Growth and declining reserves

There is a heated debate going on whether Pakistan will go for a bailout to IMF or not? The country's trade deficit has stood at almost $20 billion in the past eight months, according to statistics issued by the State Bank of Pakistan (SBP). Pakistan's imports amount up to $35 billion dollars while the exports stand at a meager $16 billion, leaving a huge gap between the payments received and made. However, the exports did post some growth compared to the last year but the growing imports are still a concern for all. The Govt. does not plan to devalue the rupee further but if the deficit grows with the same pace then there might not be any other option. In this time the Govt. is borrowing from foreign commercial banks and injecting that money in to the reserves and on top of that giving the impression that the Govt. won't go to IMF for a bailout. Pakistan raised $2.5 billion in November 2017 by floating dollar -denominated sovereign bonds in the international market in a bid to shore up official reserves and is still borrowing. Moving forward the debt servicing cost will also increase and put more pressure on the reserves. If we take a look at the imports of the country, there is a rise in the import value of machinery, fuel and transportation due to the ongoing development projects hence we can expect that soon after the completion of these projects there might be a decline in the imports. Govt. has also announced an amnesty for the undeclared foreign holdings which is expected to bring an inflow of around 2 -3 billion$. Such unconventional methods can never be a perfect solution to our concerns but will provide short-term easing.