

IMF finds Pak negotiators tough

ISLAMABAD: Amid increasing hopes of achieving any breakthrough about \$12 billion possible bailout package by mid of next month, the IMF said on Wednesday that the discussions towards an IMF supported programme for Pakistan were underway.

For evolving staff-level agreement with IMF, Islamabad will have to devise short to medium term framework for slashing the budget deficit and converting primary balance from huge negative into surplus through increasing revenues and curtailing expenditure, bringing flow of power sector at zero from July 1, 2019 by raising electricity tariff around 25 percent, erasing monster of circular debt, hiking gas tariff, placing market-based flexible exchange rate and further tightening of monetary policy to curtail increasing inflationary pressures.

“Without showing commitment to reform path, the staff-level agreement with the IMF mission will not be achieved,” said the relevant sources privy to ongoing parleys with the IMF. On the other hand, the IMF insiders say that Pakistani negotiators were quite tough and the exact conditions would only be known when both sides would agree to strike staff-level agreement by end April or early May 2019.

The newly appointed Mission Chief for Pakistan Ernesto Ramirez-Rigo, held introductory meetings with the Pakistani authorities during his first official two-day visit in which he held meeting with Ministry of Finance, FBR, Ministry of Commerce and Energy Division on Tuesday and on the second day, he had met State Bank of Pakistan (SBP) governor and his team in Karachi.

For moving towards striking staff-level agreement, Pakistan will have to formally request to the Fund management for dispatching its review mission and Minister for Finance Asad Umar could achieve any breakthrough on the sidelines of the upcoming spring meeting of IMF/World Bank scheduled to be held at Washington DC from April 10 to 12, 2019. Pakistan’s Minister for Finance will lead Pakistani delegation while other members will be comprised of Secretary Economic Affairs Division Noor Ahmed and SBP Governor Tariq Bajwa. Federal Secretary Finance Younas Dagha may also join Pakistani team.

According to brief statement issued by the IMF here on Wednesday stating that the IMF mission chief and the Pakistani authorities discussed recent economic developments. “Discussions towards an IMF-supported programme are going on,” it further states.

IMF mission chief for Pakistan, Ernesto Ramirez-Rigo, visited Islamabad and Karachi during March 26-27, for introductory meetings with the authorities. Ramirez-Rigo assumed Pakistan mission chief responsibilities earlier this month. This was his first visit to the country.

In Islamabad, Ramirez-Rigo met Minister for Finance Asad Umar, Minister for Commerce Razak Dawood, Minister for Power Omer Ayub, Minister of State for Revenues Hammad Azhar, and several government senior officials including Finance Secretary Younus Dagha, Chairman of the Federal Board of Revenues Jehanzeb Khan, and Adviser to the PM on Institutional Reforms and Austerity Ishrat Hussain. In Karachi, he met SBP Governor Tariq Bajwa and other senior officials.

“Discussions focused on recent economic developments and prospects for Pakistan in the context of ongoing discussions towards an IMF-supported programme,” the statement concluded.

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