

**Pakistan, UAE finalise \$6.2bn support package**

ISLAMABAD: Pakistan and the United Arab Emirates (UAE) have finalised the terms and conditions of a support package of about \$6.2 billion expected to be announced by Crown Prince Sheikh Mohammed bin Zayed Al Nahyan during his visit to the country starting on Sunday (Jan 6) to help Islamabad address its balance of payments challenge.

The package involves \$3.2bn worth of oil supplies on deferred payment, besides a \$3bn cash deposit, a cabinet member told Dawn.

He said the UAE's package was exactly of the same size and terms and conditions as given by Saudi Arabia. The UAE package was finalised on Thursday evening, he said.

With this, Pakistan would get a total saving of about \$7.9bn on oil and gas imports from the two friendly countries — accounting for more than 60 per cent of annual oil import bill of about \$12-13bn, he said. This includes about \$3.2bn each of oil supplies on deferred payments from the UAE and Saudi Arabia and about \$1.5bn trade finance from the International Islamic Trade Finance Corporation (ITFC).

The total financing support from the UAE and Saudi Arabia, including the ITFC's trade finance, would be around \$13.9-14bn when cash deposits of \$3bn each from the two countries were also included, he said.

This is in addition to a deep-conversion oil refinery to be set up by Parco — a joint venture of Pakistan and Abdu Dhabi — worth \$5-6bn at Khalifa Point and an expected petro-chemical complex by Saudi Arabia at Gwadar Oil City.

On top of that, the government has also started backchannel discussions with Qatar for some relief in terms of reduction in LNG prices or a relaxed payment schedule, but that is now at an early stage.

In reply to a question, the cabinet member said Pak-istan was deepening relationships with all three friendly Islamic nations without compromising bilateral ties for geo-political reasons.

He said the UAE crown prince would be paying a two-day visit, adding that all arrangements had been finalised in this regard.

He said Saudi Crown Prince Mohammad bin Salman was expected to arrive in the country in the first week of February and an MoU for establishing a petro-chemical complex was still being worked out on the request of Riyadh.

Pakistan has already received \$2bn in cash deposit from Saudi Arabia at an interest rate of 3.18pc while the third tranche of \$1bn is due in the first week of February. The Saudi oil facility would also start rolling out this month with an average \$274 million per month.

Pakistan is currently importing about eight cargoes of LNG every month, costing \$4.2 to \$4.5bn a year and more than one-third of this could be financed through ITCF support. With support from Qatar, Pakistan is expecting about \$9bn cushion in total oil and gas import bill.