

PM optimistic about IMF response

The government has said it will present Money Bill in Parliament by mid of January 2019 and there are no hitches in the International Monetary Fund (IMF) bailout package. This was disclosed by Prime Minister Imran Khan and his economic team during a brief interaction with economic reporters on Friday. The Prime Minister was optimistic that the IMF would eventually agree on Pakistan's terms and conditions to provide lending.

He said that there is no immediate crisis as financing gap for the current fiscal year has been plugged with the help of friendly countries that placed Pakistan at a comfortable position. "The issue is not that IMF will not give us loan, the issue is on what conditions the loan to be taken," said the Prime Minister.

Prime Minister Khan said that so many bailout packages were taken by the previous governments during the last four decades but structural reforms required under those packages were not implemented and consequently "we were addicted by loans and aid and current and fiscal deficits have been the outcome of this addiction." He added that there is only one path to deal with deficits and that is to boost exports, enhance investment and increase remittances as well as wealth creation.

The Prime Minister said that the measures are being taken to increase exports and for wealth creation which, he said, is a new concept in Pakistan after 1970. The two days' envoys conference has been held to explore new markets for Pakistani goods, he said, adding, "We have sought export access from China."

Pakistan's geo-strategic location, cheap labour and demographic dividend with 12 million youth make it an attractive destination for investment, said the Prime Minister, adding that greater emphasis is on attracting foreign direct investment (FDI) with big investment inflows in oil refinery from Saudi Arabia.

Khan said that remittances can be increased to \$30 billion and a comprehensive crackdown would be launched against money laundering and smuggling while under-invoicing would also be dealt with.

The Prime Minister said that agreements with China would bring technology transfer and this would lead to higher agriculture productivity as well as GDP growth and reduction in poverty. Pakistan, he said, has signed an MoU with China on agriculture. He said that his government would launch best poverty alleviation programme.

The Prime Minister said that there is no issue of FATF as proposed measures for compliance are in Pakistan's own interests and actions against armed groups were included in the National Action Plan (NAP). He said investment in the country would bring about stability and there would be no issues with the IMF, as Pakistan's relations with other countries except India have improved while relations with the US are also improving. The Prime Minister said that there are no issues in the country while solution to the country's debt is investment inflows.

Finance Minister Asad Umar said, "By mid of January, I will go to the Parliament with a money bill for future projections and strategy." He said that Pakistan does not need to get into IMF programme for the need of money but for positive signalling to the market and attract investment. He said that discussions with the IMF will continue.

The finance minister said directionally there is no difference with the IMF but sequencing and pace are critical and Pakistan's discussion with the Fund mission are on pace and sequencing.

About NFC award, he said that he has received the name of NFC member from Sindh government which would enable him to convene NFC meeting soon. The finance minister was confident that approved privatisation transaction would be completed by the end of current fiscal year and stated every thing is on track.

The finance minister said that by end of January, PSM management will come up with a revival plan and PIA management would also give its plan on how it will improve the performance of national flag carrier, as it was informed while approving Rs 17 billion package that the money was being put in a "black hole." He said that power sector issues are being resolved and Rs 140 billion improvement will be brought in it in one year. He added that the recovery of electricity bills has shown improvement of Rs 13 billion in one month.

The minister said that growth becomes secondary issue when there is a \$2 billion monthly current account deficit and survival becomes top priority, adding in short-term there is no chance of growth. Growth in the past was import-led and consumption based, he said, adding the present government wants export-led and production-based growth and measures to this effect would be announced next month.

Advisor to Prime Minister on Commerce, Razaq Dawood acknowledged that deindustrialisation happened in the past but stated now closed industry is being revived. He said Pakistan will have market access of another \$1 billion in few days. "We are supporting industry. Industrial policy is in the final stage and engineering, IT, chemical and agriculture industries would be supported. We are against subsidies," he added.

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