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Pakistan Confident in Managing \$26B Debt: SBP Governor

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Pakistan is financially positioned to meet its external debt obligations of \$25.9 billion in the fiscal year 2025–26, according to State Bank of Pakistan (SBP) Governor Jameel Ahmed. Speaking at a press conference in Karachi, Ahmed emphasized that the country's rising foreign exchange reserves and stable debt management strategy place it in a strong position.

The SBP's foreign reserves, which increased by \$5 billion over the previous year, stood at \$14.5 billion at the end of June. The central bank projects this figure to climb to \$15.5

billion by the end of December and reach \$17.5 billion by June 2026. The governor indicated that potential inflows from Eurobonds and other sources could contribute further to this growth.

Regarding the upcoming fiscal obligations, Ahmed clarified that Pakistan must settle \$26 billion in external debt, which includes \$22 billion in principal and \$4 billion in interest. Of this amount, \$16 billion is expected to be managed through rollovers, while the remaining \$10 billion will be repaid directly. “Our reserves are more than sufficient to meet these requirements,” he stated.

Ahmed highlighted that the total public debt remained at \$100 billion, a figure consistently maintained since June 2022. No net increase has occurred over the past three years, with the SBP focusing on maintaining a balance between repayments and new borrowings. Adjustments have also been made to the structure of external debt, aiming for long-term, low-cost loans.

In fiscal year 2022, 43% of external loans came from multilateral institutions such as the World Bank and Asian Development Bank. That share has now increased to 50%, which, according to Ahmed, helps secure lower interest rates and longer repayment periods, improving the overall sustainability of Pakistan’s debt profile.

The SBP governor noted several positive economic indicators, including a current account surplus, declining inflation, and upgraded credit ratings from international agencies. “These trends reflect the revival of Pakistan’s economy and have enhanced the country’s credibility in the global financial market,” he added.

Pakistan’s economic growth reached 2.7% in FY2024, with projections for FY2025 between 3.25% and 4.25%. Worker remittances are also expected to rise above \$40 billion, while the current account balance is anticipated to remain stable between 0% and a 1% deficit due to increased imports.