

IMF and China's support

THE public endorsement is likely a result of a great deal of behind-the-scenes lobbying.

It is welcome that China, via its foreign ministry spokesperson, has announced its support for the IMF “making an objective evaluation of Pakistan based on professionalism and earnestly helping it properly address the current difficulty”.

For Pakistan, walking a familiar IMF tightrope has been significantly complicated by the increasing competition and hostility between China and the US on the global stage and in this region. The US, which at least until the Trump administration touted its adherence to a so-called rules-based world order, had initially come out in an almost ugly American fashion against CPEC, virtually demanding that Pakistan limit the scope of the project if the IMF is to be allowed to deliver a bailout package to Pakistan.

Take a look: US arrogance

At least publicly, the hostile and threatening US rhetoric has been toned down in recent days and it is, instead, the IMF leadership that has underlined the need for greater Pakistani transparency on its CPEC-related financial commitments.

What is not known is the extent to which China is resisting Pakistan sharing CPEC data with the IMF or, indeed, if there are binding covenants that prevent Pakistan from making public such data.

Worryingly, the PTI federal government may not have the expertise or the clarity necessary for navigating such fraught international political and financial challenges — though arguably no other Pakistani government would be considered well placed to deal with such complex challenges either.

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At a minimum, however, the federal government ought to use the imminent IMF bailout as an opportunity to draw some new lines in this country's fiscal dealings with the outside world and transparency at home. The US hostility towards and seemingly the IMF's scepticism of CPEC aside, there is no plausible reason for the PTI to continue with the excessive secrecy that characterised the PML-N's approach to CPEC.

If binding commitments have been made regarding the secrecy of certain contracts and they can be justified in light of international best practices, the PTI government should publicly say so. If not, why is the PTI seemingly reluctant to place before parliament and other appropriate forums the full scale of Pakistan's debt and financial exposure to China?

If new best practices are to be instituted and financial transparency promoted, the shackling and blindfolding of the State Bank of Pakistan under the previous PML-N government in particular will need to be reversed.

An autonomous and empowered State Bank that has access to the full range of financial data is not only necessary for a well-managed economy, it could also help protect the public's interest when IFIs and global powers squabble among themselves and heap pressure on Pakistan.

Whatever Washington's motives, the IMF's incentives and China's fears may be, surely the Pakistani public deserves to know the full picture of the state's financial liabilities, external and domestic.

Editorial