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Pakistan's Current Account Surplus Signals Economic Shift Amid Fragile Fundamentals

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Pakistan has recorded a current account surplus of USD 2.1 billion for the fiscal year ending June 30, 2025 marking a rare shift from the country's historically persistent deficits. While the surplus is a welcomed development on paper, it also prompts a deeper look into the economic underpinnings, especially amid continued reliance on foreign financial institutions like the International Monetary Fund (IMF).

This surplus, officially released by the State Bank of Pakistan (SBP), is the first full-year positive balance since 2010, driven largely by import restrictions, modest export growth,

and an uptick in remittances from overseas Pakistanis. Prime Minister Shehbaz Sharif has touted the figures as proof of economic improvement. However, critics argue that suppressing imports to artificially improve the current account is not a long-term growth strategy. In fact, the underlying industrial slowdown and shrinking domestic consumption point to weak fundamentals that could quickly reverse if trade volumes normalize.

Historically, Pakistan has struggled with its balance of payments, frequently turning to the IMF and other lenders to stabilize foreign exchange reserves. The country's most recent USD 7 billion bailout in 2024 included tough structural reform conditions. While fiscal tightening may temporarily support the external account, sustainable economic growth requires investment in export competitiveness, industrial productivity, and energy reform none of which have seen consistent progress. Moreover, short-term surpluses achieved through import suppression often come at the cost of job creation and domestic manufacturing.



For Pakistan to turn this brief surplus into a consistent trend, it must take a market-driven approach. That includes easing bureaucratic bottlenecks, ensuring tax reforms are business-friendly, and building investor confidence through policy clarity. A surplus driven by vibrant exports and investment not restrictions would be a genuine indicator of resilience. While the current surplus offers a glimmer of hope, the road to economic stability demands more than cosmetic wins. It requires political will, structural reforms, and a commitment to free enterprise that puts Pakistan's economic sovereignty above short-term populism.