

# **Pak loan reliance on China increases manifold**

Page NO.03 Col No.03

**ISLAMABAD:** In the aftermath of slowdown of disbursements from all other multilateral and bilateral creditors, Pakistan's reliance on China has increased manifold. Islamabad has so far obtained \$4.4 billion from Beijing in shape of both bilateral as well as commercial loan from Chinese banks during first 10 months (July-April) period of the current fiscal year.

Alone in April 2018, Pakistan had no other option but to get \$1.2 billion commercial loan from Chinese banks at a time when all other bilateral and multilateral creditors disbursed just \$172 million.

On bilateral creditor front, China again became the largest loan provider as it disbursed \$228 million loan just in one month (April 2018) for execution of different projects in Pakistan. If China provides \$1 billion to \$2 billion more as Safe deposits in coming days in order to shore up dwindling foreign currency reserves then Beijing's overall financial support might cross \$6.5 billion for whole financial year in 2017-18. Despite this increased inflows from China, Pakistan will not be able to manage its yawning current account deficit (CAD) in the wake of rising imports and inability to boost exports so the foreign currency reserves continued to decline in the outgoing fiscal year.

According to official data of the Economic Affairs Division (EAD) showing on Monday that Pakistan has exhausted its budgetary estimates by crossing envisaged limit for obtaining loans in just first 10 months as the budget makers had assessed for getting loans in the range of \$8.09 billion for whole fiscal year 2017-17, but it had already crossed by securing \$9.6 billion during July-April period of outgoing financial year.

Pakistan has become a desperate borrower in recent months as Islamabad obtained \$1.4 billion from China alone in April 2018, including \$ 228 million as bilateral loan and another \$1.2 billion from Chinese commercial banks.

The official data shows that all bilateral and multilateral creditors slowed down their disbursements in the current fiscal year compared with China and different Chinese banks. The Asian Development Bank (ADB) has disbursed loans to the tune of \$681.46 million during July-April period of the current fiscal and in April 2018 the Manila based lender has provided \$57.51 million.

The Asian Infrastructure Investment Bank (AIIB) has disbursed loans of \$23.06 million, Canada \$0.16 million and European Union (EU) \$5.99 million. Pakistan

generated \$2.5 billion through issuance of Euro and Sukuk bonds during the current fiscal year. China has provided loans of \$1.503 billion for execution of different development projects during the first 10 months of the current fiscal year. France and Germany has provided loans of \$16.05 million and \$18.72 million respectively in first 10 months of the current fiscal year.

The World Bank's IBRD lending stood at \$173.62 million and IDA loan \$272 million during the first 10 months of the current fiscal year. The Islamic Development Bank (IDB) provided \$56.26 million loan and IDB's short term loan of \$987.22 million in first 10 months of the current fiscal year. Japan provided \$86.14 million in first 10 months of the current fiscal year, Saudi Arabia \$44 million. The USA and UK provided grants of \$169.85 million and USA \$88.11 million.