

The Pakistan Development Review
40 : 3 (Autumn 2001) pp. 173—185

On Overinvoicing of Exports in Pakistan

ZAFAR MAHMOOD and MOHAMMAD AZHAR

Whereas the policy incentives were designed to promote exports from Pakistan, the incentive system instead led to illicit export practices, i.e., export overinvoicing due to the weaknesses of implementation. Such practices resulted in a significant financial loss to the country and undermined the effectiveness of the export-promoting policy. This paper has determined the presence of overinvoicing of exports in Pakistan and the geographic and product-wise patterns in export overinvoicing. The paper has applied the 'partner-country data comparison' technique. Empirical findings confirm the strong presence of export overinvoicing across trading partner countries and products. This conclusion is further supported by the evidence of a significant difference between the duty-drawback rate and the premium on foreign exchange in the kerb market. Convincing presence of export overinvoicing is the basis for a set of policy recommendations made in the paper.

1. INTRODUCTION

Pakistan launched its programme of industrialisation under the influence of import-substituting (IS) strategy of advancing development. The IS strategy, pursued for many decades, however, has not satisfied the goals of the industrial policy. Dissatisfaction with the outcome of IS policies has led to a partial shift from the IS strategy to the export-promoting (EP) strategy.

In the process of this strategic shift, Pakistan has offered many attractive incentives to encourage the production of export-oriented manufactured products. Whereas export incentives have helped the country to manage a respectable growth rate in exports, exporters have exploited the weaknesses of the incentive system and developed some unfair export practices (by overinvoicing the value of transaction). These illicit practices result in a significant financial loss to the country and undermine the effectiveness of the policies to achieve their stated goals. At the same time, many exporters who do not indulge in such practices have to suffer losses, as their bargaining position in the marketplace is affected adversely.

Zafar Mahmood, Chief of Research, Pakistan Institute of Development Economics, is currently with Kuwait Institute for Scientific Research. Mohammad Azhar is Associate Staff Economist at the Pakistan Institute of Development Economics, Islamabad.

Authors' Note: We wish to thank Dr Nadeem A. Burney for his useful comments on an earlier draft of the paper. Comments by anonymous referees of the *PDR* are highly appreciated. The views expressed in the paper are those of the authors and do not necessarily reflect the views of the Institutes at which they work.

The menace of overinvoicing of exports calls for immediate attention of policy-makers, because without recognising it they may limit the scope of the export-promoting schemes and the trade liberalisation programme. Ideally, the implications of export overinvoicing should be integrated with the usual policy prescriptions. Likewise, it is important to determine the presence and magnitude of export overinvoicing, so that policy-makers are reminded of the extent of the problem.

Despite this well-recognised problem in Pakistan, no systematic study is available on the subject. To fill this gap, this paper shows its presence and estimates the geographic and product-wise patterns in export overinvoicing. The paper concludes on a set of policy recommendations to curb the menace of export overinvoicing.

The layout of the paper is as follows. Section 2 explains reasons for overinvoicing of exports, while Section 3 describes export overinvoicing and quantifying through the empirical approach. Export-promoting policies adopted during the period of the study are discussed in Section 4. In Section 5, empirical findings are reported. Finally, Section 6 gives policy suggestions.

2. EXPLAINING THE OVERINVOICING OF EXPORTS

Why exporters indulge in unethical and unfair trade practices? An exporter is tempted to overinvoice exports¹ if (say) the duty drawback² rate is higher than the premium on foreign currency that he has to purchase from the kerb market to meet the export-earning surrender requirement of the State Bank. When there are no foreign exchange controls, so that all exchange transactions take place only within an insignificant range legally permitted around the parity value, i.e., the premium is nil, then there is a clear incentive to overinvoice exports in the presence of a scheme of duty drawback. Where, however, there is exchange control, and the exporter must surrender all declared export receipts to the State Bank, the exporter will have to purchase illegal foreign exchange in the kerb market to an amount excess of the declared over actual value of exports. In this case, if the kerb market premium on foreign exchange is less than the rate of duty drawback, then again the exporter will be induced to overinvoice exports. There is, however, some risk (of being caught by law enforcement agencies) attached to getting involve in illegal activities. Hence, overinvoicing of exports will not cease unless the differential between the duty drawback and the premium in the kerb exchange market is greater than the risk factor evaluated by the exporter.

¹Major instruments used for export overinvoicing include: misdeclaration of quantity, misdeclaration of value, misdeclaration of blend ratios, and presentation of forged bank credit advice.

²Export incentives that are misused to overinvoice exports are: duty drawbacks, concessional export finance, and income tax rebate.

3. METHODOLOGY

Under normal circumstances, one would expect a trading partner country's statistics to show excess of carriage and freight (c & f) import values over the corresponding free on board (f.o.b.) export values of the same trade commodity. But if the observed discrepancy is in the reverse direction, and there is no other reason for the discrepancy, one may conclude the presence of overinvoicing of exports. This inference will be more certain if it can be established (i) that for these commodities the duty drawback rates are higher than the kerb market premium rate on foreign exchange and (ii) that these commodities are such that it is relatively easy to overinvoice them because of the nature of the products.

Following Bhagwati (1964, 1967); Mahmood (1997); Mahmood and Nazli (1999); Naya and Morgan (1969) and Simkin (1970), we use the partner-country-data comparison technique to test for overinvoicing of exports. In this technique, cost, insurance and freight (c.i.f.) import value of the partner country are compared with the free on board (f.o.b.) export value of the concerned country to find unexpected discrepancies in exports. Using this approach, export overinvoicing is defined in the following way:

$$MIS = MIC - XP*AD$$

Where,

MIS = Misinvoicing of exports.

MIC = C.i.f. imports of industrial countries from Pakistan.

XP = F.o.b. exports of Pakistan to industrial countries.

AD = Adjustment factor defined as c.i.f.-f.o.b. ratio.

MIS < 0, implies overinvoicing of exports.

To show such discrepancies, we use data available in the 'Commodity Trade Statistics' of the United Nations and 'Direction of Trade Statistics' of the International Monetary Fund. The data for c.i.f.-f.o.b. adjustment factor are obtained from International Monetary Fund (1984, 1992, 1994).

One should also note the following alternative reasons³ that can be put forward to explain the unusual discrepancies:

1. The method presumes the faking of invoices to occur only in one country. If both countries fake invoices, it becomes impossible to make a case for overinvoicing of exports. One-sided fake invoicing can, however, be assumed given strict enforcement of regulations in the partner countries, especially the developed ones.
2. There can be 'mis-allocations' of the same traded item by commodity and country. These inconsistencies can arise from both genuine customs mistakes and differences in classifications adopted by trading partners. Cross-checking

³See Bhagwati (1964, 1974) for a detailed discussion of these reasons.

of commodities by countries enables one to determine a possible explanation of unusual discrepancies.

4. EXPORT-PROMOTING POLICIES

Realising the distortionary effects of the import-substitution policies, Pakistan has pursued export-promoting policies since the late 1950s. One of the prominent tools of this policy adopted in 1959 was the export bonus scheme, which introduced multiple exchange rates in the country.⁴ This scheme was abandoned in 1972 after the devaluation of Pak rupee. In order to promote export of manufactured goods, since the late 1970s, an elaborate export incentive system was introduced. This system included: (i) exemption of exports from sales tax and central excise duty, (ii) duty drawback scheme covering sales tax, central excise duty, and customs duty on inputs used in the production of exports, (iii) taxation of export of domestically produced raw materials, (iv) concessionary export finance and export credit guarantee scheme, and (v) income tax rebates.

Out of the above list of incentives, three measures induce exporters to indulge in export overinvoicing: concessionary export finance, duty drawback on exports, and income tax rebate on profits from exports. Concessionary export finance provides short-term pre-shipment and post-shipment finance in local currency to direct exporters. Limited availability of concessional export finance induces exporters to overinvoice the value of exports so that they can obtain a large size of loan from the bank. In 1994, the annual interest rate on concessional loans was 11 percent, with a maximum loan period of 180 days.⁵ In contrast to this, the market interest rate was 22-23 percent. About 70 percent of exports fell within the concessionary export credit scheme. In 1993, US\$ 2.7 billion of export credits were extended to exporters. Export refinance borrowings are either exempted from the payment of excise duty or taxes are included in the export rebates.

Pakistan allows drawback on customs duties and sales taxes on imported inputs, and on excise duties and sales taxes on indigenous inputs. Rebates for 54 broad industrial groups covering more than 250 products have been standardised as a specified percentage of the f.o.b. value of export or a specific amount per unit of goods exported. The customs duty drawback rate, as a percent of manufactured exports on which duty drawback is applied, was 12.5 percent in 1994.⁶ The gap

⁴For a detailed discussion of the export bonus scheme, see Naqvi (1966).

⁵The interest rate on concessionary export credit has been increased over time. Export finance was available at only 3 percent interest rate up to 1986. It was raised to 6 percent in 1987. The interest rate was further increased to 7 percent in 1991, to 8 percent in 1992, and to 11 percent in 1994. Later, it was lowered to 9 percent but again raised in 2001 to 10.5 percent.

⁶To this rate of duty drawback, one can add the effect of higher concessional export finance obtained through export overinvoicing, and that of rebate earned on account of income tax. Obviously, the effective benefit earned through export overinvoicing on account of all these leakages will be much higher than 12.5 percent. Non-availability of the required data keep us from estimating the total effective rate of this benefit.

between the duty drawback rate and the exchange rate premium attracts exporters to indulge in overinvoicing exports. This is mainly due to the fact that with little effort, corrupt exporters with the connivance of corrupt government and bank officials manage to receive drawbacks from the exchequer. They, in fact, exploit the weaknesses of the duty drawback system (DDS) while indulging in unfair trade practices. The major weaknesses of the DDS are as follows:

1. Duty drawback rates are not automatically adjusted to take account of additional taxes imposed by the government from time to time.
2. Due to fixed nature of the system, exporters in general are unable to draw back the full amount of taxes and duties paid by them.
3. The Revenue Division sometimes confronts exporters with an arbitrary downward revision in export prices without any prior notification.

Up to 1988, the government allowed income tax rebate at the rate of 55 percent of the profits earned through exports of manufactured goods. In 1989, the government introduced a three-tier system, in which the income tax rebate was graduated with the degree of processing. On semi-manufactured goods, such as cotton yarn, the income tax rebate was 25 percent. On manufactured exports, in general, it was 50 percent. But on the exports of some manufactured goods, viz., leather garments, engineering and electrical goods, the rebate was 75 percent. In 1993, exports of furniture, doors, and windows were also allowed 75 percent income tax rebate. Later on, the income tax rebate rate was increased to 90 percent in the case of all goods receiving a rebate of 75 percent. Thus by showing large export value out of their total domestic production, exporting firms earn a large income tax rebate.

5. EMPIRICAL ANALYSIS

Alternative explanations of unusual discrepancies in exports, described in Section 2, show the practical difficulties which one faces when drawing conclusions about overinvoicing of exports. Nonetheless, this paper shows that there is enough evidence to provide an explanation for overinvoicing of exports in Pakistan. A comparison of the official exchange rate and the kerb market exchange rate suggests that exporters lose by paying about 4.5 percent more in the kerb market to buy foreign exchange in order to make payments to the State Bank but gain in terms of duty drawbacks by about 12.5 percent by overinvoicing exports.⁷

The analysis begins by establishing that if overinvoicing of exports takes place at the aggregate level, then it can unambiguously be established at the refined

⁷The current kerb-market premium is about 4.5 percent. It came down from 22 percent in 1981, when the country had a fixed exchange rate system, to 8.7 in 1988, when a managed floating exchange rate was in force [Mahmood (1997)]. Now, with the introduction of inter-bank exchange market, the kerb-market exchange rate has further come down. Thus cost of overinvoicing has gone down over this time.

level of Standard International Trade Classification (SITC), such as at three-digit or four-digit levels. For the aggregate level, Table 1 reveals that exporters overinvoiced exports to the tune of US\$ 2.4 billion over the period 1984 to 1994, i.e., on average US\$ 240 million per annum. This amount is equivalent to about 28 percent of the total export value of any recent year in Pakistan.

The above estimates of export overinvoicing are further confirmed from unpublished estimates of the Revenue Division on amounts deducted as over-claimed for duty drawbacks (see Table 2). On the basis of the current level of duty drawback claims made by exporters and the scrutiny made by the Collectorate staff, the potential revenue loss prevented in Karachi was US\$ 29.3 million, or 25 percent of the total claims filed during the year 1997-98. The Karachi Collectorate accounts for about 50 percent of the nationwide rebate claims but represents about 80 percent

Table 1

Export Misinvoicing in Pakistan

(Million US Dollars)				
Year	MIC	XP	AD	MIS
1984	1210	1199	1.095	-102.91
1985	1529	1376	1.095	22.28
1986	1965	1888	1.095	-102.36
1987	2487	2510	1.095	-261.45
1988	2789	2690	1.095	-161.93
1989	2849	2736	1.095	-146.92
1990	3441	3400	1.095	-291.00
1991	3724	3637	1.095	-257.52
1992	3959	4001	1.095	-421.10
1993	3960	3933	1.095	-346.63
1994	4504	4448	1.095	-366.56

Note: (-) Value means overinvoicing of exports.

Table 2

Drawback Claims: Karachi Export Collectorate (1997-98)

(Million US Dollars)				
No. of Exporters Making Claim	Amount Claimed/Filed	Amount Sanctioned and Paid after Scrutiny	Amounts Deducted as Over-claimed	Ratio of Refund Payments (%)
(a) 78,144	66.96	66.96	-	100.0
(b) 14,933	15.60	15.01	-0.59	96.2
(c) 9,552	34.29	5.62	-28.67	16.4
102,628	116.85	87.59	-29.26	75.0

Source: Revenue Division (1999, unpublished).

of the high-risk exports. Interestingly, whereas these figures confirm the presence of export overinvoicing by the official source, the low size of fake invoicing shown by these figures confirms weak enforcement of the law by the Revenue Division.

Aggregate estimates of export overinvoicing are subject to two limitations: (i) they only portray the aggregate picture and hence hide many facts regarding geographic and product-wise patterns in export overinvoicing, and (ii) they are net of export underinvoicing and hence under-report the actual size of export overinvoicing. Because of these limitations, we provide below estimates of export overinvoicing with a focus on geographic and product-wise patterns.

For the sake of analysis, we consider only those products which are generally overinvoiced and have a major stake in exports; namely, leather garments (SITC-612), cotton cloth (SITC-652), man-made woven fabrics (SITC-653), made-up textiles (SITC-658), linen (SITC-6584), women's garments non-knit (SITC-843), undergarments knitted (SITC-846), headgear non-textile fabrics (SITC-848), surgical goods (SITC-872), and sports goods (SITC-894). These products accounted for 42 percent of the total exports in 1994. (See Table 3.)

All of the selected products testify to overinvoicing of exports. The last column of Table 4 shows that for three selected years,⁸ 1984, 1992 and 1994, overinvoicing of exports is quite visible: US\$ 54.82 million in 1984, US\$ 413.67 million in 1992, and US\$ 455.78 in 1994. In 1994, the degree of overinvoicing of exports was about 7 percent. For all the selected years and for all the selected products, exports were overinvoiced, with the exception of made-up textiles in 1984, women's garments non-knit in 1984, and sports goods in 1992. Four major export products overinvoiced in 1994 were cotton cloth (US\$ 89.8 million); women's garments non-knit (US\$ 85.5 million), made-up textiles (US\$ 85.5 million), and man-made woven fabrics (US\$ 60.0 million).

Table 3
Exports by Commodity Prone to Overinvoicing

Commodity \ Year	(Million US Dollars)		
	1984	1992	1994
Textiles	395.97	950.18	1080.81
Garments	191.87	773.71	847.52
Surgical Goods	41.16	70.44	71.65
Sports Goods	45.81	99.46	160.61
Total Exports	2575.01	4999.40	5167.27

Source: *Economic Survey, 1997-98*.

⁸The year 1984 is selected because this was the year when trade liberalisation began to have its initial impact. 1992 is selected because widespread trade liberalisation programmes were initiated in Pakistan that year. The year 1994 is selected as the last year for which data are available.

Table 4

Size of Overinvoicing of Exports by Major Importing Countries(from Pakistan): Three- and Four-digit Level of SITC

(Thousand US Dollars)

Commodity/Year	Country														
	Japan	Hong Kong	Belgium	Germany	Italy	USA	France	UK	Australia	Netherlands	Sweden	Singapore	Canada	Total	
Leather Garments (612)															
1992						-2627									-2627
1994				-871		-2295									-3166
Cotton Cloth (652)															
1984		529		-1132	-2964	-866	-7680	-9370	-2864						-24347
1992	-2090	-12345	-9514	-5204	-5495	3656	1167		-3854		-4427			-6525	-44631
1994	-5038	-10042	-22264	-3486	-3886	-8044	13689	-22684	-2861	-5371	-3903	-11306	-4609		-89805
Man-made Woven Fabrics (653)															
1984								-935							-935
1992			-11020	1623	10450	-21352	-16186		-3327		-6929			-2966	-49707
1994		-3291	-12642	43	8753	-26139	-1033	-4712	-4239	-6889	-7373	-2402	-88		-60012
Made-up Textiles (658)															
1984				-1826		8226	-2309	-2184		-1334	-465				108
1992	-5226	-2142	-6657	-18405	-7267	-9389	-2541		-2665	-12270	-2222			-4274	-73058
1994	-2897		-8440	-4873	-4329	-29477	-4011	-7908	-2441	-16553	-1366	-277	-2927		-85499
Linen (6584)															
1984				-1364		2677	-2100	-2083				-288			-3158
1992	-3277		-5533	-7897	-6197	8093	-1060		-2201	-10881	-2858			-3401	-35212
1994	-778		-6506	4780	-3057	-2102	-2675	-10624	-1528	-17661	-935	-236	-1094		-26516
Women's Garments Non-knit (843)															
1984				256		10017		731		-25					10978
1992				-14410	-2870	-62507	-9039			-5215				-6357	-100398
1994			-1942	-14012	466	-52931	-2669	-6852		-3053				-4535	-85528

Continued—

Table 4—(Continued)

Undergarments Knitted (846)														
1984				-232		-1695	-666	-568		219			-2942	
1992				-9440		-26740	-1558			-4187			-41925	
1994			-2890	-10841	-640	-20732	-4223	-1722		-4031	-287	767	-2475	-47073
Headgear Nontextile Fabric (848)														
1984				-3248	-199	-697	67	129		-352			-4300	
1992	-280		-2402	-3683	-1537	-32201	-4534			-3825	2146		-1888	-48205
1994	284	-3325	-997	-2360	1101	3083	2174	2308	-227	-3069	2042		-667	347
Surgical Goods (872)														
1984				-3367		-2862		-11592					-17821	
1992				-1789	-432	-20245	-1354						-23820	
1994	-1102			-811	-341	-20359	-1107	-2621	-780	-2355			-29474	
Sports Goods (894)														
1984				-540	-440	-433	1240	-12231					-12404	
1992	1405		-1268	-495	-103	3504	4254		-994	-689	300		5914	
1994	2618	-717	-3995	-8653	-1618	-7161	2724	-7285	-953	-2735	9	149	-1438	-29055
Total														
1984	-	529	-	-11453	-3603	14367	-11448	-38103	-2864	-1492	-753	-	-	-54820
1992	-9468	-14487	-36394	-59700	-13451	-159808	-30851	-	-13041	-37067	-13990	-	-25411	-413669
1994	-6913	-17375	-59676	-41084	-3551	-166157	2869	-62100	-13029	-61717	-11526	-13305	-17833	-455781

Note: Despite our best efforts, data for the U.K. for the year 1992 could not be obtained.

Thirteen major importers of selected products included in the analysis are: Australia, Belgium, Canada, France, Germany, Hong Kong, Italy, Japan, Netherlands, Sweden, Singapore, UK, and USA. Collectively, these countries accounted for 62.4 percent of the total exports in 1994. Overinvoicing of exports in every product is taking place with every major trading partner of Pakistan (see Table 4). Overinvoicing of exports in case of each selected product and for every selected year is found for Australia, Belgium, Canada, and Hong Kong. However, for other countries, in case of a few products, export overinvoicing was not present in each year. For instance, in the case of Japan, overinvoicing was not present in headgear non-textile fabrics (in 1984) and in sports goods (in 1992 and 1994). Likewise, one can notice such cases for other countries. Despite the absence of overinvoicing of exports in a few cases, the overall overinvoicing status remains unchanged. In fact, if these cases are excluded from the analysis, the size of overall overinvoicing will go up further.

Finally, in order to confirm that the discrepancies reported above only arise because of overinvoicing of exports, offsetting discrepancies were thoroughly checked. First, after summing up all countries by individual commodity groups, there remain discrepancies. This confirms that there are no 'mis-allocations' of the same export good by commodity and country. Secondly, by including only those countries which have relatively free trade and strict enforcement of regulations, and by using a relatively large number of products, a strong attempt has been made to eliminate the effects of other factors which may give rise to the discrepancy. Alternative reasons for these discrepancies do not seem to provide a satisfactory explanation and lead to the conclusion that they are there due to the overinvoicing of exports.

6. CONCLUSIONS AND POLICY RECOMMENDATIONS

This paper has shown the existence of discrepancies in selected export statistics for which the only explanation appears to be overinvoicing. This argument can be supported with the evidence of significant differences between the duty drawback rate and the premium on the kerb market foreign exchange rate, which turned out to be 8 percent. To this effect, if the impact of income tax rebate and concessional export finance on account of export overinvoicing is added, then this percentage will further rise. These convincing indications of the presence of overinvoicing of exports lead us to put forward the following policy recommendations:

1. The World Trade Organisation (WTO) does not treat duty drawbacks at final stages and early stages of export production as "export subsidy". Therefore, the introduction of an efficient duty drawback system will give tariff-free and indirect tax-free status to exports, and will be instrumental in curbing export overinvoicing. For this development the following measures need to be introduced:

- (a) Increase inspection and examine all export products subject to specific duty drawback rates.
 - (b) Re-adjust promptly all the announced and revised duty drawbacks and other policy measures. This is crucial to exporters for negotiating export contracts with foreign buyers. Downward revisions of drawback rates should be made effective after a sufficient time lag to allow full accommodation of import costs based on earlier higher duties and tax rates.
 - (c) Adopt a method of determining duty drawbacks based on proper input-output coefficients, aided by professional engineers and accountants.⁹
 - (d) Introduce a mechanism to ensure proper recording of export prices of rebateable products. This will protect exporters from the occasional arbitrary downward adjustments of export prices by the DDS administration and prevent the overinvoicing of exports to benefit from duty drawback.
 - (e) Introduce export product sample testing to verify blend ratios. Testing should be outsourced to well-reputed testing laboratories.
 - (f) All bank credit advice (BCAs) should be channelled through the State Bank of Pakistan and be duly authenticated before drawback payments are made. This will reduce the risk of forged/fake BCAs which reflect higher realisation of export proceeds or submission of altogether fake BCAs covering ghost exports.
 - (g) Use the individual drawbacks for major imported inputs used to produce each export item, and fixed drawbacks for miscellaneous imported inputs.
 - (h) Fully document all the export operations, i.e., processing, exporter profiling, export examination, and drawback claim payment at all export stations.
2. Shift emphasis of Export Finance Scheme from providing preferential interest rate loans to a few large direct exporters to an emphasis on providing easy access to export finance for all exporting activities at the market (competitive) interest rate, on the basis of confirmed export orders. The overall amount allocated for the purpose should be raised to accommodate all targeted exports.
 3. Income tax rebates to exporters amount to a subsidy on exports; the WTO members may contest these. The Government of Pakistan should review this policy. This should enable the government not only to fulfil its general obligations to the WTO but also lessen the problem of export overinvoicing.

⁹The recent announcement of the establishment of Input-Output Coefficient Organisation is a right step. The successful experience of East Asian countries in this regard suggests that the work of this organisation should enable the Revenue Division to adopt more practical and effective methods to determine the value of drawbacks on exports.

4. The Government should take appropriate measures to eliminate the Hundi system, which is one of the major sources of finance for exporters who overinvoice exports.
5. Eliminate redundant tariffs as a first step towards lowering or removing all tariffs. The Government should continuously review its tariff schedule. All of this should reduce the administrative burden of drawback administration.
6. There is a need for a comprehensive policy on customs bilateral pact with our major trading partners. The mutual administrative assistance in customs matters should aim at sharing intelligence and other trade-related information between any two countries to curb fake invoicing. The idea here is to curb unhealthy trade practices that are detrimental to growing global integration of markets.
7. Export contract value should be made the basis of duty drawbacks. If the invoice value of the exporter is as per the contract value with the trading partner, there will be no need for trade verification.
8. The Government should make a greater use of penalties covering ineligibility for duty drawbacks to those exporters who indulge in overinvoicing.

REFERENCES

- Bhagwati, J. N. (1964) On the Underinvoicing of Imports. *Bulletin of the Oxford University Institute of Economic and Statistics* 26, 389–397.
- Bhagwati, J. N. (1967) Fiscal Policies, the Faking of Foreign Trade Declarations, and the Balance of Payments. *Bulletin of the Oxford University Institute of Economics and Statistics* 29, 61–77.
- Bhagwati, J. N. (1974) Introduction. Bhagwati, J. N. (ed.), *Illegal Transactions in International Trade*. Amsterdam: Elsevier. 1–6.
- International Monetary Fund (Various Issues) *Direction of Trade Statistics*. Washington, D. C.
- International Monetary Fund (1982, 1992, 1994) *International Financial Statistics*. Washington, D. C.
- Mahmood, Z. (1997) Determinants of Underinvoicing of Imports in Pakistan. *Journal of International Development* 9:1, 85–96.
- Mahmood, Z., and H. Nazli (1999) Estimates of Unrecorded Private Capital Movements. *Economia Internazionale* 52:1, 79–90.
- Naqvi, S. N. H. (1966) Allocative Biases of Pakistan Commercial Policy. *The Pakistan Development Review* 6:4, 465–499.
- Naya, S., and T. Morgan (1969) The Accuracy of International Trade Data: The Case of Southeast Asian Countries. *Journal of American Statistical Association* 64, 452–467.
- Pakistan, Government of (1997) *Economic Survey, 1996-97*. Economic Advisor's Wing, Finance Division, Islamabad.

- Pakistan, Government of (Various Issues) *Export Policy Order*. Ministry of Commerce, Government of Pakistan.
- Revenue Division (1999) Drawback Claims: Karachi Export Collectorate (1997-98). Government of Pakistan. (Unpublished).
- Simkin, C. G. F. (1970) Indonesia's Unrecorded Trade. *Bulletin of Indonesian Economic Studies* 6.
- United Nations (Various Issues) *Commodity Trade Statistics*. New York: United Nations Statistical Office.