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EBS/89/228
Correction 1

CONFIDENTIAL

December 15, 1989

To: Members of the Executive Board

From: The Secretary

Subject: Pakistan - Staff Report for the 1989 Article IV Consultation
and Request for a Second Annual Arrangement Under the
Structural Adjustment Facility and for Modifications Under
the Stand-By Arrangement

The following corrections have been made in EBS/89/228
(12/1/89):

Page 91, footnote 2: for "the first annual SAF"
read "the second annual SAF"

footnote 6: for "end of September 1988"
read "end of September 1989"

A corrected page is attached.

Att: (1)

Table 2. Pakistan: Limits on External Debt During 1989 and 1990--
Performance Criteria, Indicative Targets, and Benchmarks

(In millions of U.S. dollars)

	1989		1990			
	Sept. 30	Up to Dec. 31	Up to Mar. 31	Up to June 30	Up to Sept. 30	Up to Dec. 31
Limits to the outstanding stock of public and publicly guaranteed short-term external debt <u>1/</u>	215.0	250.0 <u>2/</u>	250.0 <u>2/</u>	250.0 <u>3/ 5/</u>	250.0 <u>4/ 5/</u>	250.0 <u>4/ 5/</u>
Limits <u>6/</u> to the contracting of new public and publicly guaranteed debts:						
a. with initial maturities of over one (1) year and up to and including five (5) years;	--	440.0 <u>2/</u>	440.0 <u>2/</u>	440.0 <u>3/</u>	560.0 <u>4/</u>	560.0 <u>4/</u>
b. with initial maturities of over one (1) year and up to and including twelve (12) years	--	835.6 <u>2/</u>	835.6 <u>2/</u>	835.6 <u>3/</u>	1,532.6 <u>4/</u>	1,532.6 <u>4/</u>
Memorandum item:						
Short-term non-import-related liabilities <u>7/</u>	2,558.7	2,744.6 <u>3/4/</u>	2,711.6 <u>3/4/</u>	2,717.9 <u>3/4/5/</u>	2,753.4 <u>4/5/</u>	2,788.9 <u>4/5/</u>

1/ Up to and including one year. These limits exclude import-related credits, liabilities of the banking system, and Foreign Exchange Bearer Certificates (FEBCs).

2/ Performance criteria under the stand-by arrangement and benchmarks under the second annual SAF arrangement.

3/ Benchmarks under second annual SAF arrangement.

4/ Indicative targets.

5/ If the contracting of new commercial bank borrowing by the Government of Pakistan with initial maturities of over one year and up to and including five years exceeds US\$125 million on a cumulative basis since September 30, 1989, the limit will be reduced by the amount exceeding this amount of US\$125 million.

6/ The limits apply to cumulative new commitments from the end of September 1989 to the test date; excluding military debt.

7/ Public and publicly guaranteed short-term liabilities with an initial maturity of up to and including one year, excluding import-related trade credits. Includes all foreign currency deposits (irrespective of initial maturity), other short-term liabilities of the banking system, and the stock of FEBCs.

Table 3. Pakistan: Quarterly Minimum Limits (Floors) on the Net International Reserves (NIR) of the Monetary Authorities ^{1/} and Indicative Net Foreign Asset (NFA) Targets, 1989-90

(In millions of U.S. dollars)

	NIR	NFA
1989		
June 30 ^{2/}	-2,494	-1,440
September 30 ^{3/}	-2,420	-1,634
December 31 ^{4/}	-2,719	-1,900
1990		
March 31	-2,272	-1,377
June 30	-2,358	-1,427
September 30	-2,470	-1,507
December 31	-2,463	-1,447
1991		
March 31	-2,319	-1,250
June 30	-2,348	-1,242

^{1/} A minus sign refers to a net liability position. Net international reserves are defined in U.S. dollar terms (using the exchange rates prevailing at the end of June 1989 as published in IMF, International Finance Statistics (IFS)). Net international reserves consist of gross official reserves (including holdings of SDRs; gold (valued at SDR 35 per fine troy ounce); the reserve position in the Fund; all foreign exchange reserves of the State Bank of Pakistan (SBP) and Deposit Money Banks (DMBs); other foreign assets of DMBs under bilateral arrangements and "export bills" outstanding; less specified liabilities. These liabilities consist of outstanding use of Fund credit; liabilities to foreign monetary authorities; foreign currency deposits by nonresident banks and nonbanks; other borrowing in foreign currency by the SBP and DMBs; the stock of Foreign Exchange Bearer Certificates (FEBCs); the net forward commitments of the SBP and DMBs in foreign exchange and gold and the net swap position of the SBP and DMBs with residents and nonresidents. Net forward commitments in foreign exchange (gold) are defined as the total commitments of the SBP and DMBs to sell foreign exchange (gold) less the total commitments of the SBP and DMBs to buy foreign exchange (gold) from nonbank residents and nonresidents; and forward commitments to trade in gold will be valued at the contractual price of the commitment.

^{2/} Provisional actuals.

^{3/} Estimated.

^{4/} The projections assume that US\$250 million of a medium-term commercial bank loan to be contracted by the Government of Pakistan will be disbursed in the third fiscal quarter of 1989/90. If the loan is disbursed in the second fiscal quarter of 1989/90, the floors for net foreign assets and net international reserves will be adjusted accordingly for end-December 1989.