


## IMF projects \$19 bn net financing gap in PTI era

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ISLAMABAD: The International Monetary Fund (IMF) has projected cumulative net financing gap of \$19 billion on external front in five years period under PTI led regime, making it quite obvious that Islamabad is left with no other option but to seek fresh bailout package from the IMF.

Now the PTI led government is considering to formally request the IMF for dispatching its mission to Islamabad next month (April 2019) so that in case of agreement at staff level the IMF programme might be put forward before the Fund's executive board in May or June 2019.

The government is considering to unveil next budget on May 17 or probably after Eid Ul Fitr in June so the measures will be taken to meet all prior actions of the IMF under tough conditions. In the staff level assessment done by the IMF and continuously sharing with Pakistani authorities, the IMF had initially projected financing gap of \$10 billion for the current fiscal year but after getting help from friendly countries especially from Saudi Arabia and UAE in terms of \$3 billion deposits from each side and oil facility on deferred payment, the IMF is still considering that the financing gap of \$2 billion for the current fiscal year 2018-19. The cumulative financing gap on external front over 5 years is projected at \$19 billion, the IMF assessment shows.

The IMF in its initial assessment calculated that the current account deficit might touch 5.7 percent of GDP with the external sector requirements gap widening to \$10 billion in order to stabilize the dwindling foreign currency reserves held by the State Bank of Pakistan, exceeding Pakistan's current gross international reserves. The absent of further decisive adjustments and significant external financing, Pakistan would risk disorderly adjustment during the current fiscal year.

Now the government of Pakistan argued that the import compression achieved but the exports might go up with time lag of devaluation as it would pick up after few months. The external front of the economy, they said, was managed as there was no fear of immediate crisis but over medium term the IMF package would be required to fix structural problems.