

Pakistan's exports are negligible: Reza Baqir

KARACHI: Governor State Bank of Pakistan (SBP) Reza Baqir on Thursday said Pakistan stood with Afghanistan, Sudan, Yemen and Ethiopia in terms of exports adding that with this trend, no country could be run successfully.

Baqir told the participations of CEO Summit Asia that the State Bank of Pakistan (SBP) could lower interest rates later this year as consumer inflation — the cornerstone of its policy framework — is expected to ease in coming months.

“Drop in inflation would have a trickle-down impact as food inflation is currently on the higher side. Reduction in inflation would help reduce interest rate,” Reza said. In January, consumer inflation stood at 14.6 percent and interest rate at a decade-high of 13.25 percent.

Baqir, however, clarified that monetary policy committee decides policy without government interference. “The committee does not have any member from the government.” “After analysis the inflation rate, policy rate has been decided.”

He said economy was coming back to growth trajectory from stability mode with fundamental economic indicators, like current and fiscal account positions depicting signs of improvement. “Now things are better and one could analyse the difference... currently we are moving from stability to growth. Things will take time to further improve.” The SBP governor said exchange rate was stable and foreign exchange reserves were at the comfortable level. Currently, foreign exchange reserves stand at the level of \$12 to 13 billion.

Baqir said though exports contribute less than 10 percent to GDP, they grew 4.5 percent in the first half of the current financial year, showing a steady growth of economy.

Pakistan increased its exports compared to falling exports in several regional economies, which were considered as export powerhouses, he added. He said the preliminary signs of economic turnaround started to appear. Sales of cement, imports of machinery, and large scale manufacturing monthly growth proved the notion that the national economy steers towards growth. “We can say with confidence that we have put the worst behind us,” he said.