

NSC backs govt plan to deal with economic crisis

ISLAMABAD: While opposition parties are planning to launch a protest movement against the government over rising inflation after Eid, the National Security Committee (NSC) on Wednesday endorsed the government plan to deal with the economic crisis.

“The forum discussed and fully supported the ongoing efforts towards a sustainable and lasting resolution of country’s economic issues,” read the statement issued by PM’s Office following the NSC meeting.

Chaired by Prime Minister Imran Khan, the meeting was attended by key cabinet ministers, the services chiefs, heads of intelligence agencies, and senior government officials.

Minister for Kashmir Affairs and Gilgit-Baltistan Ali Amin Gandapur and GB Chief Minister Hafiz Hafeezur Rehman were special invitees, as the NSC meeting was held in two sessions including the one that discussed reforms in Gilgit-Baltistan. The other session focused on regional environment.

Geostrategic environment with special reference to recent developments in the region discussed; Pakistan’s commitment to efforts for peace reaffirmed

The much-needed morale boosting support for the government’s economic plan came amid a deepening political crisis in the country over rising inflation, economic slowdown and increasing joblessness. Most of the opposition parties planning to launch protests after Eid may join hands for what they are calling a decisive push against the government.

The government only last week concluded a staff-level agreement with the IMF for a \$6 billion bailout package. As per the little information about the agreement available publicly, the government has committed to market determined exchange rate; vast tax reforms that would see elimination of exemptions, curtailment of special treatments, and improvement in tax administration; raised bank interest rates and cost recovery in energy sector and state-owned enterprises among other corrective measures. Additionally, the government has promised to cut down the primary deficit to 0.6 per cent of GDP in the next year budget.

Following the IMF deal announcement, the rupee witnessed a sharp devaluation and is currently valued at close to Rs153 in open market, while the State Bank has increased the policy rate by 150 basis points to 12.25pc, which is an eight-year high. The stock market responded to the agreement negatively losing massively for the initial two days before recovering on Wednesday on the back of speculations of a support fund for the stock market.

Figures released by the finance ministry, a day earlier, showing fiscal deficit at five per cent of the GDP has added to the prevailing gloom.

However, in a positive development for the economically beleaguered government, adviser to the prime minister on finance Dr Hafeez Shaikh said that Saudi Arabia had decided to activate from July

1 an earlier agreement for supply of oil on deferred payment to the tune of US\$275 million per month (amounting to \$3.2 billion per annum for three years). This, he said, would strengthen Pakistan's balance of payments position.

Regional situation

The security committee also deliberated on the developing regional situation. "The forum discussed geostrategic environment with special reference to recent developments in the region. The forum reiterated that Pakistan shall continue all its efforts towards regional peace and stability," it said in general terms.

Talks between the US and Taliban have stalemated with the latest US Special Inspector General's report for the Congress warning that the "process could stall at any time" because of lack of progress towards intra-Afghan dialogue and reduction in violence. Meanwhile, it is expected that Bharatiya Janata Party (BJP) would return to office after the just concluded Lok Sabha elections.

Sharp escalation between the US and Iran in which Islamabad's Arab allies are siding with the Americans is also a cause of concern for Pakistan government. Although the government has publicly professed neutrality in the crisis, its security commitments with Saudi Arabia would determine its stance.

"In a separate session, the forum discussed Gilgit-Baltistan reforms. The PM directed the relevant authorities that the aspirations of people of Gilgit-Baltistan, especially the youth, must be given pre-eminence during the decision making process," the PMO statement added.

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