

Pakistan plans return to global bond market after IMF aid

ISLAMABAD: Pakistan plans a slew of overseas bond sales in the coming months, Finance Adviser Abdul Hafeez Shaikh said, after the nation secured billions of dollars from the International Monetary Fund, Bloomberg reported on Thursday.

Preparations are underway for the sale of Eurobonds, Sukuk and Chinese renminbi bonds in the financial year that started this month, Shaikh, the de-facto finance chief, said in an interview on Tuesday. The IMF approved a \$6 billion bailout program Wednesday.

“The economy was in a pretty bad shape,” Shaikh, who led the team negotiating with the IMF, said in Islamabad. “The idea was to shore up the external front. We have been able to mobilize resources.”

Prime Minister Imran Khan has relied on funds from allies like Saudi Arabia as well as from the World Bank and Asian Development Bank to boost the country’s finances after years of economic mismanagement. The return to global markets will be a key test for Khan as he seeks to turnaround the economy and diversify sources of funding.

Pakistan last tapped the overseas debt market in November 2017, and raised \$2.5 billion, according to data compiled by Bloomberg. The South Asian nation has weakened the rupee and raised interest rates to deal with the economic crisis and comply with the bailout program, in addition to hiking prices of gas, electricity and fuel -- a move that has angered the public.

“We have taken some tough decisions and will continue to do so,” said Shaikh, who was appointed a few months ago as part of the overhaul of the economic team. The government aims to reduce its budget deficit and boost sustainable dollar inflows via exports.

The plan is to lift overseas shipments to \$26.8 billion this fiscal year by granting subsidies and concessions on raw-material imports, he said. “We’re trying to focus on the business side and have realized that the private sector needs to play its role,” said Shaikh. All this can help Pakistan “to avoid a debt trap,” he said.

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