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Pakistan's Finance Chief Touts Reform Momentum and Stable Outlook to Moody's

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Pakistan's economic team, led by Finance Minister Muhammad Aurangzeb, used a virtual briefing with Moody's Investors Service this week to assure global markets that Islamabad's long—promised reforms are finally gaining traction. In a concise presentation, Aurangzeb highlighted falling inflation, a recent policy—rate cut, a firmer rupee and a small current—account surplus as evidence that macro—stability is returning laying the groundwork for the country's first Panda bond (a renminbi—denominated offering by a foreign borrower) and a renewed push for export—friendly trade terms with the United States.

Speaking from the Finance Division alongside Minister of State for Finance Bilal Azhar Kayani and State Bank of Pakistan (SBP) Governor Jameel Ahmad, Aurangzeb argued that disciplined fiscal management not short–term stimulus remains the quickest route to durable growth. He credited the International Monetary Fund (IMF) programme for forcing "prudent expenditure choices" and defended the government's controversial decision to trim subsidies, insisting that targeted assistance is more efficient than blanket handouts. Moody's analysts were told that foreign–exchange reserves have climbed above $14 billion, while headline inflation has nearly halved from last year's peaks metrics that, if sustained, could justify a rating–outlook upgrade later this year.

The minister's audience also heard plans to deepen domestic capital markets. A technology–driven tax drive is projected to lift the tax–to–GDP (Gross Domestic Produ ratio to at least 13 percent within two years, narrowing the fiscal gap without punishing growth. Aurangzeb said digitisation and data–matching have already delivered a "Rs2 trillion revenue delta" through better compliance rather than higher rates, underscoring the centre–right view that efficiency often beats new taxation. Meanwhile, the upcoming Panda bond and a potential Eurobond will diversify funding sources away from expensive short–term borrowing, while talks on U.S. tariff preferences aim to give exporters breathing space in a competitive world economy.

Still, Aurangzeb acknowledged that market sentiment "can turn on a dime." Political turbulence, high energy prices and global risk aversion all pose threats. Yet Islamabad's message to Moody's was clear: Pakistan is done lurching from crisis to crisis and intends to anchor policy around private–sector dynamism, rule–of–law reforms and predictable regulation. If the rating agencies recognize this shift and if the government resists pressure to revert to populist giveaways the country could finally secure the lower borrowing costs and foreign investment it needs to transform today's fragile recovery into lasting prosperity.