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Pakistan Rebuilds Global Market Ties, Secures Gulf Financing and Eyes U.S. Trade Access

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Pakistan is re-engaging with global capital markets in a bid to restore investor confidence and boost external financing, with Finance Minister Muhammad Aurangzeb confirming the country has secured \$1 billion in commercial funding from the Middle East and is making progress toward preferential trade terms with the United States. These efforts come as part of a broader strategy to stabilize the economy and improve the country's global credit profile.

During a recent briefing with Moody's credit rating agency, Aurangzeb detailed Pakistan's intention to expand its borrowing avenues through instruments like Panda bonds, Chinese yuan-denominated bonds issued by foreign entities and Eurobonds, capitalizing on improving macroeconomic conditions. The Finance Minister stated that reforms under the International Monetary Fund (IMF)-backed program have helped reduce inflation, strengthen foreign reserves beyond \$14 billion as of June's end, and generate a current account surplus. These gains, alongside a lower central bank policy rate and exchange rate stability, were positioned as key factors in improving the country's economic outlook.

In a noteworthy development, Aurangzeb disclosed ongoing discussions with U.S. officials aimed at securing preferential tariff access for Pakistani exports, a move that could substantially support the country's export-led recovery. This signals a shift toward more proactive economic diplomacy, leveraging bilateral partnerships rather than relying solely on multilateral aid. The session also highlighted the government's push for fiscal discipline through measures introduced in the latest federal budget, aimed at cutting wasteful spending while creating space for growth-friendly reforms.

Pakistan's economic team, including senior officials from the State Bank of Pakistan (SBP), is targeting an increase in the tax-to-GDP (Gross Domestic Product) ratio to 13–13.5% via digitization and stricter enforcement. Aurangzeb pointed to what he described as an “autonomous Rs. 2 trillion revenue delta,” achieved without new tax measures but through administrative reforms. While the road ahead remains challenging, Islamabad appears committed to avoiding dependency by promoting sustainable growth rooted in private capital, trade partnerships, and stronger fiscal management. Whether this momentum can be maintained will depend on political stability and global market conditions, but for now, the narrative has shifted from crisis to cautious confidence.