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## Pakistan Signals Financial Reform and Global Market Return in Moody's Briefing

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Finance Minister Senator Muhammad Aurangzeb has reaffirmed Pakistan's renewed commitment to economic reform and global market engagement during a virtual briefing with Moody's Investors Service. Flanked by Minister of State for Finance Bilal Azhar Kayani, State Bank of Pakistan (SBP) Governor Jameel Ahmad, and senior officials, Aurangzeb offered a detailed update on the country's macroeconomic stabilization and future fiscal direction, with an emphasis on investor confidence, export growth, and regulatory reform.

Aurangzeb laid out what he described as a credible reform path anchored in fiscal responsibility, trade liberalisation, and external financing diversification. He pointed to Pakistan's successful completion of the International Monetary Fund's (IMF) final review under the Stand-By Arrangement as a confidence-building milestone. The finance team also highlighted ongoing talks with the United States for preferential tariff access, describing the dialogue as "encouraging." In parallel, Islamabad has secured \$1 billion in commercial funding from Middle Eastern sources, with plans underway to issue the country's first Panda bond renminbi-denominated debt aimed at Chinese markets alongside a possible return to the Eurobond market.

The Minister presented signs of macroeconomic resilience, citing a drop in inflation, a reduction in the SBP policy rate, foreign exchange reserves topping \$14 billion, and a stable exchange rate. These, combined with stronger remittance inflows and improved export performance, have given the government confidence to broaden its external financing options. At home, the focus is on increasing the tax-to-Gross Domestic Product (GDP) ratio to between 13 and 13.5 percent, driven by a technology-led tax administration overhaul. Aurangzeb emphasized that a Rs2 trillion revenue boost this year came through enforcement and digital reform not new taxes. This approach reflects a centre-right philosophy of using efficiency and enforcement to expand the tax base rather than penalising productivity with higher rates.

Crucially, Aurangzeb reassured Moody's of Pakistan's intention to stay the course on state-owned enterprise (SOE) reform, government downsizing, and structural transparency. He underlined that the reform process is being monitored at the highest levels, with Prime Minister-led oversight in place for tax and institutional reform initiatives. While challenges remain from energy sector inefficiencies to geopolitical headwinds Islamabad's economic team appears determined to avoid past cycles of fiscal indiscipline. Instead, it is positioning Pakistan as a reform-minded, market-oriented economy seeking to attract long-term, export-driven investment.