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## Pakistan's Foreign Reserves Dip Slightly Amid Debt Repayments

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– Categories: Finance



Pakistan's total liquid foreign reserves fell to US\$19.92 billion as of July 18, 2025, with the State Bank of Pakistan (SBP) reporting a US\$69 million decrease due to external debt payments. While the reserves remain sizable, continued borrowing raises long-term economic concerns.

ISLAMABAD – Pakistan's total liquid foreign reserves dropped slightly to US\$19.92 billion during the week ending July 18, 2025, according to the latest data released by the State Bank of Pakistan (SBP). This figure includes both the central bank's holdings and the reserves maintained by commercial banks operating in the country.

As per the SBP's update, its reserves declined by US\$69 million, bringing the total to US\$14.46 billion. The decline was attributed to scheduled external debt repayments, an ongoing burden on the country's finances. Meanwhile, the foreign currency reserves held by commercial banks remained unchanged at US\$5.46 billion.

Though a US\$69 million decrease may seem marginal, it points to a larger issue: Pakistan's persistent dependence on borrowing to manage its external obligations. Under the current administration, foreign debt has continued to climb, yet there remains little evidence of structural economic reform or a credible path to long-term fiscal sustainability. Temporary inflows through loans and bailouts may bolster the headline reserve number, but they do little to address the country's underlying economic fragility.

The SBP's foreign exchange reserves are crucial for stabilizing the national currency, managing inflation, and maintaining investor confidence. A healthy reserve buffer also provides the government with room to import essential goods and services—particularly important in times of geopolitical uncertainty or supply disruptions. But such resilience is hard to maintain when repayments continually outpace income from exports or foreign direct investment.

Many economists and analysts have long cautioned that relying on borrowed money to pad reserves is a short-sighted tactic. Pakistan needs a more productive, inward-focused economic model, one that encourages manufacturing, supports local businesses, and broadens the tax base. Current fiscal policies, however, continue to lean heavily on international lending, offering little assurance to the average citizen facing inflation and currency devaluation.

Without a clear shift in strategy, Pakistan risks falling into a cycle of dependency. While the reported US\$19.92 billion in reserves may offer short-term stability, it does not reflect a fundamentally sound economy.