

XI CALLS FOR 'NEW ERA' IN TIES WITH PAK.

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Forging ties:China's President Xi Jinping, right, and Pakistan PM Imran Khan in Beijing.AP

Pakistan's Prime Minister, Imran Khan has arrived in Beijing to rework "all-weather" ties with China, after reinforcing Islamabad's bonds with Saudi Arabia, and keeping the door open for the re-entry of West-backed International Monetary Fund (IMF) into his country.

He was received at the airport in the early hours on Friday by Chinese Minister for Transport Li Xiaopeng, Chinese Ambassador to Pakistan Yao Jing and Ambassador of Pakistan to China Masood Khalid. In the afternoon, Mr. Khan was welcomed by Chinese President Xi Jinping at the Great Hall of the People.

Mr. Khan has arrived at a time when Pakistan's economy is in doldrums, and could benefit from financial support from China — Islamabad's longstanding ally.

This was evident during Mr. Khan's interaction with President Xi. "My party has only been in power for two months. Unfortunately we have inherited a very difficult economic situation," Reuters quoted Mr. Khan as saying.

"Countries go in cycles. They have their high points, they have their low points. Unfortunately, our country is going through a low point at the moment with two very big deficits, a fiscal deficit and a current account deficit. And so we, as I've said, have come to learn."

President Xi responded by stating that China-Pakistan "all weather" friendship should enter a "new era". "I attach great importance to China-Pakistan relations and am willing to work together with the Prime Minister to strengthen the China-Pakistan all-weather strategic partnership and build a new era of China-Pakistan destiny," Mr. Xi said.

Low reserves

Talks between the two leaders commenced when Pakistan's foreign exchange reserves have reached an alarming low of around \$8 billion — barely sufficient to finance about two months of imports. Current account deficit in the financial year that ended in June was around \$18 billion.

Prior to Mr. Khan's arrival in Beijing, Saudi Arabia had come to Pakistan's aid with a \$6 billion package. That included a \$3 billion deposit for one year, to help Pakistan wriggle out of its immediate balance of payment crisis.

Despite Riyadh's emergency support, Pakistan is likely to approach China for financial backing to minimise its requirement for a loan from the IMF.

"What we are hoping is that we do a bit of both, get a loan from the IMF and other loans from friendly governments," Mr. Khan said during an investment conference in Riyadh last month.

Pakistani media reports quoted Information Minister Fawad Chaudhry as saying that the Xi-Khan meeting was "very productive", and signalled that Pakistan would secure a major economic package from China. Geo TV, quoting sources, reported that Pakistan is expected to receive \$6 billion economic package from China during Mr. Khan's visit.

That includes a loan of \$1.5 billion and a grant of \$1.5 billion, along with an additional package of \$3 billion for the China Pakistan Economic Corridor (CPEC).

Analysts point out that China needs Pakistan's full support to make the CPEC a success. China has billed the \$62 billion project as the flagship undertaking of its Belt and Road Initiative (BRI).

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