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### Saudi oil sought on deferred payment

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ISLAMABAD: In a bid to ease the balance of payment pressure in the current fiscal year, Pakistan has formally requested Saudi Arabia for supply of oil on deferred payments.

Saudi Arabia has been requested for supply of 100,000 to 200,000 barrels per day [on deferred payments] along with other proposals, The News has learnt. The visiting Saudi team is scheduled to visit Gwadar on Tuesday (today) to make an assessment for establishing a multi-billion dollar oil refinery at the Gwadar Oil City.

Official sources said all options were on the table and Pakistan was expecting a favorable outcome in the ongoing talks with the visiting Saudi delegation. Saudi Arabia's minister for finance is also expected to land in Islamabad on Tuesday night or early Wednesday to firm up proposals for providing \$2.5 billion assistance to Pakistan during the current fiscal year.

"There are strong indications that the Saudi leadership has agreed to provide a financial package of \$2 to \$2.5 billion as cash grant and oil facility on deferred payment, which is expected to be provided very soon," a top government official said.

The government is weighing all options to determine whether to approach the IMF or not and manage the balance of payments with the help of friendly countries such as China and Saudi Arabia.

Two top officials confirmed that the government had presented different proposals to the Saudi leadership during the visit of PM Imran Khan. The proposal included getting cash grants, provision of loan on soft terms and conditions, credit line for oil on deferred payment and provision of equity into dollars for financing viable CPEC projects.

Saudi Arabia has also showed interest in building an oil refinery at Gwadar. There is an indication that Islamabad may get \$2 to \$2.5 billion from Saudi Arabia during the current fiscal year.

Some stringent conditions might be attached to it and Islamabad would have to work out in consultation with other ministries and departments. However, there is no possibility of getting \$10 billion from Saudi Arabia.

Even if Pakistan gets \$2.5 billion Saudi support, Pakistan still will be facing the problem to bridge the external financing gap in the range of \$8 to \$10 billion. Now the government will have to decide whether the country can survive without the IMF programme or not.

In another development, Pakistan and the IMF are heading towards an agreement on an exact assessment of external financing requirement. An IMF staff team is already in Islamabad till October 4 to reconcile macroeconomic projections mainly on key economic indicators and then work out numbers of twin deficits, including the budget deficit and current account deficit.

IMF Resident Representative in Pakistan Teresa Daban Sanchez told The News that an IMF team that arrived on September 27 was conducting an informal and mostly technical staff visit. "The meetings are underway and will last until October 4. Most likely there will be a press release by the end of week," she concluded.

The government had envisaged budget deficit target at 5.1 percent of GDP in accordance with revised budget against earlier envisaged target of 4.9 percent of GDP during the tenure of PML-led government on the eve of the budget for 2018-19. The current deficit was envisaged in the range of \$14 billion for the current fiscal year despite imposition of Regulatory Duty on thousands of items.

But interestingly, the government envisaged Rs342 billion net external borrowings in the revised budgetary estimates for 2018-19 against Rs730 billion in budget 2017-18. It's surprising that when Pakistan was looking for external inflows desperately, the government was projecting almost half the amount than it's obtained in the last fiscal year.

This flawed budgeting will lead us nowhere, said the sources and added that Islamabad's economic managers again estimated revenue surplus of Rs286 billion on behalf of provinces in the revised budget despite this fact that Finance Minister Asad Umar had criticised this move in his talk with the media after presenting the revised budget for 2018-19 and cited it as an example for making unrealistic budget by the last PML-N government.

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