

'CPEC WON'T CREATE DEBT BURDEN'

Relevant for: International Relations | Topic: Effect of policies and politics of developing countries on India's interests

Pakistan on Wednesday defended its economic partnership with China, amid fears that the terms of opaque multi-billion dollar investments by Beijing could be exacerbating Islamabad's economic woes as it considers a fresh IMF bailout.

"We have noted recent media reports questioning the viability of China-Pakistan Economic Corridor (CPEC), claiming that it would create an unbearable debt burden for Pakistan," the government said in a statement.

"Such media reports are often one-sided, distort facts, and are based on irresponsible statements by individuals who either have no understanding of CPEC or are driven by ulterior motives," the statement continued.

Opaque funding terms

The opaqueness of the CPEC terms has led to concerns as Pakistan faces a looming balance-of-payments crisis, with analysts saying it will need to take urgent action, potentially seeking a bailout from the International Monetary Fund.

"It is because of the favourable financing arrangements that Pakistan opted for Chinese investment under CPEC," said the statement, issued under the caretaker administration currently running the country. Chinese energy companies have "raised funds from Chinese banks and investors", and these do not constitute any debt obligation on Pakistan, the statement said.

The details come after U.S. Secretary of State Mike Pompeo voiced concerns in July over any IMF bailout being used to repay Islamabad's debts to China, with whom Washington is engaged in a trade war.

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