

Electronics sector of Pakistan

Electronics, which is world's largest industrial sector and most lucrative consumer market with an annual turnover of US\$ 1.5 trillion, needs special attention. Pakistan still lacks appropriate technology and expertise to establish a viable industrial base in electronics sector, as only 3 percent is contributed by the sector. Pakistan's consumer electronics market is expected to grow by an annualized average of about 13.3% to \$3.3 billion by 2016, according to a newly released report by the London-based research firm Business Monitor International.

The consumer electronics market, defined as including computing devices, mobile handsets and audio/visual products such as television sets, is projected to be worth about \$2 billion in 2012. This is expected to increase to US\$3.3bn by 2016, driven by a rising population and growing affordability.

In last 5 years, spending on mobile handset imports continued to grow strongly, but demand for high-cost consumer durables such as television sets were affected by inflation and rising interest rates. A weak economy means that market development will depend on action to reduce the inflow of illegally imported television sets and fake brand mobile handsets. However, it is expected that growth will be driven by improved information technology infrastructure and more credit availability. The market's considerable potential is currently depressed by a large grey market, poor intellectual property rights protection, an unstable economic and security situation, and weak distribution channels. Reforming high national and provincial taxes and tariffs on products ranging from computers to prepaid mobile cards would boost the market.

Computers accounted for about 17% of Pakistan's consumer electronics spending in 2011. Pakistan's domestic market computer hardware sector (including notebooks and accessories), is forecasted to grow by an average of about 8% between 2012 and 2016.

The audio/visual devices segment accounted for about 36% of Pakistan's consumer electronics spending in 2011. Pakistan's domestic AV device market is projected at \$724mn in 2012 and is expected to grow at an average annual rate of about 13% between 2012 and 2016 to a value of almost \$1.2 billion in 2016. Television sets remain the core product in this category, but the growing availability of smuggled color television sets is seen as a market inhibitor. Meanwhile,

mobile handset sales are expected to grow at a compound annualized growth rate of 13% to 32 million units in 2016, as mobile subscriber penetration reaches 77%. Revenues growth is expected to be slower due to lower average selling prices of mobile handsets, with most handsets sold at less than \$50. Low-cost Chinese handsets have made substantial market inroads, but established brands hope to take back some market share, following the government's ban on imports of mobile handsets without IMEI numbers.

Export of electronics is limited to electric motors, parts, cells, batteries, convertors and inductors etc.

Pakistan Export of Various electronics Items

Product HS Code: 85 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television...

Importers	Exported value in 2013	Exported value in 2014	Exported value in 2015
World	114547	95371	93317
United Arab Emirates	53353	23726	29894
Afghanistan	31048	32544	26443
United States of America	2025	1984	9262
Saudi Arabia	3450	5701	4283
Hong Kong, China	3601	4676	3873
United Kingdom	6030	5264	3096
Korea, Republic of	0	996	2705
China	365	1892	2013
Tanzania, United Republic of	194	417	1736
Malaysia	518	1923	1617

Unit: US thousand dollars

Source: ITC Trade map