

FORGET about what the IMF is about to demand from Pakistan, now even the Chinese have said that aid and assistance to Pakistan needs 'further negotiations'. Conditionality? God forbid. Just 'detailed discussions'.

With the prime minister of Pakistan having admitted to the world that the country is in desperate straits and in need of loans and aid from wherever and however they come, it is not at all clear what position it will be in to negotiate. This, especially after having been told by the Chinese that Pakistan needs to fix its own problems and not rely on the largesse of its 'all-weather' friend all the time. The best advice anyone could have given Pakistan, and perhaps just what the IMF is about to repeat.

The hope that by bending low, by confessing that Pakistan is in desperate straits and in need of friends will bail it out has received a particularly pertinent reality check. The many tall claims made by a minister of this government before he left for China, that the prime minister's visit will bring in large sums of money and that he expects a 'good economic package' and not just the rescheduling of the \$2.7 billion owed to China to be repaid this year has been put on hold.

On the day that the IMF team arrived to negotiate — and for once the term really matters — with the Pakistan government over a sizable loan, there was no bailout from China. Some promises, some MoUs, but so far nothing to make the country's position anywhere near comfortable or confident as it begins to beg in front of the IMF.

The finance minister in his press conference after the China trip suggested that the Chinese would help Pakistan and perhaps make loans of around \$6bn, saying that the balance-of-payments crisis was 'over'. There are reports that China might deposit as much as another \$2bn supporting Pakistan's reserves. However, already Pakistan needs to return loans of \$12.4bn in the remaining fiscal year of which \$5.6bn are short-term loans, with more than half of this amount having to be returned to China. These include the \$2.5bn already deposited earlier by China with the State Bank to support foreign exchange reserves.

Having celebrated the announcement of a loan from Saudi Arabia of around \$6bn, split between some cash lent for just a year and a deferred payment facility for oil, which is also to be reviewed after three years, free money coming to Pakistan seems to be drying up.

The demands of the opposition in parliament to know the terms and conditions of the financial support from the Saudis were never addressed. And, while the foreign minister stated that there were 'no conditions' for the Saudi loan, what is significant is that the largesse from the Saudis came after the prime minister's second official visit to the

kingdom. The first bore no fruit, and it was only following the murder of journalist Jamal Khashoggi at a time when Saudi Arabia was being snubbed by many other friendly countries that Pakistan received this money for standing with the Saudis.

After his return from Saudi Arabia, the prime minister announced that two other friendly countries — and that could only have been the UAE and China, since Pakistan doesn't really have too many friends — would provide enough assistance which would allow Pakistan to avoid a large loan from the IMF. In his words after his supposedly triumphant return from Saudi Arabia, "now the government won't need much from the IMF", a claim which has just been endorsed by his finance minister.

With China having made its let's-wait-and-see policy public, and so far, not much news on the other friendly country supporting Pakistan, the math just doesn't quite add up. It seems that a sizable loan is still required from the IMF to help the economy in what really is an exaggerated and artificial economic crisis. Going back to the IMF implies that here the negotiations which will be undertaken will be on the terms of the IMF, and not the government of Pakistan. While the three friendly countries might give Pakistan a longer leash in their detailed discussions or negotiations, the IMF, no friend of any country, will at best offer a short whipping leash which will have to be accepted by Pakistan's so-called negotiating team. After 12 IMF programmes since the 1980s, all talk of 'home-grown' solutions are a mere eyewash. The solutions and conditions attached to the loan are always the IMF's.

The expected tough conditionality will have a serious impact on the populist promises of the PTI government. Already with inflation at 8.2 per cent, the highest in four years, with a trade imbalance and a deteriorating exchange rate, Pakistan's stabilisation programme, if the IMF agrees to one, will have consequences slowing down GDP growth.

From a 13-year high of 5.8pc GDP growth last year, the early estimates for this year are a mere 4pc at best. The prime minister's dreams of creating a new Madina-like state in 21st-century Pakistan must await IMF terms and conditions being fulfilled.

On his return from Saudi Arabia, the prime minister in his address to the Pakistani nation stated that "the time will come when we will lend loans to others". While he is still a new prime minister and has much to learn about the running of a large, formidable, troublesome country, ranging from diplomatic skills to dealing with the maze of governance, with Pakistan's foreign debt about to cross the \$100bn mark, someone also needs to give him a few lessons in simple arithmetic.

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