

### **China to provide \$2.1 bn deposits**

ISLAMABAD: In a positive development, Pakistan has completed all procedural requirements with China for getting RMB 15 billion equivalent to \$2.1 billion deposits for State Bank of Pakistan (SBP) in order to jack up foreign currency reserves at the effective rate of over 5 percent.

This deposit of \$2.1 billion from China is based on Shanghai Interbank Offered Rates (SHIBOR). Beijing provided this facility in Yuan and then it would be converted into US dollar. The rate of deposits money included SHIBOR plus 2.5 percent mark-up and currency conversion risk.

“Ministry of Finance has completed all procedural formalities with Chinese counterpart for facility of RMB 15 Billion equivalent to \$ 2.1 billion. The fund will be deposited in the SBP account by Monday March 25. It will further strengthen forex reserves and ensure balance of payment (BOP) stability,” Adviser and Spokesman for Ministry of Finance Dr Khaqan Najeeb stated on Thursday night in his tweet.

China had already provided \$2 billion deposits to SBP in July 2018-19 soon after the last general elections but before formation of PTI-led regime.

When contacted to Ministry of Finance Adviser and Spokesman Dr Khaqan Najeeb said that the \$3.2 billion Saudi oil deferred facility is being operationalised and all relevant agreements are in place.

Dr Najeeb further said that the ITFC deferred facility has already been operationalised, which will offset any impact of a delay or non-availability of the UAE facility.

The government has worked diligently to ensure that \$1 billion of ITFC will be utilised in this fiscal year.

In addition, he said adequate financing is in place for current fiscal year and beyond. The government continues to follow a multipronged strategy to ensure continued stability in the country's balance of payment (BOP) position. The strategy has included attracting more foreign direct investment, sale of assets and bilateral and multilateral flows.

The government, he said, has also launched Pakistan Banao certificate, a first ever retail offering to Pakistanis abroad. The government is also working on diversifying its investor base through issuance of a Panda bond. In addition to arranging adequate financing, bringing down the current account deficit is a key component of the strategy of BOP management, he concluded.

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