

Pakistan Technology Sector

Highest-ever IT exports recorded in Dec'24 (USD 348mn)

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Pakistan Technology Sector

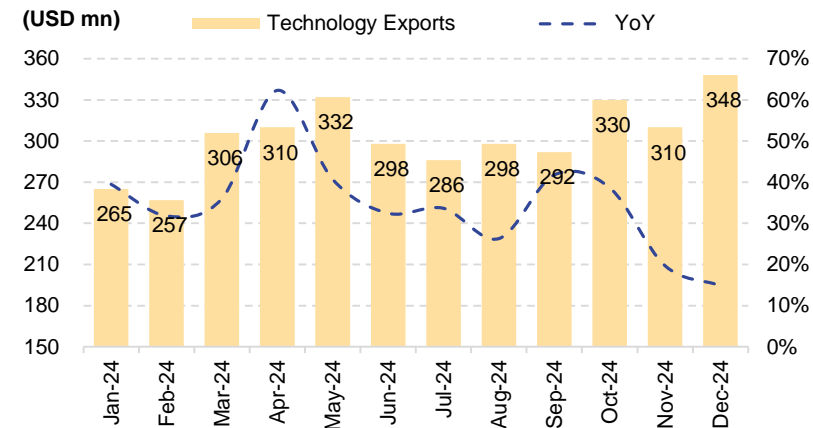
IT exports increased by 15% YoY in Dec'24

- Pakistan recorded IT exports of USD 348mn (highest ever monthly exports), marking a 15% YoY and 12% MoM increase during Dec'24. This has taken 1HFY25 IT exports to USD 1,864mn as compared to USD 1,456mn in SPLY, an increase of 28%.
- As a percentage of total services exports, IT exports contributed 44% for the month of Dec'24 as compared to 41% during SPLY.

Key drivers behind IT export surge

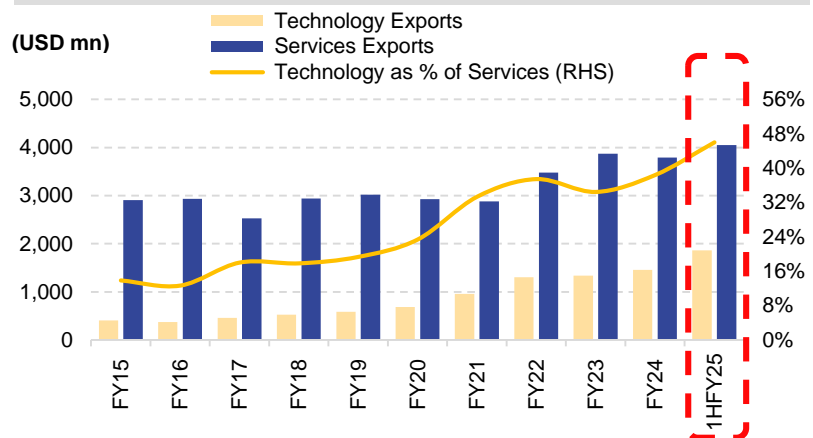
- The growth in Pakistan's IT exports is significantly driven by the increasing engagement of Pakistani IT firms in the GCC region and their active participation in key international events in 2024. These include London Tech Week, where nine top-tier firms showcased cutting-edge solutions, and the Pak-U.S. Tech Investment Conference at Stanford University, aimed at attracting investment into Pakistan's tech sector. Additionally, Pakistani tech companies made history by winning 10 prestigious awards at the Asia Pacific ICT Alliance (APICTA) Awards, highlighting their growing prominence in the global ICT landscape. These developments, coupled with strong bilateral ties and innovative capabilities, emphasize Pakistan's expanding footprint in the global IT ecosystem.
- A Key development in FY25 includes the introduction of a new equity investment abroad (EIA) category specifically for IT firms, the removal of the requirement to pre-designate a bank for utilizing funds from export-oriented special foreign currency accounts for EIAs, and the allowance for IT companies to acquire shares in multiple foreign entities without being restricted to one entity per jurisdiction.
- Additionally, the State Bank of Pakistan (SBP) has raised the allowable retention limit in exporter Specialized Foreign Currency Accounts from 35% to 50%, encouraging IT companies to expand their operations.
- The stability of the PKR against the US dollar has also motivated IT exporters to bring a larger portion of their profits back to Pakistan.
- To note, the reported IT export figures only represent the revenue remitted by technology companies to Pakistan.
- The outlook for Pakistan's IT sector remains positive, supported by government initiatives like "Uraan Pakistan" and a focused approach to fostering growth in the industry. The government has set a target to increase IT exports to USD 25bn by FY29, reflecting its commitment to the sector's development and global competitiveness.

Exhibit: Historical Technology exports trend



Source (s): SBP, AHL Research

Exhibit: Technology exports as % of services exports



Source (s): SBP, AHL Research

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