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Pakistan Achieves First Annual Current Account Surplus in Over a Decade Amid Economic Rebound

July 20, 2025

– Categories: Economics



Pakistan has recorded a full-year current account (CA) surplus for the first time in 14 years, a milestone that signals a meaningful shift in the country's economic trajectory. According to official data shared by Khurram Schehzad, Adviser to the Finance Ministry, the CA for June 2025 closed with a \$328 million surplus, bringing the total surplus for the fiscal year to \$2.1 billion, the highest in 22 years. This turnaround is being viewed as a product of disciplined

financial policies under the \$7 billion International Monetary Fund (IMF) program approved in September 2024.

Key drivers of this fiscal improvement include a surge in remittances, healthy export figures, and increased foreign direct investment (FDI). Textile exports, the backbone of Pakistan's trade sector, rose by 7.4% year-on-year to \$17.9 billion, while FDI climbed 5% to reach \$2.5 billion. Perhaps most notably, remittances from overseas Pakistanis skyrocketed by 27%, hitting a record \$38 billion. These developments underscore the importance of maintaining pro-market, investor-friendly reforms that prioritize economic openness and self-reliance over repeated bailouts.

Schehzad also pointed to the strengthening of the Pakistani rupee's competitiveness, citing the decline in the Real Effective Exchange Rate (REER) to 96.6. A lower REER boosts export affordability and helps to balance the external account, lending further credibility to the government's monetary management. In parallel, Pakistan's equity markets have delivered exceptional performance, with the benchmark KSE-100 index surpassing 140,000 points for the first time in history. The market's capitalization now exceeds Rs16.8 trillion (roughly \$60 billion), earning Pakistan the title of the fourth-best performing equity market globally for July 2025.



This historic CA surplus is not just a statistical achievement; it reflects the country's potential to break away from a cycle of economic fragility and dependency. It is a testament to the private sector's resilience and the benefits of stable, pro-growth economic policy. While challenges remain, especially on the fiscal side, this momentum offers a rare opportunity for policymakers to consolidate reforms, attract sustainable investment, and reinforce market confidence. With a global reputation now tilting towards optimism, Pakistan must stay the course to turn this financial milestone into lasting economic prosperity.