

NEWS

[\\$1bn climate finance talks next week](#)

- In International Monetary Fund mission will arrive in Islamabad next week to discuss around \$1 billion in climate financing for Pakistan, an adviser to the country's finance minister said on Thursday.
- The Global Climate Risk Index places Pakistan among the countries most vulnerable to climate change.
- Khurram Schehzad told Reuters that the mission would visit from February 24 to 28 for a "review and discussion" of climate resilience funding.
- The disbursement will take place under the Fund's Resilience and Sustainability Trust, created in 2022 to provide long-term concessional cash for climate-related spending, such as adaptation and transitioning to cleaner energy.
- Pakistan made a formal request in October last year for around \$1 billion in funding from the IMF under the trust, to address the nation's vulnerability to climate change.
- The country's economy is on a long path to recovery after being stabilized under a \$7 billion IMF Extended Fund Facility it secured late last year.
- Another IMF mission will arrive in Pakistan in the first week of March for a first review of that facility, Schehzad said.
- Pakistan is undergoing reforms under a \$7 billion IMF programme, which is up for its first review later this month.

[SBP forex reserves up \\$35m to \\$11.2bn amid external debt pressures](#)

- The State Bank of Pakistan's (SBP) foreign exchange reserves edged up \$35 million during the week ending February 14, to stand at \$11.20 billion, the central bank reported on Thursday, amid continued pressure on the country's external financing needs.
- The country's total liquid foreign reserves stood at \$15.95 billion in the period under review. The central bank, however, did not specify the source of these inflows. Meanwhile, commercial banks' dollar reserves amounted to \$4.75 billion.
- Earlier this month, Fitch Ratings said Pakistan's external financing needs will remain significant in the coming year, despite progress in rebuilding its foreign exchange reserves.
- The country needs to repay over \$22 billion in external debt in the fiscal year 2025, including nearly \$13 billion in bilateral deposits, Fitch said. "Securing sufficient external financing remains a challenge, considering large maturities and lenders' existing exposures," said the credit ratings agency.

Aurangzeb for urgent economic reforms to restore credibility

- Federal Minister for Finance Muhammad Aurangzeb said on Thursday that the “country has lost its credibility,” emphasizing that urgent economic reforms are necessary to restore trust.
- Brief lawmakers on the country’s climate financing challenges and its negotiations with international lenders.
- The next IMF mission is scheduled for February 24 to 28, which will be here to take the climate resiliency fund discussion forward,” he told reporters during an informal talk with reporters after the meeting.
- He said the Asian Development Bank (ADB) had committed \$500 million, while Pakistan expects to secure \$1 billion from the IMF next week.

Oil rises for third day

- Russia and the US have had their first meeting since the start of the Ukraine war, aimed at restoring relations. However, disruptions to oil supply kept prices elevated.
- Oil prices rose for a third day on Thursday on worries about supply disruptions in Russia, while the market awaited clarity on Ukraine peace talks.
- However, an industry report showing a build in US crude stockpiles, showing a rise of 3.34 million barrels, limited the gains.
- Brent futures were up 83 cents, or 1.09%, at \$76.87 a barrel. US WTI crude rose 75 cents, or 1.04%, to \$73.
- Potential restarts of oil flows from Iraq's Kurdistan region were offsetting supply risks, but Turkey did not receive confirmation from Iraq on the resumption as of Thursday, said the country's energy minister.

Big industries' growth in the red

- The growth in Pakistan's major industries – the largest contributors to taxes and employment – shrank nearly 2% during the first half of the current fiscal year, indicating the adverse impact of high cost of doing business and economic stabilization.
- The large-scale manufacturing (LSM) sector registered a negative growth of 1.9% during the July-December period of fiscal year 2024-25 compared with the same period of last year, Pakistan Bureau of Statistics (PBS) reported on Thursday.
- It is the third consecutive year when big industries are facing a contraction due to the policies implemented by the government to avoid sovereign default.
- Interest rate has been reduced by 10 percentage points but it will take time before businesses start borrowing. The prevailing political, security and economic instability are also impacting the investment climate.
- The 1.9% LSM contraction is also in line with the overall low economic growth. Pakistan's gross domestic product (GDP) grew only 0.9% in the first quarter of FY25. The country has been in the economic stabilization phase since June 2023, which has impacted almost every household and industry.

Rs20 per kg subsidy on sugar in Ramazan

- All stakeholders have agreed to provide sugar to consumers at a reduced rate in Ramazan, which is expected to commence from March 1. The government will provide a subsidy of Rs20 on each kilogram of sugar and the commodity will be sold at Rs130 per kg during the holy month.
- Sources said an agreement to reduce sugar prices was reached during a meeting attended by representatives from all four provinces and sugar mill owners.
- During Ramazan, subsidized sugar will be available in low-cost model bazaars and will be supplied at counters in mega, large, and small stores. 1- and 2-kilograms sugar bags will be sold with a limit of 5 kilograms per citizen based on their computerized national identity cards (CNICs).

Crackdown on unregulated sectors to intensify: Aurangzeb

- Finance Minister Muhammad Aurangzeb Thursday said the enforcement will be done in a big way against informal sectors and those undocumented sectors contributing nothing to the national exchequer.
- The un-documented sectors have to contribute their share in taxes in the national kitty. "We will do enforcement in a big way and documentation will be done through digitization," he said. He stated that the contribution of retail sector in GDP is 19%, but their share in taxes is only 1%.

China, Pakistan set to boost trade, agriculture

- The Chinese envoy highlighted the significant strides in China-Pakistan relations, especially in light of the recent high-level visits between the two countries. President Asif Ali Zardari's state visit to China earlier this month, following Prime Minister Shehbaz Sharif's visit in June of last year and Premier Li Qiang's visit to Pakistan in October, have underscored the deepening ties between the two nations.
- He highlighted several key areas of collaboration, including infrastructure, agriculture and economic zones, which will be prioritized in the coming year. Projects like the Karakoram Highway Phase II and the Main Line-1 railway, as well as the development of Gwadar Port, are set to take center stage, said the Chinese envoy.
- Ambassador Jiang highlighted that agricultural trade between China and Pakistan exceeded \$1 billion in 2024, with Pakistan enjoying a notable surplus. The introduction of high-value buffalo dairy products from Pakistan to China further exemplifies the growing agricultural ties.

Pakistan to export 100,000 metric tons of water buffalo meat to Indonesia

- Indonesia will import 100,000 metric tons of water buffalo meat from Pakistan, as confirmed by the country's National Food Agency.
- The decision was made due to Pakistan's lower prices compared to India, which was Indonesia's previous supplier.
- Indonesia aims to import a total of 180,000 metric tons of beef and 100,000 metric tons of water buffalo meat in 2025.

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