

## **Wanted: dollar bonds**

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Less than a fortnight before its expiration, the much-talked-about tax amnesty scheme is back in the news. The caretakers have picked this issue up, contrary to the dominant perception that they won't be interested in flogging a dead horse. But a nod from the judiciary, a belated one, has now set things in motion.

Now there are expectations of significant declarations of domestic assets (Read: Amnesty – domestic assets to benefit, published June 19, 2018). However, the scheme's foreign counterpart – which the country could really benefit from in current circumstances – now increasingly seems like a lost cause.

Back in early April, as part of a wide-ranging amnesty package, the Abbasi-run government had also announced a reprieve on foreign asset declarations, of which five-year dollar-denominated bonds were an integral part. After paying a two percent penalty on repatriating their offshore liquid assets, Pakistani citizens could invest those proceeds in dollar bonds.

The bonds were to carry a 3 percent, biannual coupon. The periodic profit payments and the eventual principal payment were to be made in PKR at the going inter-bank rate at the time of respective payouts.

This amnesty-cum-investment scheme, which was also extended to undeclared forex held up local FCY accounts, hasn't seen the light of the day thus far. Thus, a forex-hungry economy's hope of a billion or two being fetched through dollar bonds remains unrealized. There has been no official word so far regarding the specifics of how the central bank, the supposed issuer, would manage the dollar bonds.

In recent year, Pakistan's fallback on foreign commercial borrowing has gained near permanence. Amid the import cover falling below the critical threshold and with growing forex requirements to finance a hefty current account deficit and meet external debt obligations, dollar bonds certainly offer a cheaper window to beef up the forex reserves.

The clock is ticking. The caretaker finance minister has reportedly ruled out an extension in the deadline to file foreign and domestic asset declarations. But given the criticality of building forex reserves, perhaps the honourable minister could look into giving more time for foreign liquid assets repatriation meant for dollar bonds, while keeping the original June 30 deadline intact for domestic asset declarations.

An extension on dollar bonds won't hurt. With macroeconomic stability under a threat, the caretakers must explore all such avenues to boost the forex pile. Reportedly, the

finance minister is also keen on launching the Central Directorate of National Saving's dollar-denominated saving scheme; the PML-N government couldn't launch that scheme towards the end of its tenure despite doing a lot of homework.