to 2-2.5 percent and estimated losses to this pandemic are around US$ 1.5 to 2 trillion. Owing to the current situation, most of the countries have diverted their planned development resources towards the social sector and initiated economic stimulus and relief packages to minimize the economic losses and provide relief to the masses.

Pakistan like other nations is facing a pandemic COVID -19 since February 2020 which created uncertainty in economic and socio-economic activities. The Federal and Provincial governments took various measures to protect the lives of the people of Pakistan and save them from the adverse impact of COVID-19.

The main reason for Corona spread in Pakistan is an inflow of human/Pakistani from borders and by air. Later on, local transmission has increased the number of affected people. Approx. 6000 deaths and 0.3 million cases have been found in Pakistan. However, life losses due to COVID-19 are not large as compared to other countries but to safeguard the people, the Government of Pakistan has taken immediate measures in terms of lockdown, improving health and quarantine facilities, etc.

The economic pattern of Pakistan is highly dependent on China, the United States, EU, and Middle East countries for trade and capital inflows. The economic slowdown in these countries ultimately affects the economy of Pakistan in terms of declining trade, workers' remittances, and foreign investment, etc. Moreover, due to lockdown in countries the industrial production, transportation, retail trade, and other sectors are also affected.

To analyze the impact of COVID-19 on Pakistan's economy, FPCCI has taken initiative to bring a comprehensive report on this issue. The objectives of this report are to investigate the impact of COVID -19 on economic growth, poverty, unemployment, foreign trade, tax revenue, food security, domestic commerce, service sector, etc and analyze the measures taken by Pakistan and other countries. Moreover, the reports will also present the measures taken by other affected economies.

COVID-19 Effects on the Economy of Pakistan

A. Economic Growth

Before the COVID-19, IMF and World Bank indicated that the economy of Pakistan will grow by 2 to 2.5 percent due to fundamental weaknesses which have declined the industrial activities in the first half of FY20. The disruption in economic activities due to COVID-19 declined the economic growth for the FY20 stood negative 0.38 percent (prov.) against the target of 3.3 percent. All three sectors of the economy i.e. agriculture, industry, and service sector missed their growth targets which could unemployment and poverty in Pakistan.

Economic Growth of Pakistan

Variables	2017	2018	2019	2020 (Provisional)	2020 (target)
GDP (US$ billions)	304	320	331	330	--
Growth rate (%)	5.2	5.5	3.3	-0.4	3.3
Agriculture Growth (%)	3.46	3.9	0.9	2.7	3.0
Industry Growth (%)	5.8	5.4	-0.3	-2.6	0.7
Service Growth (%)	6.5	6.3	4.7	-0.6	4.7

Source: Government of Pakistan

Below is the brief performance of this sector.

1. **Agriculture Sector:** The economy of Pakistan is an agrarian economy due to its significant contribution to GDP and employment generation. The growth rate of agriculture stood at 2.7 percent against the target of 3.0 percent due to a decline in the production of major crops like cotton, sugar, etc. while the production of other crops like wheat, rice, and maize showed a positive growth trend. The decline in production of cotton will directly impact the textile industry which is considered as the backbone of the economy. The other agriculture sub-sectors i.e. livestock, fishing, and forestry also showed positive growth of 2.6%, 0.6%, and 2.3% respectively.

In addition to COVID-19, desert Locusts move rapidly across the Sindh and Baluchistan region of Pakistan which laying waste to agricultural lands due to their voracious appetite. According to estimates of the Economic Survey of Pakistan, Locusts has affected 115,000 hectares of agricultural land where wheat, oilseed, cotton, gram, fruits, and vegetables cultivated.

2. **Industrial Sector:** The industrial sector is the second largest sector of Pakistan contributed 21% in GDP, 70% in tax collection, and 24% in employment generation. This sector grew negatively and stood at -2.6 percent during the current year against the target of 0.7 percent due to the lockdown situation in the country owing to pandemic COVID-19 from March 2020 to May 2020.

   During the current year, the growth of mining and quarrying stood at negative 8.82 percent against the target of 2 percent due to a decline in the extraction of natural gas by -6.36 percent, crude oil by -10.55 percent, and coal by -6.34 percent.

   The construction sector activity has increased during the year by 8.06 percent mainly due to an increase in general government expenditure for FY2020 because of different housing schemes.

3. **Service Sector:** The services sector has declined provisionally at -0.59 percent against the target of 4.8 percent mainly due to a decline in the Wholesale & Retail Trade sector, Transport, Storage, and Communication sectors while finance, insurance, housing service, general government services, and other private services have grown positively. The wholesale and retail trade mainly depends on the domestic production of industry and agriculture and imports and a decline in the growth of these sectors directly affect the wholesale and retail trade. Due to COVID-19, the domestic and international modes of transportation were closed for three months which also affected the performance of the transport sector.

B. Private Consumption and Investment

The economy of Pakistan is a consumption-oriented economy where private sector consumption comprises 80% (approx.) of GDP. Due to the high consumption of the private sector, the amount of savings is very low in Pakistan. Generally, the private sector transforms into investment and contributed significantly to economic growth and employment generation.

The COVID-19 does not affect significantly the private sector consumption behavior even though there was a lockdown all over Pakistan for three months. During FY20, the private sector consumption stood at 78.5% of GDP while the private investment as a percentage of GDP dropped to 9.98 percent. Due to COVID-19 relief measures, the Public Investment (including General Government investment) has shown improvement and there was 13.2 percent growth in Public Investment (including General Government investment) while it declined by 21.6 percent last year.

As compared to Pakistan, all the regional economies are investment-oriented economies that contribute significantly in their growth and employment generation like India where private consumption as a percentage of GDP stood 60% and their investment to GDP ratio stood at 30.6%. Similarly, Bangladesh private consumption as % of GDP is 70%, Sri Lanka 69%, China 38.7%, Indonesia 36%, Iran 48.7% etc. Subsequently, the investment to GDP ratio in China is 44%, Indonesia 34%, Sri Lanka 29.5%, Bangladesh 31.2% while in Pakistan it is just 15.2% (before COVID-19).

C. Poverty and Unemployment

Pakistan is the fifth most populous country in the world and 62% of our population falling under the working-age population i.e. 15-64 years. According to the Human Development Index, Pakistan ranked 150 out of 180 countries in poverty. Around 55 million people live below the poverty line in Pakistan which is 29.5 percent of the population. Due to COVID-19, it is expected that the population below the poverty line will increase to 50 percent that indicates nearly 120 million people will be below the poverty line at the end of the Pandemic. This poverty is more in a rural area compared to the urban area.

The lockdown in Pakistan is also expected to increase the unemployment rate which is according to the last estimates (2017-18) is 5.8 percent. According to estimates of Dr. Hafiz Pasha, Renowned Economist, the unemployment rate will increase to 8.1 percent by the end of 2020. He estimated the unemployed labor force for both less extreme shocks and extreme shocks. According to his estimates, the unemployed labor force will increase to 3.1 million in case of less extreme shocks and 5.0 million in case of extreme shocks.

The high rate of unemployment is generally in daily wage earners; comprises mostly unskilled laborers and work in the informal sector. In this context, there is a dire need for a revival of economic activities. The revival of SMEs and the construction industry can provide relief to the poor segment of society up to some extent.

D. Revenue Collection and Fiscal Deficit

Before COVID-19, the Federal Board of Revenue (FBR) was facing a significant shortfall in revenue collection. The revised revenue collection target is Rs. 3,908 billion while FBR collected Rs. 3,967 billion tax revenue against the target Rs. 3.520 trillion which indicates a surplus of Rs. 59 billion. Due to lockdown, the FBR revised revenue collection targets three times and the last target was set by the IMF.

During the FY20, income and sales tax indicating an increasing trend and stood at Rs. Rs1.484 trillion and Rs. 135.74 billion by grew i.e. 4.0 percent and 9.3 percent respectively. While custom duty showing a declining trend due to a decline in imports and stood at Rs. 618.78 billion. Moreover, the refunds and rebates of the exporters surging by 85 percent which is commendable steps and may reduce the liquidity problem of the businessmen.

The Government is facing multiple challenges at social, economic, and development sides towards the COVID-19 crisis which enhanced the Government expenditures towards improving the health facilities and providing relief to the poor segment. In this context, the Government announced the Economic Relief Package of Rs. 1.2 trillion which includes the following measures;

	Relief Measures	**Amount (Rs.)**
1.	Relief to Daily Wage Workers	200 billion
2.	Cash transfers to the low-income family	150 billion
3.	Tax Refund to Export Industry	100 billion
4.	Financial Support to Agriculture and SMEs sector	100 billion
5.	Procurement of Wheat	280 billion
6.	Financial Support to Utility Stores	50 billion
7.	Relief in Fuel Prices	70 billion
8.	Support for food and health Supplies	15 billion
9.	Relief in Electricity Bill	110 billion
10.	Emergency Energy Provision	100 billion
11.	Transfer to NDMA for purchase of health equipment	25 billion

In terms of Relief to Daily Wage Earners, the Government has given Rs 12,000 to 20.2 million people monthly for four months via the 'Ehsaas Kifalat Programme'. Cash grants would be provided under the Kafalat program and emergency cash assistance to the poor on the recommendation of the district administration.

Tax Relief Measures

- Two percent tax on import of pulses has been abolished
- Withholding tax rate on spices, dry milk, and salt supplies has been set at 1.5 percent for utility stores
- Set up of Prime Minister Relief Fund and formation of Tiger Youth Force for distribution of food and create awareness

Owing to the Pandemic, FPCCI has proposed the following measures;

- The revival of Zero Rating for 5 Export Oriented Sectors
- The present tariff is maintained to preserve the scale and competitiveness of the domestic industry. We also request a review of the Regulatory Duty where the domestic industry can expand and market its capacity to the export markets. Moreover, the DTRE scheme should be simplified for SMEs to avail
- The minimum tax rate should be suspended for two years due to COVID-19
- All manufacturers are allowed 100% adjustment of input tax instead of the current restriction of 90%
- The rate of withholding tax on export proceeds should be reduced to 0.5% from 1.0% for the next two financial year
- The withholding tax regime should be simplified by reducing the number of rates significantly. The current withholding tax guide available on the FBR website is a 76 pages document, clearly shows the complexity of the regime from compliance and ease of doing business.
- Tax Credit under BMR should be restored
- Tax credit under section 65E should also extend to investment in factory building and manufacturing-related infrastructure.

In the present situation, the topmost priority of the government is to increase the health facilities and provide food and shelter to the lower-class owing to COVID-19. Historically, the health sector was the less priority of the government as in the federal budget our health expenditures generally stood less than one percent of the GDP; however, Pakistan does not have better health facilities even equal to other developing nations. While on the expenditure side, the Government reduced its development expenditures.

An increase in social sector expenditures and declining revenue collection will ultimately increase the fiscal deficit of Pakistan that will have to be financed from borrowing and subsequently increase in the public debt. According to provisional figures, the budget deficit stood at 7.2 percent of GDP which is higher than the target. Overall, the improvement in a fiscal account is largely attributed to higher provincial surplus and the sharp rise in non-tax revenues.

Before COVID-19, Pakistan was entered into an Extended Fund Facility (EFF) with IMF for 39 months to finance twin deficit i.e. trade deficit and fiscal deficit. which has some conditionalities like removal of subsidy, resource mobilization, retiring of circular debt, etc. The revival of the IMF program will largely depend upon the ability of the government to restrict the budget deficit within the desired limits. The IMF program conditionalities are as follows;

- Increase in taxes on electricity, water, and other utilities
- Removal of subsidy
- Increase in taxes on petroleum products
- Depreciation of Rupee
- A decline in Development Budget

As per the IMF conditions, the Government has started phasing out subsidy on utilities which has increased the cost of electricity even though COVID-19 has reduced international crude oil prices. But our Government didn't pass this relief on the general public and increase the tax on petroleum products. Moreover, in the Federal Budget 2020-2021, the Government has reduced the subsidy by 36% wherein a massive decline is seen in the power sector.

During the last six months, Pakistani Rupees has depreciated depreciation against the United States Dollar and other major currencies which also affected positively the decline of imports but increases the external debt.

E. Inflation and Monetary Development

The cost of production is the main fuel of inflation in Pakistan while the State Bank of Pakistan (SBP) always tries to control inflation with the contractionary monetary policy. During the last years, the inflation in Pakistan persists in double digits that's why the policymakers increased the interest rate to 13.25%. The reason behind the inflation in Pakistan is the rising of petroleum and utility prices. The inflation has come down from January 2020 and expected that it will decline further in the next months. Due to this, the SBP started a reduction in the interest rate to stimulate the private investment which indicates a declining trend during the last years.

Owing to COVID-19, the SBP also intervene in the economy and took various to facilitate the trade and industry of Pakistan.

1. The SBP reduced the policy rate to 7% to combat the COVID-19 effects
2. SBP decided to offer soft loans to those industries and factories that would not lay off their employees and laborers in this situation.
3. The SBP also asked the banks to provide relief in debt to individuals and companies to help them to defer payment of interest on the principal amount for one year.
4. SBP slashes cheque clearance time in wake of coronavirus outbreak. According to the new directives, the payee (person depositing the cheque) can now deposit the cheque directly into the drawee's bank, instead of their branch.
5. Concessional loans to SMEs and the agriculture sector
6. Deferment of loans (principal and interest inclusive) for SMEs, industries, and agricultural sector
7. Economic Refinancing facility worth Rs. 100 billion in bank refinancing to stimulate investment in new manufacturing plants and machinery at 7% fixed for 10 years
8. Refinance facility for combat COVID-19 worth Rs. 5 billion to support hospitals and medical centers in purchasing equipment to detect and treat COVID-19

As of July 23, 2020, according to the available statistics, SBP has deferred loans Rs. 623 billion and restructured Rs. 152 billion loans. Moreover, Rs. 6 billion has been approved for hospitals, and Rs. 11.8 billion approved for new investment.

Up to July 2020, 2141 business organization has been applied for the loan for the payment of wages to 1.25 million workers. In this regard, SBP has sanctioned Rs. 128.6 billion of loans and the duration of the scheme has been extended to September 2020.

F. Public Debt

It is alarming for Pakistan that its public debt has reached to 85 percent of GDP (Rs. 35.20 trillion by March 2020) which was 57.5 percent of GDP (Rs. 6.12 trillion) in 2008 and 63.8 percent of GDP (Rs. 14.29 trillion) in 2013. The failure to mobilize domestic resources, increased reliance on borrowing, and accumulation of domestic and external debt have created a difficult situation for the current government to meet the debt obligations as suggested by Pakistan Fiscal Responsibility and Debt Limitation Act (FRDL), 2005.

The high and rising debt constitutes a serious threat to the national security and sovereignty of Pakistan and may create impediments in business activities, investment, economic growth, poverty alleviation, and employment generation. The rising debt burden has also implications for the economy in the future as a greater amount of resources allocation to be made towards debt servicing in the future which may cost in terms of foregone public investment of the economy. There is a dire need to bring and maintain the Public Debt-to-GDP and Debt Service-to-Revenue ratios to sustainable levels through a combination of greater revenue mobilization, rationalization of current expenditure, and efficient and productive utilization of debt.

G. Foreign Trade of Pakistan

Due to the global lockdown situation, the external sector of Pakistan has badly affected as most of the countries have closed their borders and ports and suspended their air flights and cargo, etc. which canceled the export order. Before COVID-19, the exports of Pakistan indicating a positive trend but later it declined by 7% as per available statistics. During the FY20, the exports of Pakistan stood at US$ 21.39 billion and imports stood at US$ 44.57 billion. The decline in imports positively affected the current account deficit which has declined to US$ 23.18 billion compared to last year's deficit of US$ 31.80 billion. To reduce the trade deficit, during the last year the government increased custom duties on several items that have reduced the imports. Moreover, the massive devaluation of Pak. Rupees also reduced the import bills. But the reduction in imports of several goods including machinery and raw material has affected industrial production and economic growth. Compared to last year, the import of Pakistan has declined by 18.6%.

Pakistan's export is designated to China, UK, United States, Afghanistan, Germany, Spain, Thailand, UAE, Japan, Belgium, etc which are badly affected with COVID-19 and during the current year, Pakistan's exports to these countries has declined significantly. While Saudi Arabia, Malaysia, Austria, UAE, USA, UK, China, Germany, France, etc. are import partners of Pakistan to whom Pakistan's import has been affected due to COVID-19. 68% of imports constitute raw materials, intermediate goods, and capital goods which are used to produce final goods that are consumed domestically or exported. A decline in these imports will therefore negatively effected investment spending as well as on exports.

Commodity-wise exports of Pakistan indicate that exports of the food group declined by 5.36 percent, textile by 6.02 percent, petroleum product by 42.2 percent, leather by 26 percent, etc.

To support the export sector during the period of COVID-19, SBP has reduced the performance requirement under Export Finance Scheme (EFS) twice to one and half times that will be affected for FY2021 also. Moreover, SBP has extended the existing export performance period of one year by another six months, which will also be used for setting new limits for FY2021 allowing higher limits to exporters. The shipment period also extended to six months.

PRODUCT-WISE EXPORTS OF PAKISTAN (Value in Million US$)

Commodities	2016-17	2017-18	2018-19	2019-20	% Change in FY19 over FY18	% Change in FY20 over FY19
Food Group	**3,711**	**4,798**	**4,609**	**4,362**	**(3.94)**	**(5.36)**
Rice	1,607	2,036	2,070	2,175	1.67	5.10
Fish & Fish preparations	394	451	439	407	(2.66)	(7.38)
Fruits	381	400	416	431	4.00	3.67
Wheat	1	236	153	11	(35.17)	(92.52)
Spices	85	79	88	88	11.39	0.12
Oil seeds, Nuts and Kernals	47	37	74	30	100.00	(59.28)
Sugar	161	508	223	71	(56.10)	(68.32)
All Other Food Items	615	558	644	1,148	15.41	78.30
Textile Group	**12,451**	**13,521**	**13,329**	**12,527**	**(1.42)**	**(6.02)**
Raw Cotton	44	58	20	17	(65.52)	(14.99)
Cotton Yarn	1,244	1,372	1,125	985	(18.00)	(12.45)
Cotton Cloth	2,136	2,204	2,101	1,830	(4.67)	(12.90)
Yarn Other Than Cotton Yarn	24	33	34	26	3.03	(24.18)
Knitwear	2,361	2,711	2,899	2,794	6.93	(3.61)
Bed wear	2,138	2,261	2,262	2,151	0.04	(4.91)
Towels	801	797	786	711	(1.38)	(9.51)
Tents, Canvas &Tarpulin	134	85	82	98	(3.53)	20.09
Readymade Garments	2,319	2,577	2,655	2,552	3.03	(3.87)
Art, Silk & Synthetic Textile	188	310	298	315	(3.87)	5.63
Made-up Articles(Excl. Towels Bed Wear)	638	685	679	591	(0.88)	(13.03)
Other Textile Materials	425	427	386	456	(9.60)	18.24
Petroleum Group & Coal	**189**	**394**	**477**	**273**	**21.07**	**(42.72)**
Petroleum Crude	77	190	285	186	50.00	(34.78)
Petroleum Products (Excl. Top Naphta)	71	147	128	41	(12.93)	(68.17)
Petroleum Top Naphta	41	56	64	46	14.29	(27.38)
Other Manufacture Group	**3,097**	**3,399**	**3,362**	**3,036**	**(1.09)**	**(9.70)**
Carpets, Rugs & Mats	79	76	67	54	(11.84)	(19.09)
Sports Goods	308	342	309	262	(9.65)	(15.09)

Leather Tanned	346	330	252	184	(23.64)	(26.94)
Leather Manufactures	491	523	485	474	(7.27)	(2.27)
Footwear	96	108	122	126	12.96	3.23
Surgical Goods & Medical Instruments	340	379	388	356	2.37	(8.35)
Cutlery	82	90	91	83	1.11	(9.19)
Onyx Manufactured	5	5	5	4	-	(18.48)
Chemicals and Pharm. Products	880	1,043	1,137	1,008	9.01	(11.31)
Engineering Goods	174	208	173	173	(16.83)	(0.20)
Molasses	12	19	13	5	(31.58)	(59.25)
Cement	238	223	272	259	21.97	(4.62)
Guar and Guar Products	30	36	35	37	(2.78)	5.53
All Other Items	974	1,101	1,202	5,554	9.17	362.04
Total	**20,422**	**23,212**	**22,979**	**21,394**	**(1.00)**	**(6.90)**

Source: Pakistan Bureau of Statistics

SBP also facilitates the exporters in terms of Long term Financing Facility and the eligibility requirement for availing financing has been reduced from exports of worth 50 percent or US$ 5 million to 40 percent of US$ 4 million which is lower for all the borrowings during the period of January to September 2020. If exporters opting for projected export criteria, SBP has extended export performance for a maximum period of 4 to 5 years.

For the enhancement of export, Pakistan has to focus on value addition, exploration of the non-traditional market, product diversification, and competitiveness, etc. According to the World Economic Forum report, the most problematic factors which Pakistan's exports are facing are access to finance, identifying potential markets and buyers, inappropriate production technology and skill, fulfilling of technical requirement and standards abroad, difficulties in meeting quality/quantity requirements of buyers at a competitive price.

Commodity-wise imports of Pakistan indicate that the imports of the food group declined by 4.31percent, transport goods by 49.9 percent, petroleum group by 27.8 percent, textile 21.5 percent, agriculture by 16 percent, and metal by 18 percent. Consequently, Pakistan is likely to experience a cascading effect of falling imports, leading to an impact on the GDP. The decline in imports will positively affect the balance of payment but in the long term, it will affect the industrialization process which is the real sector of the economy, and significantly contribute to economic growth and development.

PRODUCT-WISE IMPORTS OF PAKISTAN (Value in Million US$)

	2016-17	207-18	2018-19	2019-20	% Change in FY19 over FY18	% Change in FY20 over FY19
A. Food Group	**6,143**	**6,184**	**5,668**	**5,424**	**(8.34)**	**(4.31)**
Milk, Cream & Milk Food	259	276	230	163	(16.67)	(29.16)
Dry Fruits & Nuts	180	100	43	34	(57.00)	(20.30)
Tea	524	552	572	533	3.62	(6.86)
Spices	139	167	162	174	(2.99)	7.29
Soya bean Oil	123	136	107	58	(21.32)	(46.22)
Palm Oil	1,905	2,040	1,845	1,842	(9.56)	(0.19)
All other Food items				2,621	(7.00)	(3.24)
B. Machinery Group	**11,755**	**11,562**	**8,920**	**8782.54**	**(22.85)**	**(1.54)**
Power Generating Machinery	3,034	2,663	1,263	1,373	(52.57)	8.70
Office Mach. Incl. Data Processing Equipment	523	497	432	376	(13.08)	(12.86)
Textile Machinery	557	544	538	437	(1.10)	(18.71)
Construction & Mining Machinery	494	354	212	192	(40.11)	(9.27)
Electrical Machinery & Appara1-tus	2,322	2,184	1,776	2,247	(18.68)	26.53
Telecom	1,352	1,532	1,380	1,861	(9.92)	34.83
Agricultural Machinery	119	118	135	94	14.41	(30.52)
Other Machinery	3,355	3,670	3,185	2,202	(13.22)	(30.87)
C. Transport Group	**3,327**	**4,388**	**3,086**	**1,546**	**(29.67)**	**(49.90)**
Road Motor Vehicles(Build Unit, Ckd/Skd)	2,515	2,897	2,306	1,279	(20.40)	(44.53)
Aircrafts , Ships and Boats	525	1,142	694	251	(39.23)	(63.84)
D. Petroleum Group	**10,923**	**14,430**	**14,441**	**10,421**	**0.08**	**(27.84)**
Petroleum Products	6,838	7,476	6,284	4,742	(15.94)	(24.54)
Petroleum Crude	2,547	4,229	4,571	2,722	8.09	(40.45)
Natural Gas, Liquified	1,313	2,454	3,337	2,662	35.98	(20.22)
E. Textile Group	**3,358**	**3,664**	**3,222**	**2,529**	**(12.06)**	**(21.49)**
Raw Cotton	810	1,078	768	880	(28.76)	14.60
Synthetic Fibre	485	543	585	427	7.73	(26.94)
Synthetic & artificial Silk Yarn	635	664	690	504	3.92	(27.02)
Worn Clothing	145	162	181	169	11.73	(6.77)
Other Textile Items	1,283	1,218	998	550	(18.06)	(44.93)

F. Agricultural & Other Chemical Group	**7,583**	**8,918**	**8,757**	**7,354**	**(1.81)**	**(16.02)**
Fertilizer Manufactured	641	833	799	569	(4.08)	(28.80)
Insecticides	159	174	190	186	9.20	(2.31)
Plastic Material	1,919	2,347	2,223	1,907	(5.28)	(14.20)
Medicinal Products	975	1,072	1,093	997	1.96	(8.74)
Others	3,889	4,492	4,452	3,694	(0.89)	(17.02)
G. Metal Group	**4,412**	**5,357**	**4,974**	**4,058**	**(7.15)**	**(18.42)**
Iron and Steel Scrap	1,121	1,583	1,461	1,522	(7.71)	4.17
Iron and Steel	2,121	2,440	2,229	1,538	(8.65)	(31.00)
Aluminum Wrought & Worked	196	234	194	143	(17.09)	(26.22)
All other Metals & Articles	957	1,078	1,077	843	(0.09)	(21.74)
H. Miscellaneous Group	1,223	1,294	1,025	809	(20.79)	(21.04)
Rubber Crude Incl. Synth/Reclaimed	175	214	172	159	(19.63)	(7.44)
Rubber Tyres& Tubes	351	314	139	108	(55.73)	(22.33)
Wood & Cork	124	139	142	119	2.16	(16.35)
Jute	45	51	35	31	(31.37)	(12.02)
Paper & Paper Board & Manuf. thereof	528	575	536	393	(6.78)	(26.75)
I. All other Items	**4,185**	**4,998**	**4,707**	**3,650**	**(5.82)**	**(22.45)**
TOTAL	**52,910**	**60,795**	**54,799**	**44,574**	**(9.86)**	**(18.66)**

H. Foreign Exchange Reserves

According to SBP, overall Foreign Exchange Liquidity Reserves stands at US$ 19 billion as of July 17, 2020. An increase in Foreign Exchange Reserves is due to receiving financial assistance of US$ one billion from China. The government of Pakistan had also made an external debt payment of US$ 231. 2 million. Previously, SBP received foreign assistance from different institutions which also improved our foreign exchange reserves. The detail of foreign assistance is as follows;

World Bank	US$ 737 million
IMF	US$ 1.38 billion
Asian Development Bank:	US$ 500 million
China:	US$ 300 million
Asian Infrastructure Investment Bank:	US$ 500 million
Government of USA	US$ 1 million
Government of Japan	US$ 2.1 million
===	
Total Assistance:	US$ 3.42 billion
Economic Losses:	US$ 33.1 billion
(as per planning Commission)	
Assistance as % of Losses:	10% (estimated)

According to the Asian Development Bank estimates, Pakistan's economy would sustain a US$ 5 billion loss due to COVID-19. While the Planning Commission projected that the economic losses are about 10 percent of the GDP. The losses will be in terms of a decline in industrial production, a decline in exports, decline in remittances, decline in tax revenue collection, disruption in the supply chain, and decline in demand for non-essential items.

Since Pakistan received just 10% (estimated) of losses as assistance, there is a dire need for that Government should set their priorities or target to mitigate the impact of COVID-19 for the short term and long term.

I. Foreign Remittances:

Foreign Remittances are an important source of foreign exchange in Pakistan which helps to improve the balance of payment and external debt as well. Under the prevailing crises, countries have taken precautionary measures and lockdown of borders and cities that have resulted in an economic slowdown and shortage of financial resources to the industry. This phenomenon of laying off workers is affecting Pakistanis living and serving in other countries. Saudi Arabia, UAE, USA, UK, and other Gulf countries are the main source of our remittances as six million Pakistanis are living in these countries. Despite the COVID-19, Pakistan has received record high-level remittances of US$ 23.12 billion in FY20 compared to last year US$ 21.73 billion. In addition to Banking channels, a significant amount of remittances are also received through informal channels like hawala, hundi, etc.

The rise in remittances is attributed to support the families and friends due to COVID-19. Moreover, supportive SBP policies extension in reimbursement of the TT Charges Scheme (Free Send Remittance Scheme) to small remitters by reducing the threshold from US$ 200 to US$ 100, as well as, broadening the scope of an incentive scheme for marketing scheme for financial institutions increased the incentives for sending remittances through regular channels. Further, SBP also motivated financial institutions to use effective marketing campaigns with a focus on digital channels for sending and receiving remittances to promote the use of legal channels.

Country-wise Remittances inflow in Pakistan (US$ Million)

Countries	FY16	FY17	FY18	FY19	FY20
USA	2,524.73	2,452.93	2,838.04	3,309.08	4,163.39
The U.K.	2,579.69	2,341.66	2,892.37	3,412.31	3,465.61
Saudi Arabia	5,968.25	5,469.81	4,858.78	5,003.01	5,432.63
U.A.E.	4,365.29	4,328.15	4,358.98	4,617.27	4,662.52
Kuwait	773.97	763.80	774.22	725.77	612.95
Qatar	380.86	404.40	371.09	385.94	483.94
Oman	819.44	760.89	657.33	667.17	756.78
Germany	93.66	94.09	127.77	123.53	131.34
Spain	52.97	55.81	129.52	150.94	137.58
Italy	43.50	60.71	98.08	111.15	142.92
Belgium	7.54	8.95	16.96	21.65	59.43
Australia	193.90	204.71	230.58	246.04	228.94
Canada	175.99	187.42	211.07	213.03	211.39
Other Countries	1,936.97	2,218.07	2,348.76	2,752.52	2,631.55
Total	19,916.76	19,351.40	19,913.55	21,739.41	23,120.97

J. Foreign Direct Investment

Foreign Direct Investment (FDI) is considered as a means of complementing domestic investment which depends upon the business environment and ease of doing business. According to the World Bank's Ease of Doing Business Index 2020, Pakistan was among 'top ten best improvers and stood at 108th position, out of a total of 190 economies.

Sector Wise Net FDI ($ Million)

Sectors	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Oil & Gas	502.0	300.5	249.0	146.0	372.0	349.8	311.4
Financial Business	192.8	256.4	289.0	297.3	400.3	286.5	273.8
Textiles	(0.2)	43.9	20.0	15.5	49.7	76.8	37.7
Trade	(3.2)	50.6	26.6	32.6	143.0	76.3	32.7
Construction	28.8	53.5	36.9	8.3	40.4	70.2	20.7
Power	71.4	303.8	1,153.4	716.0	1,179.5	(323.9)	764.3
Chemicals	94.9	60.3	88.5	5.4	48.9	103.1	20.7
Transport	2.7	6.2	166.8	163.5	56.9	40.1	(4.9)
Communication (IT &Telecom)	434.2	62.2	241.4	(49.2)	113.5	(55.7)	622.5
Others	375.2	(103.4)	121.3	1,071.2	375.7	739.2	482.3
Total	**1,698.6**	**1,033.8**	**2,392.9**	**2,406.6**	**2,780.3**	**1,362.4**	**2,561.2**

Source: Board of Investment

During the year FY20, FDI increased to US$ 2.56 billion compared to last year's FDI of US$ 1.36 billion. Overall, FDI is attracted to the power and communication sector particularly in the IT sector and comes from China under CPEC. While FDI in other sectors shows a declining trend in textile, transport, oil & gas, chemicals, construction, etc.

K. Food Security

Border closures and existing lockdown conditions, preventing market place activity, will potentially have a disruptive impact on the agriculture value chain. It may lead to a reduction in or non-availability of agricultural supplies such as Kharif plant seeds, fertilizers, and livestock feed, etc.

Reduction in purchasing power will also potentially lead to insufficient food and nutritional intake. These causes stand to decrease dietary intake and increase the prevalence of malnutrition and related health ailments in Pakistan. Lower socio-economic groups are most susceptible to this, particularly women-led households (since they are at higher risk of losing livelihoods) and children (since reduced household incomes and purchasing power will lead to restricted nutritional diversity and rationing of food intake)

The high rate of malnutrition can cost around 3-4 percent of GDP while in Pakistan, estimates suggest that malnutrition and its outcomes cost the economy US$ 7.6 billion every year. Pakistan is self-sufficient in the production of major staples like wheat, rice, sugarcane, maize, pulses but the issue accessibility of food in Pakistan. Almost 37 percent of Pakistan's population is facing a problem of food accessibility due to high cost and other reasons.

The Government of Pakistan also supported the agriculture sector and announced Rs. 50 billion packages for the agriculture sector. Moreover, Rs. 37 billion subsidies are given on fertilizer and a subsidy of Rs 2.5 billion on the sales tax of locally manufactured light tractors was announced for one year. The Government also earmarked Rs 8.8 billion for a reduction in mark-up on agriculture loans, as well as a Rs 2.3 billion subsidy on cotton seeds. All these measures will improve agricultural productivity in the forthcoming years.

To secure food for vulnerable and low-income families under current crises, the Government is distributing Rs. 12,000 to each family and almost 20 lac families have been facilitated under this social relief program.

On the other hand, the Government has increased the area of production under wheat, rice, and other vegetables which will increase production and it is expected that there will be no shortage within the country of staple and non-staple foods as a new harvest of Wheat has already reached in the markets of Sindh and ready to reap in other parts of the country. The government has started to relax lockdown in the agriculture sector step by step which will also improve the production of food items.

Impact of COVID-19 on Manufacturing Sector in Pakistan

The manufacturing sector plays a vital role in the economic development of the economy as it has a multiplier impact on the economy in terms of economic growth, employment generation, etc. Pakistan's manufacturing sector contributes 13 percent in GDP, 60 percent in tax revenue collection, and 17 percent in employing the labor force. This sector constitutes three sub-sector i.e. Large Scale Manufacturing, Small Scale Manufacturing, and slaughtering.

In the manufacturing sector, 78 percent are Large Scale Manufacturing, 15.2 percent are Small Scale Manufacturing while 6.9 percent are slaughtering. During the year, there was a negative growth in large-scale manufacturing particularly in the textile, Food, Beverage, Coke & Petroleum Products, Pharmaceuticals, Chemicals, Automobiles, Iron & Steel Products, Electronics, Engineering Products, and Wood Products. The product-wise decline in Production compared to last year is given below.

Product-Wise Production of Large Scale Manufacturing

	NAME OF ITEMS	QUANTITY	July-May		Change (%)
			2019-20	2018-19	
1.	Sugar	Tonnes	4,876,916	5,245,263	(7.02)
2.	Cotton yarn	Tonnes	2,798,818	3,145,450	(11.02)
3.	Cotton cloth	000 Sq.M	855,006	958,750	(10.82)
4.	Caustic soda	Tonnes	191,998	227,431	(15.58)
5.	Phos. fertilizers	N.Tonns	567,301	578,755	(1.98)
6.	Glass plates & sheets	`000' Sq. Mtrs	16,506	18,379	(10.19)
7.	Cement	`000' Tonnes	35,623	37,012	(3.75)
8.	Billets/Ingots	Tonnes	2,882,000	3,574,036	(19.36)
9.	Tractors	Nos.	28,568	46,344	(38.36)
10.	Trucks	Nos.	2,732	5,773	(52.68)
11.	Buses	Nos.	462	829	(44.27)
12.	Jeeps and Cars	Nos.	92,587	203,474	(54.50)
13.	L.C.V.'s	Nos.	11,065	22,777	(51.42)
14.	Motorcycles	Nos.	1,687,648	2,280,394	(25.99)
15.	Tea blended	Tonnes	124,483	140,402	(11.34)
16.	Soft Drinks	000 Litres	2,377,567	2,717,336	(12.50)
17.	Juices, syrups & squash	000 Litres	361,535	396,768	(8.88)
18.	Woollen & Worsted Cloth	000 Sq M	600	1,326	(54.75)
19.	Knitting wool	Tonnes	859	1,488	(42.27)
20.	Woolen Blankets	Nos	26,094	61,077	(57.28)
21.	Upper leather	000 Sq.Meters	20,359	24,761	(17.78)
22.	Plywood	`000' Sq.feet	11,026	18,038	(38.87)
23.	Liquids/syrups	`000' Litres	86,107	95,489	(9.83)
24.	Injections	`000' Nos.	1,164,082	1,208,399	(3.67)

25.	Paints & varnishes(S)	Tonnes	47,421	48,366	(1.95)
26.	Paints & varnishes(L)	`000' Litres	34,515	39,811	(13.30)
27.	Hydrochloric acid	Tonnes	341,514	393,815	(13.28)
28.	Sulphuric acid	Tonnes	37,906	46,094	(17.76)
29.	Chlorine	Tonnes	15,446	16,333	(5.43)
30.	Synthetic fibers	MT	355,990	443,068	(19.65)
31.	Cycle tubes	`000' Nos.	8,527	9,041	(5.69)
32.	Motor tubes	`000' Nos.	22,675	23,352	(2.90)
33.	Metal drums	MT	357	769	(53.58)
34.	Heavy machinery & equip	MT	357	769	(53.58)
35.	chaff cutters	Nos.	12,260	14,661	(16.38)
36.	Sewing machines	Nos.	26,737	32,543	(17.84)
37.	Refrigerators	Nos.	687,859	991,149	(30.60)
38.	Deep freezers	Nos.	75,477	159,790	(52.76)
39.	Air conditioners	Nos.	194,808	451,599	(56.86)
40.	Electric bulbs	`000' Nos.	52,430	59,177	(11.40)
41.	Electric fans	Nos.	1,978,196	2,260,405	(12.48)
42.	Electric motors	Nos.	36,096	47,691	(24.31)
43.	Electric meters	Nos.	935,467	1,418,705	(34.06)
44.	Switch gears	Nos.	3,194	4,301	(25.74)
45.	Electric transformers	Nos.	21,071	29,156	(27.73)
46.	T.V. sets	Nos.	273,962	350,065	(21.74)
47.	Bicycles	Nos.	130,610	158,483	(17.59)
48.	Jet fuel oil	`000' Litres	700,698	946,232	(25.95)
49.	Kerosene oil	`000' Litres	95,351	125,681	(24.13)
50.	Motor spirits	`000' Litres	2,445,366	2,873,396	(14.90)
51.	High Speed Diesel	`000' Litres	4,155,978	5,270,848	(21.15)
52.	Diesel oil n.o.s.	`000' Litres	26,748	41,299	(35.23)
53.	Furnace oil	`000' Litres	2,186,918	2,824,384	(22.57)
54.	Lubricating oil	`000' Litres	146,356	204,689	(28.50)
55.	Jute batching oil	`000' Litres	2,019	2,350	(14.08)
56.	Solvant Naptha	`000' Litres	502,629	728,008	(30.96)
57.	LPG	`000' Litres	699,141	794,795	(12.04)
58.	Petroleum Production	`000' Litres	200,466	294,433	(31.91)

Source: Pakistan Bureau of Statistics

COVID-19 also affected manufacturing sector production as lockdown prevailed from March to June 2020 all over the country. Few critical manufacturing industries were spared from the strict restrictions, such as the food and pharmaceutical industries. Moreover, the fertilizer sector remained relatively insulated from the lockdown situation, predominantly due to the location of production units in rural areas and their high level of automation.

Slaughtering has a 6.9 percent share in manufacturing and 0.94 percent share in GDP. This sector constitutes products i.e., meat, hides, skins, bones, and blood, etc. Pakistan is one of the largest animal producers in the world with huge potential for its growth. Export opportunities for meat from Pakistan are rising in the wake of continuously rising demand in the global market of halal meat.

Globally, the volume of the halal market is US$ 2.8 trillion and currently, the non-muslim countries are making a significant investment in this sector. Pakistan has the potential to make investments and a significant increase in exports. Middle East, Europe, and Gulf markets have great potential for Halal meat suppliers.

Owing to COVID-19, several measures were taken by the State Bank of Pakistan in terms of declining interest rate, deferment of loans, prevent the layoff of the worker, BMR, etc. But the recovery of the manufacturing sector depends upon the ease of lockdown domestically and globally. Different Industrial Associations have requested the government for a relief package.

Textile Industry

Textile is the most important manufacturing sector of Pakistan and has the completer value chain at each stage of processing, from cotton to ginning, spinning, fabric, dyeing and finishing, made-ups, and garments. The sector contributes nearly one-fourth of industrial value-added and employs about 40 percent of the industrial labor force. The average share of the textile industry in export is almost 60 percent.

The textile industry is also affected by the lockdown situation of the pandemic in terms of reduction in domestic production and cancellation of international orders. Owing to Pandemic, Textile Association requested the Government;

1. To reduce the gas price for the industries to bring it in line with the present international prices of energy
2. Restore Zero Rating on GST “No Payment No Refund Regime” through the revival of SRO 1125 in letter & spirit
3. Duty Draw Back of taxes (DDT) has been reduced to half should be increased to the previous level and paid upfront instead of 2 phases
4. Withholding tax should be reduced from 1% to 0% for exporters who fail under final tax regime U/S 154 (3B)
5. Custom Rebate should be refunded electronically through SBP along with export proceeds

6. The proposed reduction in duties and taxes on the import of raw material used by the textile export industry should be considered proactively
7. Suspend collection of Export Development Surcharge till the unutilized amount of Export Development Fund is exhausted
8. Release outstanding payments of Technology Upgradation Fund Scheme & re-instate this scheme in upcoming textile policy for BMR
9. Restoration of Income Tax Credit U/S 65(B) to encourage BMR and also include Proprietorship with companies
10. EOBI and Social Security Contributions should be borne by Government on behalf of the textile industry for FY21

Automobile Industry

The lockdown situation also affects the automobile industry in terms of the decline in production and sale. All the automobile companies like Honda, Toyota, and Suzuki shut down their production units as well as the dealership. The automobile industry already faces a crisis for two years in terms of decline in domestic demand due to an increase in taxes, inflation, devaluation of the currency. During the year, the production of tractors reduced by 38.3%, Trucks by 52.7%, Buses by 44.27 percent, Jeep & cars by 54.5 percent, L.C.Vs by 51.4 percent, and Motorcycles by 26 percent.

The automobile manufacturers requested the stimulus package for their sector in terms of the waiver on minimum turnover tax for greenfield projects, the removal of Federal Excise Duty (FED) on sales, and reduction of sales tax on imports. Moreover, they also requested SBP for a package for plying new commercial vehicles to replace the older ones that will help save the environment as well.

Sports Industry

Pakistan Sports Goods is famous around the world and one of the major exports of Pakistan. There are over 3,000 small and medium-sized sports goods industrial units and 50 well-established industries functioning in Pakistan. It is a labor-intensive industry providing direct and indirect job opportunities to about 60,000 workers. Sialkot is a hub of sport good manufacturers; produces football, hockey, sticks, cricket bat, tennis balls, etc. and exported to European Countries, South America, and Far East countries.

COVID-19 also affected this industry as hundreds of ordered canceled due to lockdown in Europe, South America, and other countries. According to Sports goods manufacturers, there are 70 percent declines in new orders from March to June 2020. Due to COVID-19, not only exports the domestic sales of sports goods also declined due to the closing of schools, college, and sports clubs. Due to the decline in production, almost 25 percent of workers have lost their jobs. Moreover, according to exporters delay in shipment imposes an additional cost of re-inspection and other shipment charges.

Turkey, which is one of the major importers of Pakistan's sports goods, has imposed a 30 percent duty on imports of sports goods which also affected our exports to Turkey.

Fertilizer Industry

Fertilizer is an important input for enhancing agriculture productivity. Pakistan can fulfill its domestic demand from its production but the disruption of gas, depreciation of the currency, and the high price of LNG doesn't allow fulfilling the entire demand and we have to rely on the import of fertilizer. Under the Agriculture package, the Government has announced Rs. 37 billion packages for providing subsidies to farmers.

Pharmaceutical Industry

The pharmaceutical industry in Pakistan plays an important role in the economic development of the country. Pakistan cannot produce the raw materials needed to make medicines. Pakistan fulfills its need for raw material by importing from China, Japan, Spain, Italy. Due to the long lockdown in these countries except China, the production of pharmaceutical industries also declined in the period of COVID-19. In the difficult time of the Pandemic, China fulfilled the demand of Pakistan by exporting medicines and equipment to Pakistan.

Construction Industry

The Government of Pakistan also introduced a package for the construction industry which is expected to boost the economy and provide employment to the skilled and unskilled labor force and will revive the 72 allied industries. The package included elevating construction to the status of an industry, revaluation of property prices, rationalization of capital gains tax, and numerous tax incentives such as exemption on sales tax and withholding tax, lower rates of taxes for builders and developers, reduction in project approval time, subsidy for housing/mortgage financing, etc. An amount of Rs 30 billion had been allocated as a subsidy for its initial phase of the Naya Pakistan Housing Scheme. These measures are expected to translate into real activities in the construction industry after the mobility restrictions are lifted.

The construction industry package will reduce the cost of doing business as the government has announced a fixed tax regime, no capital gain tax on selling of the house, abolishing of withholding tax on all materials except cement and steel, and reduction of further tax by 90 percent on low-cost housing projects. It is expected that all the above measures will provide relief to the economy but the overall impact of COVID-19 is much higher. Due to the rising of social expenditures, the government has diverted its development budget towards social welfare and activities which have caused slow down economic growth and activities.

Impact of COVID-19 on Service Sector

The service sector is one of the important sectors of Pakistan that contributes more than 50 percent in GDP and provides employment to one-third of Pakistan's labor force. The current lockdown due to COVID-19 seriously affected the service sector particularly transport, health care, insurance, aviation, tourism, banking, and retail & wholesale trade, etc. The closure of shopping malls, restaurants, and other commercial centers, together with social distancing arrangements and curbs on public gatherings, confined a great many people to their homes limited the economic activities.

- **The tourism sector** is facing wide disruptions due to the outbreak of COVID-19. According to UNWTO global international tourist arrivals are expected to decline by 20% to 30% which will translate into the loss of US$ 30 to 50 billion spendings. For Pakistan, tourism has become the most productive sector of the economy and grabbed the attention of the government due to its existing potential. This sector contributes around 3 % of the GDP. The disruption of the tourism industry not only affects the traveling also affects the hotel industry.

- **Hospitality:** Tourism also affected the hospitality industry and has borne significant losses due to the cancellation of hotel booking and drop in the number of travelers. According to Pakistan Hotel Association, this industry witnessed the loss of Rs. 100 million only in February, 202o due to a decline in foreign tourist. Generally, June-August is the peak season of the hostelling industry as most of the people travel in these months to northern areas. This year Government has announced the premature leaves in education institutions which will affect domestic tourism. However, it is expected that during this period the hotel industry will face a severe decline in revenue generation due to the pandemic and suspended flight operations.

- **Education Sector:** COVID-19 has also affected the education sector across the world. Internationally, Cambridge has canceled all the examinations of O, AS, and A-Level. As of April 23, 2020, 1.6 billion learners are affected due to the closures of educational institutes in 191countries (UNESCO, 2020). All the schools and colleges have been closed in Pakistan also so that students could not get infected. To overcome the learning loss of students, the Government of Pakistan has taken the initiative of launching the Tele-School TV Channel. Tele school offers programs from pre-primary classes till class 12. This initiative aims to provide education to all the students during and after lockdown. Furthermore, private schools and universities are also offering online classes to students. However, shifting from the classroom environment to online classes is quite challenging for students, teachers, and administration due to weak IT infrastructure.

- **Transportation:** Due to wide lockdown in the country and suspension of inter-city transportation of all modes like railways, roads, and air transportation, this sector faces huge losses and make the large numbers of unskilled workers unemployed like drivers of rickshaws, coaches, truck, buses, street vendors, coolies, Careem, Uber, Bykea and other pick and drop services, etc. Thereafter, operations were gradually restored with the resumption of a limited number of domestic flights per day and thirty trains by end of May 2020.

- **Information Technology:** There is a significant growth in the Information technology sector due to the rise in internet usage following the closure of educational institutes and the adoption of work-from-home arrangements by many organizations. Exclusively internet usage grew by 15 percent in just one week following the imposition of lockdown. This was mainly attributed to the increased use of e-learning and virtual meeting platforms. Moreover, lockdown also promoted E-payment and E-Commerce related activities to maintain social distance, which impacts positively on the economy.

- **Aviation Industry:** According to estimates of PIA, the aviation industry of Pakistan has faced losses of US$15 million in February 2020 due to the suspension of domestic flights and US$ 7.6 million due to the suspension of international flights. In addition to these losses, Around Rs. 4 billion faced losses in the bringing of stranded Pakistani back to Pakistan.

- **Insurance Sector:** The increasing number of Corona cases in Pakistan will eventually increase the number of health insurance claims. However, SECP has issued a set of guidelines to the insurance companies to facilitate policyholders to the maximum extent. SECP further emphasized companies to use electronic modes for disbursement of claim payments.

- **The banking sector** of Pakistan is facing losses due to disruptions in economic activities domestically and internationally due to the adverse impact on COVID-19 as international trade activities have been suspended in the USA and European Countries. At present, the State Bank of Pakistan has provided few relaxations to scheduled banks in terms of regulations and certain relief measures. State Bank has also issued an advisory that clearly emphasized the provision of smooth financial services to the general public and businessmen. Moreover, due to the declining interest rate, the deposit of commercial banks also declined which affects their profitability.

- **Retail and Wholesale trade:** This sector contributes around 33 percent in the service sector and employs 16 percent of the labor force. Due to lockdown in all provinces, the activities of retail and whole sellers are also affected. According to unofficial claims by Traders, this sector lost trillion rupees during the lockdown period. Like other sectors, this sector also requested the Government for a relief package including exemption of federal and provincial taxes for six months and a reduction in sales tax to six percent.

  Moreover, they also demanded deferment of loan payments for one year and waived off of interest payment. They also demanded legal coverage of rent waivers for three months for commercial properties and issue notifications for the special protection of tenants from eviction over the next 12 months. According to the Pakistan Bureau of Statistics, female employment in the retail (services) sector was 17.3% or 300,000 of the total employees which indicate significant participation of female in retail trade activities.

FPCCI Measures during COVID-19

- **Interactive Sessions/Seminars**

At the outset, FPCCI organized an interactive session on "Impact of Corona Virus on Pakistan's Trade" on March 11, 2020, which was presided by Sheikh Sultan Rehman Vice President FPCCI simultaneously at Federation House Karachi, Regional Office Lahore, and Capital Office Islamabad and attended by other Vice Presidents of FPCCI viz Khurram Ijaz, Zubair Baweja and Dr. Muhammad Arshad, Representatives of Trade Bodies, Executive Committee, and General Body members. The purpose of the meeting was to analyze the possible impact of the Corona Virus on Pakistan's Trade and devise a strategy to minimize the risk.

The session was graced by Dr. Murtaza Syed, Deputy Governor State Bank of Pakistan (SBP) as a Chief Guest while Dr. S.M. Qaiser Secretary General Pakistan Medical Association, Dr. Adil H. Haider Dean (Pakistan Chapter) Aga Khan Medical University, Mr. Dabeer Ahmed Khan, Additional Secretary Health Sindh Government, Mr. Agha Fakhar Hussain Additional Secretary Industries & Commerce Sindh Government, Senior Economist SBP Dr. Farooq Arby, Dr. Samreen Sarfaraz, Pakistan Medical Association, Dr. Saeed Qureshi, SINA Welfare, Dr. Zarnaz Wahid Pro-Vice-Chancellor Dow Medical University, Representatives of Pakistan National Shipping Corporation and Karachi Port Trust, etc were special invitees of the meeting. The participants proposed the following during the session.

- The government ensure availability of daily basic food items and medicines as the situation may be worsened
- All commercial and industrial establishments should be directed to implement precautionary measures, large establishments to set up Health desk and post medical doctor, Screen all employees, and test suspected ones.
- Coronavirus also creates an opportunity for Pakistan to enhance its exports in the medium term as most of the Chinese orders in the world have canceled particularly textile orders. Pakistan should look towards Africa and Europe whose imports from China made ten percent of Chinese exports.
- Lowering oil prices in the international market also allows improving its balance of payment and revive Pakistan's industry.

- After recovery from coronavirus, the world is likely to reconsider the global supply chains to avoid concentration of industries in one country, China, which will create opportunities for the relocation of some industries to Pakistan
- To improve the health facilities by increasing research and development

The Second interactive session/seminar on "Post Lockdown Scenario of COVID-19 and Effects of Corona Virus on Pakistan's Economy" was held at Federation House, Karachi, Regional Office Lahore, and Capital Office Islamabad via Zoom link which was presided by Mian Anjum Nisar President FPCCI on June 10, 2020, at Zoom Link from Lahore.

The seminar was attended by the Vice Presidents FPCCI Shaikh Sultan Rehman, Nadeem Sheikh, and Qaiser Khan, Former President FPCCI Haji Ghulam Ali, FPCCI Senior Members Nasir Hayat Magoon, Muhammad Ali Mian, Qaisera Sheikh, Dr. Zarnaz Wahid, Dean & Principal of Dow University of Health Sciences, Syed Smar Hasnain Executive Director, Sabina Kazmi and Dr. Waqas Joint Directors State Bank of Pakistan, Agha Fakhar Additional Secretary Industries and Commerce Government of Sindh Representatives of Textile, Hosiery, and Leather Associations and Representatives of Trade Development Authority of Pakistan and Sindh health department. The Session proposed the following measures;

- The government should give subsidy or facilitate the business community to compensate for their losses
- To reduce the interest rate to five percent as all the countries has reduced their policy rate to two percent
- The Government should pay the salaries of industrial workers from the Workers Welfare Fund and Provident Fund during the period of COVID-19
- FPCCI opined that lockdown is not a solution of COVID-19 and we can't compromise on the livelihood of the people but we have to strictly follow the SoPs
- Pakistan should export medical mask and sanitizers as it is highly demanded in the world
- The zero-rated facility should be restored to save the exports and foreign exchange as our remittances will decline due to the coming back of expatriates
- To review oil prices and other cost and take quick action to reduce the cost of doing business so that the exports become competitive
- The government should also give relief in port and shipping charges as huge containers are stuck at a port
- There is a need for promotion and encouragement of online businesses which is safest in the present environment.

- All the areas where the business community establishes industries should be declared industrial zones with all state of art facilities
- FPCCI appreciated the measures taken by the State Bank of Pakistan and Government in terms of declining of interest rate, deferred payment of utility bills and other loan, rents

Creation of Help Desk

FPCCI created a Help Desk at all its offices immediately after the lockdown of the country to facilitate the traders and industrialists. The Help Desk interacted with all the members' trade bodies of FPCCI to identifying the issues faced by the business community and hold meetings with the Ministry of Finance, Ministry of Commerce, State Bank of Pakistan, Trade Development Authority of Pakistan, Ministry of Industry, and Production, Port and Shipping authorities, etc for resolving the issues of the business community.

FPCCI COVID-19 Survey

To get feedback on facilitation measures, FPCCI was also surveyed to analyze the effects of COVID-19 on the trade and industry of Pakistan. The survey asked the information about the effects of COVID-19 on business enterprises, measures taken by enterprises in terms of operation, workforce, finances, supply chain problem, contingency measures, etc. The survey also analyzed the measures taken by the Government in terms of providing relief to business enterprises, the safety of people, etc.

FPCCI received responses from various organizations on the FPCCI COVID-19 survey. More than 12,000 enterprises applied for SBP loans for supporting businesses, SMEs, the agriculture sector, and paying wages and salaries to their workers. The businessmen also requested for allowing the opening of businesses for a short period daily and adoption of smart lockdown, enhancing of health-related expenditures, etc.

Economic Measures were taken by Selected Countries

COVID-19 affected developed countries more compared to developing countries. The USA is the most affected country followed by Brazil, India, UK, Germany, Italy, Spain, etc. There is a high death rate as a percentage of the infected population in France, the UK, and Italy i.e. more than 15 percent compared to other countries where the death rate is less than 5 percent of the affected population.

Comparison of Economic Relief Package, Morbidity of COVID-19

	Country	Amount of Relief	Population	No; of Affected people[1]	% of Population Affected	% of the infected population died
1.	China	US$ 15.3 billion	1,439,323,776	83,660	0.01	5.54
2.	Italy	US$ 28 billion	60,461,826	244,434	0.40	14.34
3.	Spain	US$ 220 billion	46,754,778	307,335	0.66	9.25
4.	USA	US$ 2 trillion	331,002,651	3,898,550	1.18	3.68
5.	Germany	US$ 610 billion	83,783,942	202,845	0.24	4.52
6.	France	US$ 49 billion	65,273,511	174,674	0.27	17.26
7.	South Korea	US$ 9.8 billion	51,269,185	13,745	0.03	2.15
8.	UK	US$ 37 billion	67,886,011	294,792	0.43	15.37
9.	Australia	US$ 11.4 billion	25,499,884	11,802	0.05	1.04
10.	New Zealand	US$ 7.3 billion	4,822,233	1,553	0.03	1.42
11.	Indonesia	US$ 727 million	273,523,615	86,521	0.03	4.79
12.	UAE	US$ 27.2 billion	9,890,402	56,922	0.58	0.60
13.	Thailand	US$ 17.6 billion	69,799,978	3,250	0.00	1.78
14.	Malaysia	US$ 6.6 billion	32,365,999	8,779	0.03	1.40
15.	Japan	US$ 19.6 billion	126,476,461	24,642	0.02	4.00
16.	Saudi Arabia	US$ 13.3 billion	34,813,871	250,920	0.72	0.99
17.	Turkey	US$ 15.5 billion	84,339,067	219,641	0.26	2.50
18.	Canada	US$ 56.4 billion	37,742,154	110,338	0.29	8.02
19.	India	--	1,380,004,385	1,118,107	0.08	2.46
20.	Pakistan	US$ 7.1 billion	220,892,340	263,496	0.12	2.12
21.	Bangladesh	US$ 588 million	164,689,383	204,525	0.12	1.28

Due to COVID-19, most of the countries lockdown from February 2020 to onward and closed their border, suspended their domestic and international traveling, closed school and offices, etc. The lockdown affected economic growth and industrial production in the

[1] As on July 20, 2020

countries and enhanced unemployment. This section discusses the economic measures taken by different countries to provide relief to their people and stimulate their economy.

China

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
(-10%)	11.5%	17%	8.6%	24.8%	World leader in gross value of industrial output; mining and ore processing, iron, steel, aluminum, and other metals, coal; machine building; armaments; textiles and apparel; petroleum; cement; chemicals; fertilizer; consumer products (including footwear, toys, and electronics); food processing; transportation equipment, including automobiles, railcars, and locomotives, ships, aircraft; telecommunications equipment, commercial space launch vehicles, satellite	Electrical and other machinery, including computers and telecommunications equipment, apparel, furniture, textiles	Electrical and other machinery, including integrated circuits and other computer components, oil and mineral fuels; optical and medical equipment, metal ores, motor vehicles; soybeans

Fiscal measures:

An estimated US$ 15.3 billion (or 4.1 percent of GDP) of discretionary fiscal measures was to improve the national public health emergency management system which increased the public spending which helps in control pandemic. Key measures include:

- Production of medical equipment
- Accelerated disbursement of unemployment insurance and extension to migrant workers
- Tax relief and waived social security contributions, and public investment

Monetary, Financial and Exchange Rate Measures

The Central Bank of China has taken the following measures to combat COVID-19.

- Increase Liquidity injection into the banking system via open market operations
- Expansion of re-lending and re-discounting facilities to support manufacturers of medical supplies and daily necessities, micro-, small- and medium-sized firms, and the agricultural sector
- Reduction of their interest rates by 50 bps (re-lending facilities) and 25 bps (re-discounting facility)
- Reduction of the 7-day and 14-day reverse repo rates by 30 bps, as well as the 1-year medium-term lending facility (MLF) rate and targeted MLF rate by 30 and 20 bps, respectively,
- Targeted Reverse Repo Rate cuts by 50-100 bps for large- and medium-sized banks which benefit micro- and small-sized enterprises (MSEs), an additional 100 bps for eligible joint-stock banks, and 100 bps for small- and medium-sized banks to support SMEs
- Reduction of the interest on excess reserves from 72 to 35 bps
- Expansion of policy banks' credit line to private firms and MSEs (RMB 350 billion),
- Introduction of new instruments to support lending to MSEs, including a zero-interest "funding-for-lending" scheme to finance 40 percent of local banks' new unsecured loans and incentivizing them to further extend payment holidays for eligible loans by subsidizing 1 percent of loan principles (RMB 40 billion).
- Encouraging lending to SMEs, including supporting uncollateralized SME loans from local banks, raising the target for large banks' lending growth to MSEs from 30 percent to 40 percent, and establishing an evaluation system for banks' lending to MSEs
- Delay of loan payments and eased loan size restrictions for online loans, and other credit support measures for eligible SMEs and households
- The exchange rate has been allowed to adjust flexibly wherein a ceiling on cross-border financing under the macro-prudential assessment framework was raised by 25 percent for banks, non-banks, and enterprises.

Italy

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-5.4%	-12.4%	**2%**	3.4%	1.9%	Tourism, Machinery, Iron and Steel, Chemicals, Food Processing, Textiles, Motor Vehicles, Clothing, Footwear, Ceramics	Engineering Products, Textiles, and Clothing, Production Machinery, Motor Vehicles, Transport Equipment, Chemicals; Foodstuffs, Beverages, and Tobacco; Minerals, Nonferrous Metals	Engineering Products, Chemicals, Transport Equipment, Energy Products, Minerals, and Nonferrous Metals, Textiles and Clothing; Food, Beverages, Tobacco

Fiscal Measures:

- Allocated Funds to strengthen the Italian health care system and civil protection
- Measures to preserve jobs and support income of laid-off workers and self-employed
- Measures to support businesses, including tax deferrals and postponement of utility bill payments in most affected municipalities
- Measures to support credit supply
- The Liquidity Decree allowed for additional state guarantees of up to €750 billion for businesses and households.
- Announced another “Relaunch” Package of fiscal measures to provides income support for families, funds for the healthcare system, and support businesses, including grants for SMEs and tax deferrals.

Monetary, Financial and Exchange Rate Measures

- A moratorium on loan repayments for households and SMEs, including on mortgages and overdrafts; state guarantees on loans to all businesses;
- Incentives for financial and non-financial companies in the form of Deferred Tax Activities; state guarantee to the state development bank
- Cassa Depositi e Prestiti—to support lending and liquidity to banks to enable them to finance medium- and large-sized companies; an on-insurance scheme for exporters.
- The Bank of Italy has announced a series of measures to help banks and non-bank intermediaries which include the possibility to temporarily operate below-selected capital and liquidity requirements; extension of some reporting obligations; and rescheduling of on-site inspections.
- To promote the use of credit claims as collateral and to incentivize lending to small and medium-sized enterprises, the Bank of Italy has extended the additional credit claim frameworks to include loans backed by COVID-19-related public sector guarantees.

Spain

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-5.2%	-18.5%	**2%**	4.0%	0.4%	Textiles and Apparel (Including Footwear), Food And Beverages, Metals and Metal Manufacturers, Chemicals, Shipbuilding, Automobiles, Machine Tools, Tourism, Clay and Refractory Products, Footwear, Pharmaceuticals, Medical Equipment	Machinery, Motor Vehicles; Foodstuffs, Pharmaceuticals, Medicines, Other Consumer Goods	Machinery and Equipment, Fuels, Chemicals, Semi-Finished Goods, Foodstuffs, Consumer Goods, Measuring and Medical Control Instruments

Fiscal Measures

- Budget support for the health sector
- Advance transfer to the regions for the regional health services
- Additional funding for research related to the development of drugs and vaccines
- Entitlement of unemployment benefit for workers temporarily laid off under the Temporary Employment Adjustment Schemes (ERTE) with no requirement for prior minimum contribution or reduction of accumulated entitlement
- Benefit for self-employed workers affected by economic activity suspension
- Introduction of a new means-tested "minimum vital income"
- Extension of unemployment benefit to cover workers who were laid off during the probation period, as well as those who were switching jobs
- Expansion of ERTE to cover workers and companies with significant activity reduction in sectors considered essential; a temporary monthly allowance of about EUR 430 for temporary workers whose contract expires during the state of emergency and are not entitled to collect unemployment benefits
- Temporary subsidy for household employees affected by COVID-19 with an amount equal to 70 percent of their contribution base
- New rental assistance programs for vulnerable renters and additional state contribution to the State Housing Plan 2018-21
- Additional budgetary funds of €300 million and further budget flexibility for the provision of assistance to dependents; transfer of €25 million to autonomous communities funding meals for children affected by the school closure
- Additional fund to support industrial R&D
- Exemptions of social contributions for impacted companies that maintain employment under the ERTE
- Tax payment deferrals for small and medium enterprises and self-employed for six month
- Flexibility for SMEs and self-employed to calculate their income tax and VAT installment payment based on the actual profit in 2020
- Zero VAT rate on purchases of medical material essential to combat the COVID-19
- Reduction in VAT on digital publications from 21 to 4 percent
- 50 percent exemption from employer's social security contributions, from for workers with permanent discontinuous contracts in the tourism sector and related activities;
- 6-month suspension of social security contributions for the self-employed and companies in selected industries (€352 million)

Monetary, Financial and Exchange Rate Measures

- Extended up to €100 billion government guarantees for firms and self-employed, covering both loans and commercial paper of medium-sized companies that participate in Spain's Alternative Fixed Income Market
- Up to €2 billion public guarantees for exporters through the Spanish Export Insurance Credit Company;
- Guarantees for loan maturity extensions to farmers using the special drought credit lines; a line of guarantees to provide financial assistance on housing expenses for vulnerable households (€1.2 billion); and additional loan guarantees for SMEs and self-employed through the Compañía Española de Reafianzamiento (€1 billion)
- Introduction of a special credit line for the tourism sector and automotive sector
- Loans for the industrial sector to promote digital transformation and modernization
- Three-month moratorium on mortgage payments for the most vulnerable, including households, self-employed, and homeowners who have rented out their mortgaged properties
- Moratorium on rent payments for vulnerable tenants
- Moratorium on non-mortgage loans and credits, including consumer credits, for the most vulnerable
- Enhanced capacity of the mutual guarantee societies of the autonomous communities
- Adoption of a mechanism for renegotiation and deferment of business premises rent
- Adoption of a new macro-prudential liquidity tool empowering the National Securities Market Commission to modify requirements applicable to management companies of Collective Investment Schemes.

United States

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-1.3%	-9.5 %	15.2 %	17.0%	5.2%	Highly Diversified, World Leading, High-Technology Innovator, Second-Largest Industrial Output In The World; Petroleum, Steel, Motor Vehicles, Aerospace, Telecommunications, Chemicals, Electronics, Food Processing, Consumer Goods, Lumber, Mining	Agricultural Products (Soybeans, Fruit, Corn) Industrial Supplies (Organic Chemicals), Capital Goods (Transistors, Aircraft, Motor Vehicle Parts, Computers, Telecommunications Equipment) Consumer Goods (Automobiles, Medicines)	Agricultural Products, Industrial Supplies, Telecommunications Equipment, Motor Vehicle Parts, Office Machines, Electric Power Machinery), Consumer Goods (Automobiles, Clothing, Medicines, Furniture, Toys)

Fiscal Measures

- United States announced US$483 billion for Paycheck Protection Program and Health Care Enhancement Act which includes;
  - US$321 billion for additional forgivable Small Business Administration loans and guarantees to help small businesses that retain workers
  - US$62 billion for the Small Business Administration to provide grants and loans to assist small businesses
  - US$75 billion for hospitals
  - US$25 billion for expanding virus testing.
- US$2.3 trillion Coronavirus Aid, Relief and Economy Security Act which includes;
  - US$293 billion to provide one-time tax rebates to individuals
  - US$268 billion to expand unemployment benefits
  - US$25 billion to provide a food safety net for the most vulnerable

  - US$510 billion to prevent corporate bankruptcy by providing loans & guarantees
  - US$349 billion in forgivable Small Business Administration loans and guarantees to help small businesses that retain workers
  - US$100 billion for hospitals
  - US$150 billion in transfers to state and local governments and
  - US$49.9 billion for international assistance
- US$8.3 billion Coronavirus Preparedness and Response Supplemental Appropriations Act and US$192 billion Families First Coronavirus Response Act which provides
  - Virus testing; transfers to states for Medicaid funding; development of vaccines, therapeutics, and diagnostics; support for the Centers for Disease Control and Prevention response
  - 2 weeks paid sick leave; up to 3 months emergency leave for those infected (at 2/3 pay); food assistance; transfers to states to fund expanded unemployment insurance
  - Expansion of Small Business Administration loan subsidies
  - US$1.25 billion in international assistance
  - Besides, federal student loan obligations have been suspended for 60 days.

Monetary, Financial and Exchange Rate Measures

- Federal funds rate were lowered by 150bp to 0-0.25bp
- Purchase of Treasury and agency securities in the amount as needed.
- Lowered cost of discount window lending.
- The reduced existing cost of swap lines with major central banks and extended the maturity of FX operations; broadened U.S. dollar swap lines to more central banks; offered temporary repo facility for foreign and international monetary authorities.
- Federal Reserve also introduced facilities to support the flow of credit, backed by the Treasury using funds appropriated under the CARES Act. The facilities are;
  - Commercial Paper Funding Facility to facilitate the issuance of commercial paper by companies and municipal issuers;
  - Primary Dealer Credit Facility to provide financing to the Fed's 24 primary dealers collateralized by a wide range of investment-grade securities;
  - Money Market Mutual Fund Liquidity Facility (MMLF) to provide loans to depository institutions to purchase assets from prime money market funds (covering highly rated asset-backed commercial paper and municipal debt)

  - Primary Market Corporate Credit Facility to purchase new bonds and loans from companies;
  - Secondary Market Corporate Credit Facility to provide liquidity for outstanding corporate bonds;
  - Term Asset-Backed Securities Loan Facility to enable the issuance of asset-backed securities backed by student loans, auto loans, credit-card loans, loans guaranteed by the Small Business Administration, and certain other assets;
  - Paycheck Protection Program Liquidity Facility (PPPLF) to provide liquidity to financial institutions that originate loans under the Small Business Administration's Paycheck Protection Program (PPP) which provides a direct incentive to small businesses to keep their workers on the payroll
  - Main Street Lending Program to purchase new or expanded loans to small and mid-sized businesses; and
  - Municipal Liquidity Facility to purchases short-term notes directly from state and eligible local governments.
- Federal banking supervisors encouraged depository institutions to use their capital and liquidity buffers to lend, to work constructively with borrowers affected by COVID-19, and indicated COVID-19 related loan modifications would not be classified as troubled debt restructurings.
- Lower the community bank leverage ratio to 8 percent.
- Provide extension transition for the Current Expected Credit Loss accounting standard.
- PPP covered loans will receive a zero percent risk weight, and assets acquired and subsequently pledged as collateral to the MMLF and PPPLF facilities will not lead to additional regulatory capital requirements.

Germany

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-2.0%	-10.1%	4%	5.6%	1.9%	Among The World's Largest and Most Technologically Advanced Producers Of Iron, Steel, Coal, Cement, Chemicals, Machinery, Vehicles, Machine Tools, Electronics, Automobiles, Food and Beverages, Shipbuilding, Textiles	Motor Vehicles, Machinery, Chemicals, Computer and Electronic Products, Electrical Equipment, Pharmaceuticals, Metals, Transport Equipment, Foodstuffs, Textiles, Rubber and Plastic Products	Machinery, Data Processing Equipment, Vehicles, Chemicals, Oil and Gas, Metals, Electric Equipment, Pharmaceuticals, Foodstuffs, Agricultural Products

Fiscal Measures

- Increase in Spending on healthcare equipment, hospital capacity, and R&D
- Expanded access to short-term work subsidy to preserve jobs and workers' incomes, expanded childcare benefits for low-income parents, and easier access to basic income support for the self-employed
- Grants to small business owners and self-employed persons severely affected by the Covid-19 outbreak in addition to interest-free tax deferrals until year-end and €2bn of venture capital funding for start-ups
- Temporarily expanded duration of unemployment insurance and parental leave benefits.
- The stimulus package comprises a temporary VAT reduction, income support for families, grants for hard-hit SME's, financial support for local governments, expanded credit guarantees for exporters and export-financing banks, and subsidies/investment in green energy and digitalization.

- Government expands the volume and access to public guarantees for firms of different sizes, credit insurers, and non-profit institutions, some eligible for up to 100 percent guarantees, increasing the total volume by at least €757 billion.
- Many local governments have announced own measures to support their economies, amounting to €141 billion in direct support and €63bn in state-level loan guarantees

Monetary, Financial and Exchange Rate Measures

- Release of the countercyclical capital buffer for banks from 0.25 % to zero %
- Additional €100 billion to refinance expanded short-term liquidity provision to companies through the public development bank
- €100 billion is allocated to directly acquire equity of larger affected companies and strengthen their capital position
- A three-month payment moratorium on consumer loans established before March 15th is granted until June 30th, 2020

France

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-5.9%	-13.8%	3%	1.9%	0.8%	Machinery, Chemicals, Automobiles, Metallurgy, Aircraft, Electronics; Textiles, Food Processing; Tourism	Machinery and Transportation Equipment, Aircraft, Plastics, Chemicals, Pharmaceutical Products, Iron and Steel, Beverages	Machinery and Equipment, Vehicles, Crude Oil, Aircraft, Plastics, Chemicals

Fiscal Measures

- Streamlining and boosting health insurance for the sick
- Increasing spending on health supplies
- Liquidity support through postponements of social security and tax payments for companies and accelerated refund of tax credits
- Support for wages of workers under the reduced-hour scheme

- Direct financial support (solidarity fund) for affected microenterprises, liberal professions, and independent workers
- Postponement of rent and utility payments for affected microenterprises and SMEs
- Additional allocation for equity investments or nationalizations of companies in difficulty
- Facilitating granting of exceptional bonuses exempt from social security contributions
- Extension of expiring unemployment benefits until the end of the lockdown and preservation of rights and benefits under the disability and active solidarity income schemes.

Monetary, Financial and Exchange Rate Measures

- In addition to Euro Area Measures, the central bank of France reduced the counter-cyclical bank capital buffer to 0 percent
- a temporary ban on short-selling stocks was in place
- Announced credit mediation to support the renegotiation of SMEs' bank loans.

South Korea

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-1.3%	-3.3%	2%	1.0%	0.0%	Electronics, Telecommunications, Automobile Production, Chemicals, Shipbuilding, Steel	Semiconductors, Petrochemicals, Automobile/Auto Parts, Ships, Wireless Communication Equipment, Flat Displays, Steel, Electronics, Plastics, Computers	Crude Oil/Petroleum Products, Semiconductors, Natural Gas, Coal, Steel, Computers, Wireless Communication Equipment, Automobiles, Fine Chemicals, Textiles

Fiscal Measures

- The Government announced KRW 10.9 trillion spending on disease prevention and treatment, loans and guarantees for business affected, support for households affected, and support for local economies affected.
- Moreover, the Government announced KRW 8 trillion to fund an emergency relief payment program and KRW 14.3 trillion provides transfers to households.
- KRW 35.1 trillion packages include a revenue reduction (11.4 trillion) and additional KRW 23.7 trillion spendings on financial support for companies, expansion of employment and social safety, disease control, and spending on digital and green industries.

Monetary, Financial and Exchange Rate Measures

- Lowering the Base Rate by a cumulative 75 basis points from 1.25 percent to 0.5 percent. Making unlimited amounts available through open market operations
- Expanding eligible OMO collateral to include bank bonds, certain bonds from public enterprises and agencies, and government-guaranteed MBS issued by KHFC
- Purchasing Korean Treasury Bonds (KRW 3.0 trillion).
- To augment available funding for SMEs, the BOK increased the ceiling of the Bank Intermediated Lending Support Facility by a total of KRW 10 trillion (about 0.5% of GDP) and lowered the interest rate to 0.25 percent (from 0.5-0.75 percent).
- The South Korean Government also announced a financial stabilization plan of KRW 100 trillion (5.3 percent of GDP); which includes
    - Expanded lending of both state-owned and commercial banks to SMEs, small merchants, mid-sized firms, and large companies (the latter on a case-by-case basis) including emergency lending, partial and full guarantees, and collateralization of loan obligations;
    - A bond market stabilization fund to purchase corporate bonds, commercial paper, and financial bonds
    - Financing by public financial institutions for corporate bond issuance through collateralized bond obligations and direct bond purchases
    - Short-term money market financing through stock finance loans, BOK repo purchases, and refinancing support by public financial institutions
    - An equity market stabilization fund financed by financial holding companies, leading financial companies, and other relevant institutions.

- Additional measures were announced totaling KRW 25 trillion (1.3 percent of GDP), mainly through the creation of a special purpose vehicle to purchase corporate bonds and commercial paper (KRW 10 trillion) and additional funds for SME lending (KRW 10 trillion).

- Financing support to exporters and specific industries has also been announced.
- The government announced a key industry stabilization fund for KRW 40 trillion (2.1 percent of GDP) and operated by Korea Development Bank to support seven key industries: airlines, shipping, shipbuilding, autos, general machinery, electric power, and communications.
- Other measures taken about financial market stability include expansion of BOK repo operations to non-banks, creation of a Central Bank lending program to non-banks with corporate bonds as collateral, a temporary prohibition on stock short-selling in the equity markets, temporary easing of rules on share buybacks, and temporary easing of loan-to-deposit ratios for banks and other financial institutions and the domestic currency liquidity coverage ratio for banks.
- The Central Bank opened a bilateral swap line with the U.S. Federal Reserve for US$60 billion.
- Other measures are taken to facilitate funding in foreign exchange include;
    - Raising the cap on foreign exchange forward positions to 50 percent of the capital for domestic banks (previously 40 percent) and 250 percent for foreign-owned banks (was 200 percent)
    - Temporarily suspending the 0.1 percent tax on short-term non-deposit foreign exchange liabilities of financial institutions
    - Temporarily reducing the minimum foreign exchange liquidity coverage ratio for banks to 70 percent (was 80 percent).
    - The BOK has also announced a facility for non-bank financial institutions to engage in repos to receive foreign exchange from the BOK, to be implemented by end-September.

UK

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-2.2%	--	3%	7.1%	1.4%	Machine Tools, Electric Power Equipment, Automation Equipment, Railroad Equipment, Shipbuilding, Aircraft, Motor Vehicles, and Parts, Electronics And Communications Equipment, Metals, Chemicals, Coal, Petroleum, Paper, and Paper Products, Food Processing, Textiles, Clothing, Other Consumer Goods	Manufactured Goods, Fuels, Chemicals; Food, Beverages, Tobacco	Manufactured Goods, Machinery, Fuels; Foodstuffs

Fiscal Measures

- Tax and spending measures to support households and families during the health emergency includes;
  - Measures to support businesses (£29 billion), including property tax holidays, direct grants for small firms and firms in the most-affected sectors, and compensation for sick pay leave
  - Strengthening the social safety net to support vulnerable people
- The government has launched three separate loans schemes to facilitate business' access to credit; which includes;
  - the Coronavirus Business Interruption Loan Scheme to support SMEs
  - The Coronavirus Large Business Interruption Loans Scheme to support bigger firms, which carry an 80 percent guarantee for loans up to £5 million for the former and up to £300 million for the latter.
  - The Bounce Bank loan scheme for SMEs loan scheme with a 100 percent guarantee for loan amounts up to £50,000.
- Deferring of VAT payments until the end of the financial year and income tax payments of the self-employed by six months.
- The government paid 80 percent of the earnings of self-employed workers and furloughed employees (to a maximum of £2,500 per employee per month) initially for the period March-May.
- Trade credit insurance for business-to-business transactions will receive up to £10 billion of government guarantees through the Trade Credit Reinsurance scheme,

with the scheme available for nine months. The government has put in place a £1bn package to support firms driving innovation and development through grants and loans.

Monetary, Financial and Exchange Rate Measures

- The central bank of the UK reduced Bank Rate by 65 basis points to 0.1 percent
- Expanded the central bank's holding of UK government bonds and non-financial corporate bonds by £300 billion
- Introduced new Term Funding Scheme to reinforce the transmission of the rate cut, with additional incentives for lending to the real economy, and especially SMEs
- Launched the joint HM Treasury—Bank of England Covid Corporate Financing Facility together with the Coronavirus Business Interruption Schemes, makes £330bn of loans and guarantees available to businesses (15 percent of GDP)
- Activated Contingent Term Repo Facility to complement the Bank's existing sterling liquidity facilities
- Together with central banks from Canada, Japan, Euro Area, U.S., and Switzerland, further enhancing the provision of liquidity via the standing US dollar liquidity swap line arrangements
- Reduced UK countercyclical buffer rate to 0 percent from a pre-existing path toward 2 percent by December 2020, with guidance, that it will remain at 0 for at least 12 months.
- The Prudential Regulatory Authority (PRA) set out a supervisory expectation that banks should suspend dividends and buybacks until end-2020, cancel outstanding 2019 dividends, and pay no cash bonuses to senior staff.
- The Financial Conduct Authority (FCA) introduced a package of targeted temporary measures to support customers affected by the coronavirus, including by setting the expectation for firms to offer a payment freeze on loans and credit cards for up to three months.

Australia

Countries	GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
Australia	-0.3%	--	1.7%	0.9%	0.5%	Mining, Industrial and Transportation Equipment, Food Processing, Chemicals, Steel	Iron Ore, Coal, Gold, Natural Gas, Beef, Aluminum Ores and Conc, Wheat, Meat (Excluding Beef), Wool, Alumina, Alcohol	Motor Vehicles, Refined Petroleum, Telecommunication Equipment, and Parts; Crude Petroleum, Medicaments, Goods Vehicles, Gold, Computers

Fiscal Measures

- Measures include sizable wage subsidies (3½ percent of GDP), income support to households, cash flow support to businesses, investment incentives, and targeted measures for affected regions and industries
- The Commonwealth government will finance a series of fast-track infrastructure projects across States and Territories (A$2.2 billion) and the arts industry (A$0.25 billion) to support job creation under the Job Maker program, as well as a new home care package to support senior citizens (A$0.3 billion).
- The Commonwealth government has committed to providing free childcare to around one million families through mid-July and announced targeted support to the education system.
- Loan guarantees between the Commonwealth government and participating banks to cover the immediate cash flow needs of SMEs (up to A$20 billion) and the government is allocating up to A$15 billion to invest in residential mortgage-backed securities and asset-backed securities to help to fund for small banks and non-bank financial institutions.
- The Commonwealth government has committed to spending an additional amount of almost A$5 billion (0.3 percent of GDP) to strengthen the health system and protect vulnerable people, including those in aged care, from the outbreak of COVID-19.
- State and Territory governments also announced fiscal stimulus packages, together amounting to A$29.3 billion (1.5 percent of GDP), including payroll tax relief for businesses and relief for households, such as discount utility bills, cash payments to vulnerable households, support for health spending, and construction and infrastructure packages.

Monetary, Financial and Exchange Rate Measures

- The policy rate was cut by 25 basis points to 0.25 percent.
- To support liquidity, Central Bank conducted conduct one-month and three-month repo operations daily.
- Repo operations of longer-term maturities (six months or longer) will be held at least weekly, as long as market conditions warrant.
- To assist with the smooth functioning of Australian capital markets, the Central Bank has broadened the range of eligible collateral for open market operations to include securities issued by non-bank corporations with an investment grade.
- The Central Bank has established a swap line with U.S. Fed for the provision of US dollar liquidity in amounts up to US$60 billion.
- To allow banks to lend more to SMEs during the period of disruption caused by COVID-19, the Central Bank has established a term funding facility of at least A$90 billion for access to three-year funding at 25 basis points.
- The Australian Prudential Regulation Authority (APRA) has provided temporary relief from its capital requirement, allowing banks to utilize some of their current large buffers to facilitate ongoing lending to the economy as long as minimum capital requirements are met.
- APRA announced that loans on repayment deferrals in the context of COVID-19 need not be treated as being in arrears for a period of up to six months for capital adequacy and regulatory reporting purposes for borrowers who have been meeting their repayment obligations.
- The Australian Banking Association announced that banks will extend the period of deferred repayments by up to another four months for the affected borrower.
- APRA also extended the regulatory approach on deferred repayments to cover a maximum period of up to 10 months until March 31, 2021.
- The exchange rate has been allowed to adjust flexibly to absorb economic shocks.

New Zealand

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-1.6%	--	0.2%	0.2%	0.1%	Agriculture, Forestry, Fishing, Logs and Wood Articles, Manufacturing, Mining, Construction, Financial Services, Real Estate Services, Tourism	Dairy Products, Meat and Edible Offal, Logs and Wood Articles, Fruit, Crude Oil, Wine	Petroleum and Products, Mechanical Machinery, Vehicles and Parts, Electrical Machinery, Textiles

Fiscal Measures

- Increase in healthcare-related spending to reinforce capacity (NZ$0.5 billion or 0.2 percent of GDP);
- A permanent increase in social spending to protect vulnerable people (total NZ$2.4 billion or 0.8 percent of GDP);
- 12-week wage subsidy to support employers severely affected by the impact of COVID-19 (NZ$14.9 billion or 5.1 percent of GDP)
- Income relief payment to support people who lost their jobs (NZ$3.1 billion or 1 percent of GDP)
- Change in business taxes to help cashflow (NZ$2.8 billion or 1.0 percent of GDP)
- Increase in Infrastructure investment (NZ$3 billion or 1 percent of GDP)
- Support for the aviation sector (NZ$0.6 billion or 0.2 percent of GDP)
- Tourism recovery package (NZ$0.4 billion or 0.1 percent of GDP).
- The New Zealand government also provides loans of up to NZ$100,000 to small businesses that employ 50 or fewer employees (NZ$5.2 billion)
- Removal of tariffs on all medical and hygiene imports needed for the COVID-19 response

Monetary, Financial and Exchange Rate Measures

- The Central Bank kept the official cash rate (OCR) unchanged at 0.25 percent for at least a year.
- The Central Bank has established a new Term Auction Facility (TAF), which allows banks access to collateralized loans of up to 12 months, and announced a corporate facility in which will offer up to NZ$500 million per week in open market operations with banks against corporate paper and asset-backed securities for 3 months.
- The Central Bank also introduced a Term Lending Facility (TLF), a longer-term funding scheme for banks at 0.25 percent for up to 3 years duration
- To further support the stability of the financial system, the start date for a regulatory change requiring higher capital for banks has been postponed for 12 months, to July 2021
- The Central Bank has also agreed with the banks that during this period there will be no dividend payments on ordinary shares and redemption of non-CET1 capital instruments.
- The New Zealand government, the Central Bank, and the New Zealand Bankers Association have also announced some financial measures to support SMEs and homeowners which include six-month principal and interest repayment deferrals to mortgage holders and SMEs affected by COVID-19 and a NZ$6.25 billion Business Finance Guarantee Scheme for SME loans, in which the government covers 80 percent of the credit risk.
- Other related measures are taken by the government that could contribute to financial stability include a six-month freeze on residential rent increases and increased protections for tenants for termination of tenancies.

Indonesia

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-0.7%	-6.9%	2.6%	0.6%	4.4%	Petroleum and Natural Gas, Textiles, Automotive, Electrical Appliances, Apparel, Footwear, Mining, Cement, Medical	Mineral Fuels, Animal Or Vegetable Fats (Includes Palm Oil), Electrical	Mineral Fuels, Boilers, Machinery, and Mechanical Parts, Electric

					Instruments and Appliances, Handicrafts, Chemical Fertilizers, Plywood, Rubber, Processed Food, Jewelry, and Tourism	Machinery, Rubber, Machinery, and Mechanical Appliance Parts	Machinery, Iron and Steel, Foodstuffs

Fiscal Measures

- Support to the health care sector to boost testing and treatment capability for COVID-19 cases
- Increased benefits and broader coverage of existing social assistance schemes to low-income households such as food aid, conditional cash transfers, and electricity subsidy
- Expanded unemployment benefits, including for workers in the informal sector
- Tax reliefs, including for the tourism sector and individuals (with an income ceiling)
- Permanent reductions of the corporate income tax rate from 25 percent to 22 percent in 2020-21 and 20 percent starting in 2022.
- The fiscal packages also include capital injection into SOEs and interest subsidies, credit guarantees, and loan restructuring funds for micro, small, and medium enterprises (MSMEs)

Monetary, Financial and Exchange Rate Measures

- Reduced the policy rate by 100 bps to 4 percent
- lowering reserve requirement ratios for banks
- increasing the maximum duration for repo and reverse repo operations (up to 12 months)
- Increasing the frequency of FX swap auctions for 1, 3, 6, and 12-month tenure from three times per week to daily auctions
- increasing the size of the main weekly refinancing operations as needed
- The government and Central Bank announced a burden-sharing scheme to help finance the COVID-19 response and economic recovery efforts during 2020
- The Central Bank has also taken measures to further strengthen financial deepening, access to financial services, and monetary operations, including by facilitating collaboration between the banking industry and Fintech companies, supporting digital payment in various sectors, and introducing Sharia-compliant instruments. To ease stock market volatility, the regulator OJK has introduced a new share

buyback policy (allowing listed companies to repurchase their shares without a prior shareholders' meeting) and introduced limits on stock price declines.

- Central Bank has intervened in the spot and domestic non-deliverable foreign exchange markets, and in the domestic government bond market to maintain orderly market conditions.
- The stimulus packages also include measures to lift restrictions on imports and exports, aiming to ease global supply-chain disruptions caused by the virus.

UAE

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-1.0%	--	0.28%	5.0%	12.6%	Petroleum and Petrochemicals; Fishing, Aluminum, Cement, Fertilizer, Commercial Ship Repair, Construction Materials, Handicrafts, Textiles	Crude Oil 45%, Natural Gas, Re-Exports, Dried Fish, Dates (2012 Est.)	Machinery and Transport Equipment, Chemicals, Food

Fiscal Measures

- The Government has approved US$ 4.4 billion to support the private sector by reducing various government fees and accelerating existing infrastructure projects
- US$0.4 billion approved to reduce government fees, provide additional water and electricity subsidies, and simplify business procedures
- The US $2.5 billion announced by the government for water and electricity subsidies as well as credit guarantees and liquidity support to small- and medium-sized enterprises
- the government has announced a reduction or suspension of various government fees and penalties, as well as a rebate on commercial lease payments in the tourism and hospitality sectors
- Package US$ 0.4 billion to help the hotels and restaurants

Monetary, Financial and Exchange Rate Measures

- The Central Bank has reduced its policy interest rate twice by a combined 125 basis points
- The Central Bank has announced a US$70 billion or 20% of GDP package of measures comprising:
  - Halving of banks' required reserve requirements from 14% to 7%
  - zero-interest-rate collateralized loans to banks
  - Allowing the use of banks' excess capital buffers
  - 15-25 percent reduction in provisioning for SME loans
  - Increase of loan-to-value ratio for first-time homebuyers by 5 percentage points
  - Limiting bank fees for SMEs
  - Waiver of all payment service fees charged for six months
  - Raising the limit on banks' exposure to the real estate sector from to 30% of risk-weighted assets, subject to adequate provisioning
  - Allowing banks to defer loan repayments till end-2020.

Thailand

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-0.2%	-2.2%	1%	1.1%	2.1%	Tourism, Textiles and Garments, Agricultural Processing, Beverages, Tobacco, Cement, Light Manufacturing Such as Jewelry and Electric Appliances, Computers and Parts, Integrated Circuits, Furniture, Plastics, Automobiles, and Automotive Parts, Agricultural Machinery, Air Conditioning, and Refrigeration, Ceramics, Aluminum, Chemical, Environmental	Automobiles and Parts, Computer and Parts, Jewelry and Precious Stones, Polymers Of Ethylene In Primary Forms, Refine Fuels, Electronic Integrated Circuits, Chemical Products, Rice, Fish Products,	Machinery and Parts, Crude Oil, Electrical Machinery and Parts, Chemicals, Iron & Steel and Product, Electronic Integrated Circuit, Automobile's Parts, Jewelry Including Silver Bars And Gold,

					Management, Glass, Granite And Marble, Leather, Machinery and Metal Work, Petrochemical, Petroleum Refining, Pharmaceuticals, Printing, Pulp and Paper, Rubber, Sugar, Rice, Fishing, Cassava	Rubber Products, Sugar, Cassava, Poultry, Machinery and Parts, Iron and Steel and Their Products	Computers and Parts, Electrical Household Appliances, Soybean, Soybean Meal, Wheat, Cotton, Dairy Products

Fiscal Measures

- The Thai Government Relief Package includes ;
    - Health-related spending
    - Assistance for workers, farmers, and entrepreneurs affected by Covid-19 in terms of wage payment
    - support for individuals and businesses through soft loans and tax relief
    - Lower water and electricity bills, and social security contributions;
    - Measures to support local tourism in terms of subsidies for tourists and soft loans for SMEs

Monetary, Financial and Exchange Rate Measures

- The policy rate has been reduced by 75 bps from 1.25 to 0.50 percent
- The contribution from financial institutions was reduced from 0.46 to 0.23 percent of the deposit base to provide space for future decreases in lending rates
- Soft loans by the Bank of Thailand (BOT) to financial institutions amounting to THB 500 billion for on-lending to SMEs
- The government covers the first 6 months of interest and guarantees up to 60-70 percent of SMEs loans
- Relaxation of repayment conditions for businesses including a loan payment holiday of 6 months for SMEs; and suspension of principal and reduction of interest on the debts
- Measures to support stability in the financial sector include:
    - Corporate Bond Stabilization Fund (BSF) established to provide bridge financing of up to THB 400 billion to high-quality firms with bonds maturing at higher-than-market 'penalty' rates

- BOT purchase of government bonds to ensure the normal functioning of the government bond market;
- Reduction in BOT bond issuances
- Special facility o provide liquidity for mutual funds through banks.

Malaysia

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
0.6%	-2.0%	0.75%	1.0%	1.9%	Peninsular Malaysia - Rubber and Oil Palm Processing and Manufacturing, Petroleum and Natural Gas, Light Manufacturing, Pharmaceuticals, Medical Technology, Electronics and Semiconductors, Timber Processing; Sabah - Logging, Petroleum, and Natural Gas Production; Sarawak - Agriculture Processing, Petroleum, and Natural Gas Production, Logging	Semiconductors and Electronic Equipment, Palm Oil, Petroleum and Liquefied Natural Gas, Wood and Wood Products, Palm Oil, Rubber, Textiles, Chemicals, Solar Panels	Electronics, Machinery, Petroleum Products, Plastics, Vehicles, Iron and Steel Products, Chemicals

Fiscal Measures

- A fiscal stimulus package includes;
  - To increase health spending
  - Temporary tax and social security relief
  - Cash transfers to affected sectors
  - Rural infrastructure spending

  - Electricity bills discount
  - Temporary pay leave
  - Cash transfers to low-income households
  - Wage subsidies to help employers retain workers
  - Infrastructure spending
  - Support for digitalization of business
  - Hiring and training subsidies for labor
- The governments also set up a RM 50 bn fund for working capital loan guarantees for all COVID-19 affected businesses.
- Furthermore, employees allowed special withdrawals from their Employment Provident Fund (EPF) account for 12 months and businesses will be allowed to reschedule their EPF payments.
- The government also announced the grant to micro SMEs and scaled-up wage subsidies

Monetary, Financial and Exchange Rate Measures

- Central Bank of Malaysia lowered the Overnight Policy Rate (OPR) by a cumulative 125 bps to 1.75 percent
- Central Bank also lowered the Statutory Reserve Requirement (SRR) Ratio by 100 basis points to 2 percent
- Central Bank increased Financing Facilities by RM4 bn to RM13.1 bn
- Temporary easing of regulatory and supervisory compliance on banks to help support loan deferment and restructuring
- Relief measures for insurance policyholders and takaful participants
- Central Bank also announced measures to help business financing by both the private sector and public banks worth about RM 6 bn

Japan

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
-0.6%	-26.0	4.13%	0.9%	2.7%	Among World's Largest and Most Technologically	Motor Vehicles, Iron and Steel Products,	Petroleum, Liquid Natural Gas, Clothing,

	(approx.)				Advanced Producers of Motor Vehicles, Electronic Equipment, Machine Tools, Steel, and Nonferrous Metals, Ships, Chemicals, Textiles, Processed Foods	Semiconductors, Auto Parts, Power Generating Machinery, Plastic Materials	Semiconductors, Coal, Audio and Visual Apparatus

Fiscal Measures

- The Government of Japan announced which includes developing preventive measures against the spread of infection and strengthening treatment capacity, protecting employment and businesses, support to household, regaining economic activities after containment, rebuilding a resilient economic structure, and enhancing readiness for the future.
- The other measures comprise cash handouts to every individual and affected firm, deferral of tax payments and social security contributions, and concessional loans from public and private financial institutions.
- The specific measures include expansion of the work subsidies, provision of subordinated loans by the public financial institutions to affected firms, and subsidies to affected firms for their rent payments.

Monetary, Financial and Exchange Rate Measures

- Central Bank of Japan also announced a comprehensive set of measures to maintain the smooth functioning of financial markets and incentivize the provision of credit. These include targeted liquidity provision through an increase in the size and frequency of Japanese government bond purchases, a special funds-supplying operation to provide loans to the financial institution to facilitate the financing of corporates, a temporary increase in the annual pace of purchases of Exchange Traded Funds and Japan-Real Estate Investment Trusts, and a temporary additional increase of targeted purchases of commercial paper and corporate bonds.
- Bank of Japan has provided lending support through the special funds-supplying operation and made purchases of Japanese government securities, commercial paper, corporate bonds, and exchange-traded funds.
- Bank of Japan also announced additional measures to maintain stability in financial markets and support credit provision.

- The special funds-supplying operations have been scaled up by expanding the range of eligible counterparties and collateral to private debt (including household debt), as well as by applying a positive interest rate of 0.1 percent to the outstanding balances of current accounts held by financial institutions that correspond to the amounts outstanding of loans provided through this operation.
- Central Bank also introduced a new fund-provisioning measure to support the financing of mainly small- and medium-sized enterprises, providing funds against loans such as interest-free and unsecured loans made by eligible counterparties based on the government's emergency economic measures.
- The Central Bank of Japan in coordination with the Bank of Canada, the Bank of England, the European Central Bank, the Federal Reserve, and the Swiss National Bank enhanced the provision of U.S. dollar liquidity by lowering the pricing on the standing U.S. dollar liquidity swap arrangements by 25 basis points.
- The government expanded the volume of concessional loan facilities (interest-free without collateral) primarily for micro, small and medium-sized businesses affected by COVID-19 through the Japan Finance Corporation and other institutions.

Saudi Arabia

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
1.0%	--	1.38 %	1.7%	4.9%	Crude Oil Production, Petroleum Refining, Basic Petrochemicals, Ammonia, Industrial Gases, Sodium Hydroxide (Caustic Soda), Cement, Fertilizer, Plastics, Metals, Commercial Ship Repair, Commercial Aircraft Repair, Construction	Petroleum and Petroleum Products 90% (2012 Est.)	Machinery and Equipment, Foodstuffs, Chemicals, Motor Vehicles, Textiles

Fiscal Measures

- Saudi Government also announced a private sector support package which includes Suspension of government tax payments, fees, and other dues to provide liquidity to the private sector and an increase in available financing through the National Development Fund.
- The government authorized the use of the unemployment insurance fund (SANED) to provide support for wage benefits, within certain limits, to private sector companies who retain their Saudi staff (SAR 9 billion, 0.4 percent of GDP) and eased restrictions on expatriate labor mobility and their contractual arrangements.
- The government also announced temporary electricity subsidies to commercial, industrial, and agricultural sectors
- Other measures consist of additional cuts and delays in capital spending, removal of cost-of-living allowances for public sector workers, and increasing the VAT from 5% to 15%.
- A new tourism development fund was also announced.
- The Ministry of Environment, Water and Agriculture announced it will offer 94 agricultural investment opportunities to the private sector in the near term and the authorities announced the extension of the private sector (COVID related) support measures that would have expired end-June, including continuing the payment of wage benefits to Saudis working in the private sector and further delaying the payment of some taxes and duties.

Monetary, Financial and Exchange Rate Measures

- The Saudi Arabian Monetary Authority (SAMA) reduced its policy rates to 0.5 percent.
- SAMA announced a $13.3 billion, 2 percent of GDP package to support the private sector, particularly SMEs, by providing funding to banks to allow them to defer payments on existing loans and increase lending to businesses.
- SAMA has also instructed banks to delay payments of loans extended to all Saudi employees by three months without extra fees, to provide the financing needed by customers who lose their jobs, and to exempt customers from various banking fees.

Turkey

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
1.9%	0.6%	1.7%	1.2%	0.8%	Textiles, Food Processing, Automobiles, Electronics, Mining (Coal, Chromate, Copper, Boron), Steel, Petroleum, Construction, Lumber, Paper	Apparel, Foodstuffs, Textiles, Metal Manufacturers, Transport Equipment	Machinery, Chemicals, Semi-Finished Goods, Fuels, Transport Equipment

Fiscal Measures

- A 100 billion Turkish Lira package was announced which includes;
  - Raising minimum pension and cash assistance to families in need
  - Increased employment protection by loosening short-term work allowance rules
  - Reduced/postponed taxes for affected industries (eg. tourism)
  - Extension of personal and corporate income tax filing deadlines
  - Easing of households' utility payments to local governments
  - State payment of two-thirds of workers' salaries in affected firms
  - Debt relief for local governments' earmarked revenues,
  - Support to Turkish Airlines and other affected entities
  - Deferred loan repayments
  - Banking and Insurance Transaction Tax rate on real persons' foreign exchange and gold purchases was raised to 1% from 0.2%, and the withholding tax on interest income on banks' commercial bonds was raised to 15% from 10%.
  - short-work allowance system that provides income support to employees of fully or partially closed businesses due to force majeure was extended by one month.

Monetary, Financial and Exchange Rate Measures

- The Central Bank has lowered the policy rate by a cumulative 250bps to 8.25 percent. The reserve requirements on foreign currency deposits were reduced by 500 bps for banks meeting lending growth targets.
- A new TL lending facility for SMEs in the export sector was set up. Exporters' inventory financing is being supported by extending maturities for existing and new export rediscount credits.
- The minimum payment for individual credit cards was reduced to 20 percent, and banks postponed repayments on credit card loans for housing, consumer, and vehicle purchases.
- Bank regulator implemented a new regulatory ratio incentivizing banks' support for the real economy and government financing Public banks granted firms affected by the crisis a 3-month moratorium on bank loan repayments (principal and interest).
- Debt enforcement and bankruptcy proceedings (except in alimony cases) have been suspended.
- Exporters have been e provided with inventory financing, and reimbursement of rediscount credits have been extended by 90 days.
- The overall limit of the bilateral swap agreement between Turkey and Qatar was increased from US$ 5 billion to US$ 15 billion equivalent.
- The withholding tax on returns from FX mutual funds was raised to 15 percent from 10 percent for real persons and zero for legal persons, and the Capital Markets Board (SPK) imposed some limitations on the portfolio composition of FX mutual funds.
- Provided rediscount credit facility for exporters towards advance loans for investment in support strategic projects.
- Central Bank raised the upper limit on installment plans for credit card purchases of services from airlines, travel agencies, and hotels.

Canada

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports

-2.1%	-12.0%	1.36%	1.2%	1.1%	Transportation Equipment, Chemicals, Processed and Unprocessed Minerals, Food Products, Wood And Paper Products, Fish Products, Petroleum, Natural Gas	Motor Vehicles and Parts, Industrial Machinery, Aircraft, Telecommunications Equipment; Chemicals, Plastics, Fertilizers; Wood Pulp, Timber, Crude Petroleum, Natural Gas, Electricity, Aluminum	Machinery and Equipment, Motor Vehicles And Parts, Crude Oil, Chemicals, Electricity, Durable Consumer Goods

Fiscal Measures

- Key measures include;
    - $20 billion (0.9 percent of GDP) to the health system to support increased testing, Vaccine development, medical supplies, mitigation efforts, and greater support for Indigenous communities
    - Around $212 billion (10 percent of GDP) in direct aid to households and firms, including wage subsidies, payments to workers without sick leave and access to employment insurance, an increase in existing GST tax credits and child care benefits, and a new distinctions-based Indigenous Community Support Fund; and $85 billion (4.0 percent of GDP) in liquidity support through tax deferrals

Monetary, Financial and Exchange Rate Measures

- Key measures adopted by the Bank of Canada includes;
    - Reducing the overnight policy rate by 150 bps in March (to 0.25 percent)
    - An extension of the bond buyback program across all maturities;
    - Launching the Bankers' Acceptance Purchase Facility
    - Expanding the list of eligible collateral for Term Repo operations to the full range of eligible collateral for the Standing Liquidity Facility (SLF), except the Non-Mortgage Loan Portfolio (NMLP)
    - Supporting the Canada Mortgage Bond (CMB) market by purchasing CMBs in the secondary market
    - Announcing a temporary increase in the amount of NMLP a participant can pledge for the SLF and for those participants that do not use NMLP;
    - Announcing the launch of the Standing Term Liquidity Facility, under which loans could be provided to eligible financial institutions in need of temporary liquidity support

- the federal government announced $95 billion in credit facilities (including $13.8 billion in forgivable loans) to lend to firms under stress
- Farm Credit Canada will receive support from the federal government that will allow for an additional $5.2 billion in lending capacity to producers, agribusinesses, and food processors.

India

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
0.9%	0.7%	7.45%	0.3%	2.0%	Textiles, Chemicals, Food Processing, Steel, Transportation Equipment, Cement, Mining, Petroleum, Machinery, Software, Pharmaceuticals	Petroleum Products, Precious Stones, Vehicles, Machinery, Iron and Steel, Chemicals, Pharmaceutical Products, Cereals, Apparel	Crude Oil, Precious Stones, Machinery, Chemicals, Fertilizer, Plastics, Iron and Steel

Fiscal Measures

- India announced two types of financial support measures i.e. Direct spending and foregone or deferred revenue (about 1.9 percent of GDP); and Below-the-line measures designed to support businesses and shore up credit provision to several sectors (about 4.9 percent of GDP)
- The key direct-spending measures are:
  - In-kind (food; cooking gas) and cash transfers to lower-income households;
  - insurance coverage for workers in the healthcare sector;
  - Wage support and employment provision to low-wage workers
  - An additional 150 billion rupees (about 0.1 percent of GDP) devoted to health infrastructure.
- Several measures to ease the tax compliance burden across a range of sectors have also been announced, including postponing some tax-filing and other compliance deadlines, and a reduction in the penalty interest rate for overdue GST filings.
- Measures announced to provide credit support to businesses (1.9 percent of GDP), poor households, especially migrants and farmers (1.6 percent of GDP), distressed electricity distribution companies (0.4 percent of GDP), and targeted support for the agricultural sector (0.7 percent of GDP), as well as some miscellaneous support measures (about 0.3 percent of GDP).

- Key elements of the business-support package are various financial sector measures for micro, small, and medium-sized enterprises and non-bank financial companies, whereas additional support to farmers will mainly be in the form of providing concessional credit to farmers, as well as a credit facility for street vendors.
- Agricultural sector support is mainly for infrastructure development.

Monetary, Financial and Exchange Rate Measures

- The Reserve Bank of India (RBI) reduced the repo and reverse repo rates by 115 and 155 basis points (bps) to 4.0 and 3.35 percent, respectively, and announced liquidity measures across three measures comprising Long Term Repo Operations (LTROs), a cash reserve ratio (CRR) cut of 100 bps, and an increase in the marginal standing facility (MSF) to 3 percent of the Statutory Liquidity Ratio (SLR), now extended till September.
- The RBI has provided relief to both borrowers and lenders and the Securities and Exchange Board of India (SEBI) temporarily relaxed the norms related to debt default on rated instruments and reduced the required average market capitalization of public shareholding and minimum period of listing.
- The RBI introduced regulatory measures to promote credit flows to the retail sector and micro, small, and medium enterprises (MSMEs) and provided regulatory forbearance on asset classification of loans to MSMEs and real estate developers (later extended to loans from NBFCs).
- CRR maintenance for all additional retail loans has been exempted, and the priority sector classification for bank loans to NBFCs has been extended for on-lending for FY 2020/21.
- Special refinance facilities for rural banks, housing finance companies, and small and medium-sized enterprises;
- a temporary reduction of the Liquidity Coverage Ratio (LCR) and restriction on banks from making dividend payouts
- the government announced measures targeting businesses includes;
    - a collateral-free lending program with a 100 percent guarantee
    - Subordinate debt for stressed MSMEs with partial guarantee,

- Partial credit guarantee scheme for public sector banks on borrowings of non-bank financial companies, housing finance companies (HFCs), and microfinance institutions.

- The government also announced a Fund of Funds for equity infusion in MSMEs, and (ii) a special purpose vehicle (SPV) to purchase the short-term debt of the eligible non-bank financial companies and housing finance companies, fully guaranteed by the government and managed by a public sector bank.
- RBI announced a second FX swap (2 billion dollars, 6 months, auction-based) in addition to the previous one with equal volume and tenor.
- Restriction on non-resident investment in specified securities issued by the Central Government has been removed. Foreign direct investment policy has been adjusted requiring that an entity of a country that shares a land border with India can invest only after receiving government approval.

Pakistan

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Global exports	Share in Global import	Main Industries	Major items of Exports	Major Items of imports
--	-0.5%	0.84%	0.11%	0.26%	Textiles and Apparel, Food Processing, Pharmaceuticals, Surgical Instruments, Construction Materials, Paper Products, Fertilizer, Shrimp	Textiles (Garments, Bed Linen, Cotton Cloth, Yarn), Rice, Leather Goods, Sporting Goods, Chemicals, Manufactures, Surgical Instruments, Carpets, and Rugs	Petroleum, Petroleum Products, Machinery, Plastics, Transportation Equipment, Edible Oils, Paper and Paperboard, Iron And Steel, Tea

Fiscal Measures

- A relief package worth PKR 1.2 trillion was announced by the federal government which includes

  - Elimination of import duties on emergency health equipment
  - Cash transfers to 6.2 million daily wage workers (PKR 75 billion);
  - Cash transfers to more than 12 million low-income families (PKR 150 billion),
  - Accelerated tax refunds to the export industry (PKR 100 billion)
  - Financial support to SMEs and the agriculture sector (PKR 100 billion) in the form of power bill deferment, bank lending, as well as subsidies, and tax incentives.
- The economic package also earmarks resources for accelerated procurement of wheat, financial support to utility stores, a reduction in regulated fuel prices (with a benefit for end-consumers estimated at PKR 70 billion), support for health and food supplies (PKR 15 billion), electricity bill payments relief (PKR 110 billion), an emergency contingency fund (PKR 100 billion), and a transfer to the National Disaster Management Authority (NDMA) for the purchase of COVID-19 related equipment (PKR 25 billion).
- The budget includes further increases in health and social spending, tariff and custom duty reductions on food items, a PKR 70 billion allocation for 'COVID-19 Responsive and Other Natural Calamities Control Program', a PKR 30 billion housing package to subsidize mortgages, as well as the provision of tax incentives to the construction sector (retail and cement companies) to address the acute employment needs generated by the lockdowns.
- Provincial governments have been also implementing supportive fiscal measures consisting of cash grants to low-income households, tax relief, and additional health spending (including a salary increase for healthcare workers).

Monetary, Financial and Exchange Rate Measures

- The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by a cumulative 625 basis points to 7.0 percent
- The SBP has expanded the scope of existing refinancing facilities and introduced three new ones that aim supporting hospitals and medical centers to purchase equipment to detect, contain, and treat COVID-19, stimulating investment in new manufacturing plants and machinery, as well as modernization and expansion of existing projects, incentivizing businesses to avoid laying off their workers during the pandemic
- Moreover, the SBP introduced temporary regulatory measures to maintain banking system soundness and sustain economic activity like;
  - Reducing the capital conservation buffer by 100 basis points to 1.5 percent;

- o Increasing the regulatory limit on the extension of credit to SMEs by 44 percent to PRs 180 million
- o Relaxing of the debt burden ratio for consumer loans from 50 percent to 60 percent
- o Allowing banks to defer clients' payment of principal on loan obligations by one year (with a total of PKR 605 billion being deferred to date)
- o Relaxing regulatory criteria for restructured loans for borrowers who require relief beyond the extension of principal repayment for one year
- o Suspending bank dividends for the first two quarters of 2020 to shore up capital.
- o SBP has introduced mandatory targets for banks to ensure loans to construction activities account for at least 5 percent of the private sector portfolios by December 2021.
- o The SBP has introduced further regulatory measures to facilitate the import of COVID-19-related medical equipment and medicine by lifting the limit on import advance payments and import on open account, allowing banks to approve an Electronic Import Form (EIF) for the import of equipment donated by international donor agencies and foreign governments.

Bangladesh

GDP Growth rate in the first quarter of 2020	GDP Growth rate in the second quarter of 2020	Share in the Global Economy	Share in Pakistan's exports	Share in Pakistan's import	Main Industries	Major items of Exports	Major Items of imports
--	1.5 %	0.6 %	3.3 %	0.1 %	Textiles and Apparel, Food Processing, Pharmaceuticals, Surgical Instruments, Construction Materials, Paper Products, Fertilizer, Shrimp	Textiles (Garments, Bed Linen, Cotton Cloth, Yarn), Rice, Leather Goods, Sporting Goods, Chemicals, Manufactures, Surgical Instruments, Carpets, and Rugs	Petroleum, Petroleum Products, Machinery, Plastics, Transportation Equipment, Edible Oils, Paper and Paperboard, Iron and Steel, Tea

Fiscal Measures

- The Government of Bangladesh has introduced Health's COVID-19 Preparedness and Response Plan and expanding existing transfer programs that benefit the poor.
- The increased allocation has been made to the Open Market Sale (OMS) program to facilitate the purchase of rice at one-third of the market price, and the Ministry of Disaster Management and Relief is distributing food supplies at the district level.
- The Government announced a Tk. 50 billion (about USD 588 million) stimulus package for exporting industries to be channeled through a refinance scheme operated by Bangladesh Bank.
- Loan proceeds will be used to pay worker salaries, primarily through mobile financial services, and the scheme is expected to benefit close to 4 million workers for three months. Exporting firms that have laid-off workers will not qualify for the loans.
- The Government subsidizes interest payments on up to Tk. 500 billion in working capital loans by scheduled banks to businesses.
- The government announced the allocation of Tk. 21.3 billion under a housing scheme for the homeless, Tk. 7.6 billion for poor people have lost their jobs as a result of the pandemic, Tk. 7.5 billion to provide health insurance for government employees most at risk, and a Tk. 1 billion bonus payment for government doctors and health workers treating COVID-19 patients.
- The government would cover Tk. 20 billion in interest payments on behalf of 13.8 million loan recipients were negatively impacted by the national shutdown.
- The National Board of Revenue has suspended duties and taxes on imports of medical supplies, including protective equipment and test kits.
- The government has approached international financial institutions seeking budget support, and similar requests have been addressed to bilateral development partners.

Monetary, Financial and Exchange Rate Measures

- The Bangladesh Bank (BB) reduced the repo rate to 5.25 percent
- The Currency to Reserve Ratio was reduced from 5 percent to 1.5% for offshore banking operation and 1.5% for NBFIs.
- The Bangladesh Bank has also raised the advance-deposit ratio (ADR) and investment-deposit ratio (IDR) by 2 percent to facilitate credit to the private sector and improve liquidity in the banking system.

- The Export Development Fund was raised to $5 billion, with the interest rate fixed at 2 percent and the refinancing limit increased.
- Several refinancing schemes amounting to a total of Tk 380 billion announced to support exporters, farmers and to facilitate the implementation of the government stimulus packages.
- To further support farmers, the Bank of Bangladesh also announced an agriculture subsidy program that will take effect for 15 months until mid-2021.
- Also, BB has taken measures to delay non-performing loan classification, waive credit card fees and interests, suspend loan interest payments, impose restrictions on bank dividend payments, extend tenures of trade instruments, and ensure access to financial services.
- Foreign exchange rules were eased by Bangladesh Bank to provide foreign currency to the Bangladeshi nationals who are visiting abroad and facing problem in returning home due to travel disruptions, and to allow foreign-owned/controlled companies operating in Bangladesh to access short term working capital loans from their parent companies/shareholders abroad to meet actual needs for payments of 3-month wages and salary. International factoring was introduced to accelerate exports.

Conclusion and Way Forward

The analytical examination of current crises suggests some immediate and important measures related to the protection industry and economic growth that are discussed below.

i. Along with relief packages, the government should protect industry through fiscal measures and other incentives for at least one year so that it would be able to sustain in the international market and continue its contribution to national employment.

ii. A decline in global oil prices will provide space and a reduction in the import bill. Hence government should take benefit from this opportunity and establish an industrial base on cheap energy cost. The government may re-negotiate with Saudi Arabia and UAE for revision of oil prices.

iii. With the outbreak of the COVID-19 pandemic, the global textile buyers are anticipating disruption to the supply chains from China and other countries. It is, therefore, an opportunity for the Pakistani textile sector to grab a considerable share in the global export markets. There is already mounting orders for textile products being received by the Pakistani exporters. Textile exporters may be facilitated in terms of low utility prices and release of all pending sales tax and other refunds so that the problems related to liquidity crunch be resolved.

iv. The demand for basic healthcare instruments and life-saving medicines is increasing particularly in the United States and EU countries. This allows Pakistan to increase investment in these sectors and enhanced exports.

v. To facilitate exporters particularly in the period of COVID-19 there is a need to negotiate shipping line charges, freight forward, and other port charges with concerned agencies/authorities.

vi. Utility charges from the export-oriented industries may be deferred

vii. To provide relief to the exporters, the Turnover tax must be reduced from 1.5 percent to 0.5 percent during the period of COVID-19.

viii. Owing to the present situation, there is a dire need to further reduced in the interest rate to 5 percent as all the affected countries have reduced their policy rate to zero to one percent like Canada has reduced policy rate to 1.25 percent, United States 1.25 percent, UK 0.75 percent, Euro Zone zero percent, Thailand 1 percent, Australia 0.5 percent, Japan zero percent, etc to stimulate their economies.

ix. SBP has allowed the scheme of loans to the enterprises for payment of salary and allowances at 4%. It is suggested that the interest rate on this scheme may be reduced to 2 percent as like India, Bangladesh, and China. Where the banks are giving loans to enterprises on two percent and allow 30% contribution from workers' salary and 70% should be shared by government and business.

x. Monthly repayment of loans for corporate and consumers should be deferred for six months and the amount deferred can be paid back in four installments in the subsequent twelve months.

xi. The SME sector may be supported by giving them loans at 2 percent.

xii. GST should be reduced to single-digit and all other taxes including GST may be deferred.

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IMPACT OF COVID-19 ON SMALL AND MEDIUM BUSINESS FIRMS IN PAKISTAN

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(Research in Globalization)

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1- Introduction

The outbreak of coronavirus disease-20191(COVID-19) has severely affected national and global economies. Various enterprises are facing different issues with a certain degree of losses. Particularly, enterprises are facing a variety of problems such as a decrease in demand, supply chain disruptions, cancelation of export orders, raw material shortage, and transportation disruptions, among others. Nevertheless, it is quite clear that enterprises around the globe are experiencing the significant impact of the COVID-19 outbreak on their businesses. The researchers argue that major victims of the COVID-19 outbreak are the micro, small & medium enterprises (MSMEs) because MSMEs, in comparison to large enterprises, usually do not possess sufficient resources, especially financial and managerial, and are not prepared for such disruptions likely to go longer than expected (Bartik et al., 2020; Prasad et al., 2015). Additionally, these firms are highly dependent on their routine business transactions and a small number of customers (Williams &Schaefer, 2013). Hence, many MSMEs are running out of stock, some hardly continue to operate, and some will be running out of stock soon. MSMEs are the backbone of many economies worldwide that provide income and employment generation to a large number of people around the globe. Similarly, in the case of Pakistan, MSMEs2 are crucial for the economy as they constitute over 90% of the estimated 3.2 million business enterprises and contribute 40% to the GDP with over 40% to export earnings (SBP, 2016; Shah, 2018). These businesses are spread all over Pakistan in rural and urban areas and represent a significant portion of agriculture, manufacturing, retail, wholesale, trade, and service sectors. Due to the COVID-19 outbreak and lockdowns, Pakistani firms are facing unprecedented adverse effects on their businesses According to a recent report of the United Nations Conference on Trade and Development (UNCTAD) (UNCTAD, 2020a), Pakistan would be hardest-hit by the global pandemic of COVID-19. Therefore, this justifies the need to examine the impact of the COVID-19 outbreak on MSMEs operating in Pakistan. Additionally, the ongoing pandemic crisis will severely hamper the operations of these businesses because MSMEs are highly dependent on the cash economy, which has been adversely affected by the pandemic (Williams & Schaefer, 2013).

Besides, the unavailability of laborers, slowdown of productions, shortage of raw materials, and transportation restrictions will have major ramifications on these businesses. This, in turn, will have a significant impact on the national economy as a whole. Hence, a robust policy response is also essential to offset the negative effects of the current outbreak. Till to date, no study has been conducted to examine the global outbreak's impact on MSMEs operating in Pakistan. Thus, this research aims to investigate the impact of the COVID-19 outbreak on Pakistani MSMEs.

2- Aims and Objectives of the Report

This report also aims to assist policymakers and practitioners in identifying strategies required to respond to the impact of the ongoing pandemic on MSMEs. Mainly, this report emphasizes to pay more attention to the huge risks brought by external environmental uncertainty to MSMEs and help these enterprises in predicting risks in the early stage of business decision-making and planning and specify countermeasures. This report aims at:

- Discuss the impact of the external environmental crisis caused by natural disasters, including floods, earthquakes, and epidemic diseases on commercial enterprises.
- A brief overview of the situation of COVID-19globally and in Pakistan.
- Discuss the impact of the ongoing outbreak on the global and Pakistani economy.
- Provides findings followed by policy recommendations and conclusion

3- Impact of external environmental crisis on MSMEs

Many external environmental crises had occurred in the past that have severely affected MSMEs globally such as 1953 great floods in Holland,2005 Hurricane Katrina, 2011floods in Thailand, 2011 Great East Japan Earthquake, 2011 Japan Tsunami, and Hurricane Harvey 2017 among others. Further, besides COVID-19, many epidemic outbreaks had occurred globally such as

SARS, MERS, Swine flu pandemic (2009 H1N1), 2014Ebola outbreak, Avian influenza, Salmonella Infant is an outbreak, ZIKA outbreak among others (Auzzir et al., 2018; Eggers, 2020; Kim et al., 2020). These crises have a significant impact on the society, economy, and MSMEs; moreover, these events not only cause economic losses but also create a severe threat to business continuity. Further, Prasad et al. (2015) argue that due to natural disasters, the disruption of the supply chain occurs globally, and in case of significant disruptions, the MSMEs enterprises are adversely affected even if they are not directly affected by a disaster. External environmental crisis such as earthquake, flood, epidemic diseases, and other issues adversely affects business activities and their survival (Asgary et al., 2020; Eggers, 2020; Prasad et al., 2015; Samantha, 2018). Moreover, since MSMEs are financially fragile, smaller in size and resources, they are more vulnerable to the environmental crisis than their counterparts, i.e. large enterprises (Asgary et al., 2020; Bartik et al., 2020; Eggers, 2020; Prasad et al., 2015; Samantha, 2018; Williams&Schaefer,2013). The external environmental crisis can affect MSMEs directly or indirectly. The direct impact includes fatalities, supply chain disruptions, property damage, and loss of inventories. In contrast, the indirect effect includes damage to public infrastructures such as electricity supply, communication, and transportation system, and roads leading to an increase in production cost and even business discontinuity (Asgary et al., 2020; Eggers, 2020; Hallegatte, 2015; Samantha, 2018; World Trade Organization, 2019). Ac-cording to the World Trade Organization (2019), from 1998 to 2017, the number of natural disasters has increased tremendously.

During the above period, a total of $2.9 trillion of direct economic losses have been reported by disaster-hit countries. Further, concerning disaster loss statistics. from 1998 to 2017, the U.S. is the most affected ($945 billion) followed by China, Japan, the European Union, India (World Trade Organization,2019), and Pakistan (Ahmad & Afzal, 2020; Ahmad & Ma, 2020; Hussain et al., 2019). Several studies have reported the devastating effects of such events on MSMEs. For instance, the 1999 earthquake in Turkey severely affected MSMEs with damages estimated at $1.1–4.5 billion (Asgary et al., 2020). Similarly, the 2011flooding in Thailand affected at least 557,637 enterprises, along with 2.5 million job losses, and 90% of these firms were MSMEs

(Auzzir et al., 2018). Likewise, in Malaysia, due to unprecedented flooding at the end of 2014, more than 13,000 SMEs were affected (Auzzir et al.,2018). Further, Samantha (2018) reported that in May 2016, a tropical storm severely hit western parts of Sri Lanka, which causes huge damage to society, public property, and MSMEs. Many developed countries have also experienced similar disastrous effects on MSMEs. For instance, SMEs in the U.K. during the 2001 Foot and Mouth Disease (FMD) outbreak, suffered from huge losses, particularly, the non-farming losses were estimated to be 5 billion pounds (for further details, see Bennett & Phillipson 2004).In a similar vein, Pakistan has also experienced such a devastating crisis caused by external environmental disasters. For instance, floods in 2010 affected not only public and private property but also crops with a loss of $4.5billion (World Trade Organization, 2019).

4- Impact on Covid-19 on Pakistan

Pakistan has also witnessed several similar crises in the past such as climate change, 2005 and 2008 earth-quakes, droughts in 1998 and 2004, etc. (Ahmad & Afzal, 2020; Ahmad & Ma, 2020; Hussain et al., 2019). Moreover, recently in 2015, nearly all main types of natural disasters such as earthquakes, drought, flood, heatwave, and cyclone, were faced by Pakistan (Hussain et al., 2019) that severely affected many businesses. Further, several businesses, due to their small size and resource constraints do not reach to the post-disaster stage (Samantha, 2018). Moreover, due to the lack of sufficient governmental support, most MSMEs face financial decline and even go bankrupt. MSMEs have limited capability and resources to recover from such crises, especially those operating in developing countries like Pakistan with a high poverty rate, economic and political instability. Therefore, this study moved its foundation to examine the impact of COVID-19 and suggest policy recommendations for the survival of MSMEs in Pakistan.3. The situation of COVID-19 globally and in Pakistan At the end of December 2019, an outbreak of pneumonia of unknown etiology was reported, later the cases were proved to be caused by a novel coronavirus disease (COVID-19) which spread very rapidly (WHO,2020b). World Health Organization (WHO) soon realized the severity of the situation and declared a "public health emergency of international concern" on 30 January 2020 (WHO, 2020d). Within a short period, the reported cases grew exponentially all over the world; as a result, the WHO declared COVID-

19 a "pandemic" on March 11, 2020 (WHO, 2020c). Still, after more than six months, the number of confirmed and death cases is growing rapidly globally. As of July 19, 2020, WHO reported 14,043,176 confirmed cases in 216 countries with 597,583 deaths (WHO,2020a). The first case of COVID-19 in Pakistan was reported on February 26, 2020. From March 15, 2020, the number of confirmed cases has started rising rapidly due to the arrival of pilgrimage from Iran through the Taftan Border. Moreover, the announcement and enforcement of lockdown in Pakistan was made in less than a day, creating turmoil as migrants3rushedto return to their hometowns, thereby aggravating crowding and preventing social distance impossible (World Bank, 2020b). Further, from March 15–25, 2020, the cases jumped from 53 to 1078 (DAWN, 2020). Since then, the cases are growing exponentially day-by-day in different parts of the country. As of July 20, 2020, a total of 265,083 confirmed cases have been reported in Pakistan, out of which 5599 individuals have died so far (COVID-PAK, 2020). The current data shows that 42.63% (113,007) of confirmed cases are reported in Sindh province alone followed by Punjab province with 34.02% (90,191). Fig. 1 represents the province wise confirmed cases in Pakistan.

5- Impact of COVID-19 on Pakistani economy and MSMEs

It has been reported that Pakistan has lost one-third of its revenue and exports dropped by 50% due to the COVID-19 outbreak and lockdown (Junaidi, 2020). Economists warn of recession amid virus lockdowns in Pakistan (Naqvi, 2020). Similarly, the World Bank also warns that

Pakistan might fall into a recession (World Bank, 2020b). Due to the ongoing crisis caused by the COVID-19 pandemic, Pakistan's real GDP growth in FY20 is expected to contract by 1.3% as national and global economic activity slowdowns abruptly during the last few months of the fiscal year (World Bank, 2020b). Further, in case the outbreak of COVID-19 deteriorates and continues longer than expected, Pakistan's real GDP growth for FY20 may contract by 2.2% before just recovering to 0.3% growth in FY21 (World Bank, 2020b).

The biggest and most immediate impact of the lockdown is the halt in business operations. Lockdown was first announced in Sindh province from March 23, 2020. Karachi—the capital city of Sindh province—is considered as the country's largest industrial zone accounted for 30% of total exports. Due to lockdown, out of 2700 factories in Karachi less than 50 were operating on the first working day (Hussain, 2020). Further, Hussain (2020) reported that there are around 05 million people in Pakistan who live just at or below the subsistence line, while there are the masses of largely unskilled or low-skilled people (such as labors, waste recyclers, construction workers, transport workers, and domestic workers) who work in different industries, services, and agriculture, and rely on daily wages to meet their needs. According to the author, around 04 million people are working on a daily wage basis in Karachi alone, besides, it is estimated that around 04 million individuals are also working in Punjab province. These daily wagers have been hardest hit by the lockdowns.

After them, there is a class of micro-enterprises (also known as self-employed persons) such as small shop owners, household businesses, and street vendors, among others, who heavily rely on their micro business. These businesses are usually operated by family members in different industries ranging from agriculture to education. Further, these micro-enterprises are considered a part of the informal economy and most of their activity is undocumented. Hence, the accurate number of these businesses is not known. According to the recently available statistics, the micro-enterprises or self-employed persons are accounted for 35.7% (2017–18) of the total national employment (Sohail, 2019, p. 7). Furthermore, 55.6% (2017–18) of these businesses are vulnerable, out of which, more than 87% of employment in *agriculture*, three-fourths of jobs in *wholesale and retail trade*, 50% of employment in *restaurants*, three-fifths of the job in *real estate and business*, and more than two-fifths of employment in *transport and communication* is vulnerable (Sohail, 2019, pp. 10–12). For further details about sector wise vulnerability of micro-enterprises (self-employed persons), see Fig. 2. From the above statistics, one can quickly get an idea about the severity of the impact that the COVID-19 outbreak had on micro-enterprises.

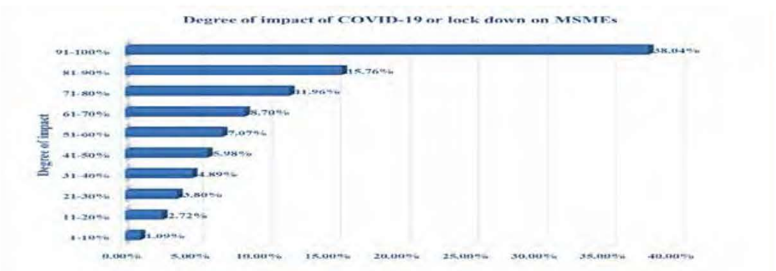
After they come the small and medium-sized enterprises. Many small and medium-sized enterprises are also facing huge issues. For instance, the textile and apparel industry has been affected mainly due to the imposition of lockdown. 54% of Pakistan's manufacturing sector exports are beverages, food, tobacco sub-sectors, and textile, a reduction in export demand for these sectors will have a disproportionate impact on Pakistan (World Bank, 2020b). In the same way, the agriculture sector is no exception. For instance, wheat crop harvesting usually began in Sindh and southern Punjab provinces in late March until mid of June. Due to the non-availability of labor and transport, this sector also faced several issues. Similarly, in the case of the transport industry, many drivers of local transportation, including bus, taxi, and rickshaw, have been sent home. The closure of businesses and disruption of national supply chains are having a significant impact on the retail and wholesale, transport, warehousing, and communications services (World Bank, 2020b).

Likewise, the situation of other industries is no different. Most importantly, during the holy month of Ramadan, many sectors such as clothing, saloons, food, electronics, and shoes, among others, were severely affected. These small and medium businesses are expected to face liquidity issues and hard hit by the ongoing crisis. Additionally, those firms that are still operating their businesses are facing extra cost to buy masks, gloves, and sanitizers, among others in terms of managing the health and safety of employees. Further, amid COVID-19, Pakistan's currency has been devalued, which poses another threat to the businesses. According to a recent report of the World Bank, Pakistan's exchange rate that remained relatively stable in the fiscal year-20 from June to February has been devalued by 7.3% in March (World Bank, 2020b).

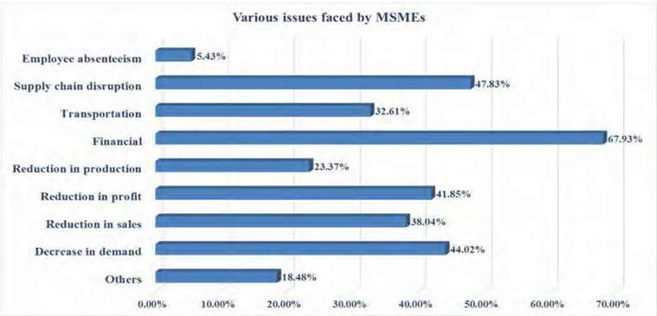
According to the Pakistan Labor Force Survey (2017–18), the unemployment rate in the country is 5.8% (Sohail, 2018). However, due to the ongoing crisis and lockdown, the unemployment rate is expected to reach 8.1% during the fiscal year 2020–21 (Siddiqui, 2020). The above discussion indicates that Pakistan will suffer disproportionately. The impact of coronavirus on the global and Pakistani economy will leave deep scars. Therefore, it is extremely important to empirically assess the impact of the COVID-19 outbreak on MSMEs to assist policymakers and practitioners to streamline their strategies to help these businesses survive from the ongoing crisis.

6- Problems faced by MSMEs due to COVID-19 or lockdown

As expected, the COVID-19 outbreak has a significant impact on MSMEs operating in Pakistan. Over 94.57% of the enterprises under study indicated that their businesses have been affected in some form by the ongoing coronavirus outbreak or due to lockdown, while, 3.26% expressed no impact and 2.17% of enterprises were unsure about the impact. Those enterprises that were either unsure or indicated no effect of COVID-19 outbreak or lockdown on their businesses were excluded from further analysis



The results presented in Fig. 4 reveals that most of the participating enterprises have been severely affected due to the COVID-19 outbreak. Notably, over 38% of the participants expressed that they are experiencing a severe impact on their businesses (ranging from 91% to 100%). When asked about the types of issues[6] these enterprises are facing amid of COVID-19, the top five reported problems were financial (67.93%), supply chain disruption (47.83%), decrease in demand (44.02%), reduction in sales and profit (38.04%, 41.85% respectively) (see Fig. 5). A recent study conducted by Harvard Business School also reported that due to the current outbreak, many small businesses are financially fragile (Bartik et al., 2020). Moreover, a demand reduction is possibly due to loss of customer or buyer flow. These results imply that most of the MSMEs are vulnerable to financial, supply chain disruptions, and demand constraints aside from other issues.

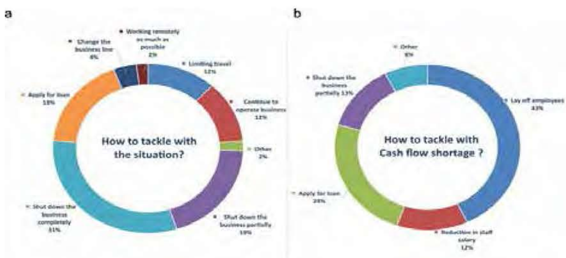


When particularly asked about the expected decline in sales during 2020, three-fourths of the participating enterprises reported that they expect a decrease in sales by over 60%. In terms of profit decline, over two-thirds of enterprises believe that during 2020 their profit will be decreased by more than 60% due to the COVID-19 outbreak (see Fig. 6). Small firms operating in other countries are also facing similar situations. According to a survey conducted by National Small Business Association, 49% of surveyed small businesses are experiencing reduced customer demand, and 33% are experiencing supply chain disruptions, while 20% are experiencing employee absenteeism (NSBA, 2020). These statistics are not surprising since the gravity of the ongoing issue is even worse than the financial crisis of 2008.

7- Strategies adopted by MSMEs to tackle the current situation

The enterprises have chosen a different variety of strategies to curb the business crisis. Particularly, 31% of enterprises have shut down the business completely, while 19% have partially closed their businesses, whereas 18% of enterprises are planning to apply for a loan. Moreover, 12% of enterprises are continuing to operate their business. Due to the outbreak of COVID-19 in Pakistan, most of the enterprises were instructed to shut down their businesses to contain the spread of the disease. Therefore, many participating enterprises have reported a higher ratio of business closure. Further, only 4% of participating enterprises expressed that they are planning to change the business line to address the COVID-19 challenge. Additionally, 2% are struggling to work remotely. Working remotely as much as possible is one of the best ways to stay safe and minimize the exposure to get infected. Nevertheless, not all MSMEs have the required resources to adopt such a strategy. Also, a better and quick way to minimize exposure to the disease is to reduce traveling. The results indicate that 12% of the participants also reported that they have limited traveling (Fig. 7a).

Fig. 7. a. How MSMEs are planning to tackle the current situation?
b. How MSMEs are planning to tackle the Cash flow shortage?

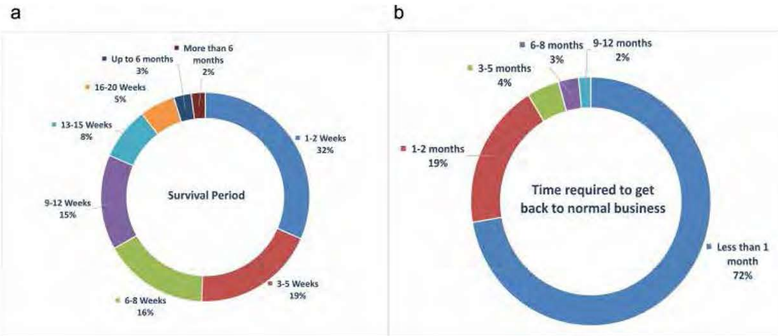


During any economic crisis, most of the businesses face a cash-flow shortage; therefore, we asked the participating enterprises to share their strategies to overcome the cash flow shortage. The results show that 43% of the enterprises choose to lay off employees, and 12% preferred to reduce staff salary. Besides, 13% of the responding enterprises plan to shut down the business partially to reduce the cost and manage the cash flow shortage (see Fig. 7b). Considering the gravity of the outbreak, laying off employees and shutdown of many businesses was already expected. A recent study conducted by Harvard Business School also reveals that many small businesses are temporarily closed and have laid off their employees by 40% relative to January (Bartik et al., 2020). These findings indicate that most of the participating enterprises are struggling to survive by various means.

When asked about any plan or preparedness to handle such a crisis, over 83% of the participants reported that neither they have any plan nor they are well prepared to handle such a crisis. Only 17% of the enterprises reported that they have a plan to handle the situation. Similarly, a study conducted by the Harvard Global Health Institute regarding the engagement of companies in global health concluded that Fortune 500 companies have minimal engagement in global health as compared to involvement in environmental issues (Horneffer et al., 2020). This highlights that most of the enterprises globally are not well prepared to handle the health crisis caused due to pandemic. There are many examples of natural disasters that have put the national and global economies in recession. Hence, preplanning and preparedness are essential to face future pandemics or other natural disasters. Firms must invest in building a strong crisis management strategy to handle a similar disaster in the future (Gittell et al., 2006; Prasad et al., 2015).

8- Survival period and time required to get back to normal business

In terms of survival period during the ongoing outbreak, 32% of enterprises reported that they could survive up to 2 weeks, while 19% of enterprises can survive up to 5 weeks, whereas, around 16% of enterprises expressed that they can be maintained up to 8 weeks. In other words, more than two-thirds of participating enterprises can be maintained up to 8 weeks (around 2 months). Only 2% of participating enterprises reported that under the current condition, they could survive up to 06 months (for further details about the survival period of enterprises, see Fig. 8a). Most of the firms under study are likely to survive up to 02 months only. Similarly, a recent survey regarding the impact of COVID-19 on SMEs operating in the U.S conducted by Senz (2020), shows that 65% of small businesses believe that they cannot survive if the ongoing crisis lasts four months. This means that in case of prolonged lockdowns, there are higher chances that many Pakistani MSMEs could not sustain to survive and will go bankrupt or out of business.

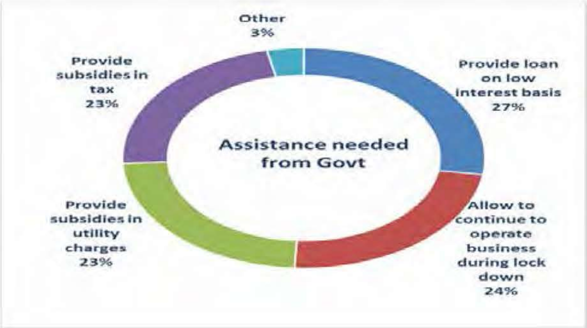


8-a: Survival period during COVID-19.
8- The time required getting back to normal business outbreaks or lockdown.

When enterprises were asked to estimate (from today when the current outbreak of coronavirus and lockdown are over) the expected time required to get back to regular business, 72% of the enterprises reported that it would take less than 01 month, while 19% of the enterprises expressed that it will take 1–2 months to get back to normal business (see Fig. 8b). As most of the firms under study are micro and small-sized; therefore, once the outbreak and lockdown end, the firms can quickly start their businesses and get back to normal.

9- Appeal to the government for assistance

When asked about the assistance required from the local, provincial and federal government, over 27% of the participating enterprises indicated the need for the provision of loan on a low-interest basis, 24% wants the government to allow them to continue to operate the business, while 23% expressed their interest for the provision of subsidies in utility charges. Besides, over 23% aims to get subsidies on utility charges (Fig. 9).



Assistance is needed from the local/provincial/federal government.

9. Recommendations/suggestions for policymakers and practitioners

Based on the findings of this study, we have suggested different policy measures to help MSMEs ease the sufferings. Particularly, our policy measures have been divided into the following four categories:

- Protection of employees and information accuracy
- Boost economy
- Income and employment support for MSMEs
- Planning and resilience capability.

The protection of employees is very necessary amid of COVID-19 outbreak because the disease is very contagious and deadly. Moreover, in times of heightened tension, information accuracy plays an important role to update the stakeholders about the situation and operation of the business. Due to the outbreak, the Pakistani economy has witnessed an unprecedented slowdown; therefore, the economy must be stimulated by allowing trade to continue (Steiner & Gurría, 2020) to help small businesses survive from the crisis. Furthermore, as our study reveals that most of the MSMEs have been severely affected in terms of income and employment; therefore, they must focus on restructuring their strategies to reduce the economic burden. Additionally, without the assistance of the government, these businesses cannot survive from the crisis. Hence, the government's actions related to supporting MSMEs in terms of income and employment are also necessary. Additionally, building resilience capability and positive social relations are usually regarded as effective strategies for these businesses during disaster times (Gittell et al., 2006; Prasad et al., 2015). Similarly, ILO also suggested that the policy actions must cover the health and safety of workers, economic stimulation, and income and employment support (ILO, 2020a). Therefore, in times of prolonged economic and health crises, the above measures are beneficial for MSMEs to afloat (Fig. 10).

The Government took appropriate measures in respect of the Health and safety of employees working during the COVID-19 outbreak through the adoption of set guidelines and standard operating procedures (SOPs) introduced by the Ministry of Health. The workplaces were sanitized to ensure the safety of pf employees and laborers.

To boost the economy, the Government allowed trade to operate and online services/ home delivery and online banking services were encouraged.

About income and employment support for MSMEs, the government announced financial assistance and other subsidies, **Payroll overdrafts**, **Unemployment benefits,** and **Concession or suspension of commercial property rents,** Telecommuting, and flexible working

Assessment of Effects on SMEs

Due to the COVID-19 outbreak and lockdowns, many MSMEs have been severely affected. Consequently, these businesses are facing a variety of issues such as financial (67.93%), supply chain disruption (47.83%), decrease in demand (44.02%), reduction in sales, and profit (38.04%, 41.85% respectively). Moreover, three-fourths of firms expect a decline in sales by more than 60%, while over two-thirds of participating enterprises are expecting a decline in profits by more than 60% during 2020. Furthermore, to tackle with the current situation and cover cash flow shortages, many firms are adopting a variety of strategies such as apply for a loan (18%), shut down the business completely and partially to reduce costs (31% and 19% respectively), lay off employees (43%) and reduce staff salary (12%) among others. Also, more than two-thirds of participating enterprises reported that they could not survive if the lockdown lasts more than 2 months. Further, 72% of participating enterprises believe that it will take less than 1 month to get back to normal from the date lockdown and outbreak ends. Consequently, MSMEs operating in Pakistan will experience a challenging time at least during 2020.

Further, micro-enterprises or self-employed persons are more vulnerable to such a crisis. Over 50% of these enterprises were already vulnerable (Sohail, 2019, p. 7). Due to the COVID-19 outbreak and restrictions to shut down the business, the micro-enterprises have been extremely affected. Besides, those firms that have very low cash reserves are vulnerable and may not survive during the ongoing outbreak of COVID-19. Therefore, it is extremely necessary to mitigate not only the ongoing crisis but also the long-term effects caused due to COVID-19 or lockdowns.

Based on the findings of the study, different policy recommendations were proposed to ease the burden on MSMEs. These include protection of employees and information accuracy, boosting economy, income and employment support for MSMEs, planning, building resilience capability, and positive social relations. The findings and policy suggestions of our research are relevant to policymakers that seek to assist MSMEs and to owners and managers of MSMEs that seek guidance in managing their business during hard times. Our suggested policy measures may not be enough to help MSMEs to survive during the current crisis, but these measures would be very constructive to ease the suffering of these businesses during a difficult time.

Despite the fact, our research provides insightful theoretical and practical implications concerning the impact of COVID-19 on MSMEs, yet some limitations remain in this research that provides room for further research. The sample size of our study was not enough to represent the respective industries. Hence, future research can consider increasing sample size with respective industry representation. Besides, creating social and economic consequences, the outbreak of COVID-19 has created new challenges for the protection of the health and safety of employees and customers along with new workplace operational culture. Hence, future studies can also consider examining these issues to provide more in-depth knowledge about the consequences of the ongoing pandemic on businesses.

Relief Package of the Federal Government & SBP :

Because of the hardship faced by the industry and export firms, the Government has announced the following economic package for the benefit of industries:
1. A package of Rs.100 billion ($63 million) will be provided to support small industries and the agriculture sector.
2. All ports and customs services will be kept operational. Keeping in view the current evolving situation the State Bank of Pakistan (SBP) has decided to cut the policy rate to 11% to cushion the growth slowdown. SBP is also taking necessary regulatory measures in coordination with commercial banks to address pressures on cash flows of borrowers affected by Coronavirus related disruptions through facilitating deferment and restructuring of their loans. To support exports for sustained improvement in Pakistan's balance of payments, SBP provides refinance to banks, to provide concessional credit at interest rates that vary between 3 to 6 percent to exporters for working capital and new projects under Export Finance Schemes (EFS) and Long Term Financing Facility (LTFF) schemes. The total concessional credit to exporters outstanding under both these schemes is currently approximately Rs.660 billion. `Due to the COVID-19 pandemic, the Pakistani exporters are currently facing declining demand in foreign markets and problems in executing existing export orders.

To support exporters in these circumstances and to prevent current liquidity problems from turning into solvency problems amongst exporters, SBP has announced some proactive measures on March 20, 2020. These include the following:

1. Relaxation in matching amount. Availing cheaper credit under EFS is linked with the export performance. Earlier, exporters are required to export twice the amount of borrowed funds. In case of failure in meeting the requirement penalties were imposed with a reduction in the credit limit for the next year. SBP has reduced the performance requirement from twice to 1.5 times that will be effective for the current year as well as for FY21.

2. Extension in the period to meet performance requirements. Exporters were required to show performance under the EFS schemes by the end-June 2020. This period has been extended by 6 months to the end of December 2020. Since the additional period will also be counted towards setting new limits, this will help the exporters in availing higher limits for the fiscal year 2021.

3. Extension in a period to ship goods. Exporters availing of the concessional credit schemes are required to ship their goods within 6 months of availing credit under EFS. In case of failure, penalties are imposed. This period has now been extended from 6 to 12 months. Therefore, exporters will not be liable to pay penalties due to breach of this condition from January to June 2020.

4. Relaxation in conditions for Long Term Financing Facility. Exporters who want to avail of credit under LTFF are required to have exports worth 50% or USD 5 million, of the total sales to become eligible. This limit has been reduced to 40% or USD4 million for all the borrowings under LTTF during the period January 01, 2020, to September 30, 2020. Moreover, under the requirement of annual projected export performance for four years to avail LTFF for new or BMR projects has been extended by another one year. Now the performance of the projected export will be measured in 5 years. 5. Other relaxations. Another major relaxation has been provided to the exporters on the foreign exchange side. Keeping in view the difficulties faced by the exporters, SBP has also allowed banks to enhance the period for realization of exports proceeds from the existing requirement of 180 days to 270 days on a case by case basis provided the delay is related to COVID-19. This would help exporters to provide extended time to their buyers in making payment due to the COVID pandemic. Likewise, to facilitate importers, SBP has extended the period for import of goods into Pakistan against advance payment from the existing requirement of 120 days to 210 days. The above measures are expected to facilitate exports. The SBP has assured that it will take additional measures as the situation related to COVID-19 and its impact on the economy evolves.

SOME ADDITIONAL SUGGESTIONS:

- Pakistan can easily manage this crisis if supply chains are opened and industrial workers move rather freely to their work. Clients from East Europe are asking for the fast delivery of Textiles and Garments. Government, therefore, needs to make all efforts to keep intact the supply chains and availability of transportation for in-time cargo handling. One of the most effective measures to address this crisis is by obtaining timely and correct information.

- Local industry association and trade bodies, as well as trade missions abroad, need to play their active roles effectively to capitalize on different opportunities coming up globally by collecting information and forwarding it to the right quarters. Increase social spending, further lower interest rates, stabilize the exchange rate, provide credit lines for the timely payment of company payrolls, and seek international and regional cooperation in all aspects of the economy.

- Pakistan should immediately arrange and avail the IMF-World Bank facility to a postponement of the debt payment. The government has reportedly reached IMF for a $1.4 billion new loan. Focus more on trading with China as it has started its rehabilitating phase more vigorously, income loss in China should provide an opportunity for Pakistani exporters to sell their low-quality products that will be more in demand in China. China is now back to business and has taken certain policy measures. For instance, it has increased export tax rebates for its exporters that have started putting out Pakistan's export orders at risk, some have already been canceled.
- Our government needs to take new and effective measures to counter such moves by China and others. European Union has relaxed certification rules for the import of fruits, vegetables, and other food items to ensure good supplies of such items in their domestic markets. Pakistani exporters of food items, vegetables, and fruits need to benefit from this rules relaxation and rising prices in the EU. Pakistani exporters should also capitalize on

the opportunity that is coming from increased demand for medical instruments, health clothing, pharmaceutical products, bed linen, towels, and simple garments and clothing. All of these are normally produced by the Pakistan industry. But all of these require that supply chains domestically and globally be kept intact. The government announced to keep ports open and customs service operational. But clearance of imported cargoes has been interrupted as customs agents are not exempted from travel restrictions. So clearance agents need to be fully facilitated if port operations are to be fully functional without any congestion and hindrance for trade expansion.

All in all, the effective implementations of the government announced policies and the above suggestions would help the country to minimize the deleterious effects of Coronavirus on the external economy of Pakistan.

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