

## Headlines:

- **EU's Tusk says No More Brexit Negotiations**
- **The Chinese and Afghan Foreign Ministers are Leading their Delegations**
- **Moody's Paints Grim Picture of Pakistan's Economy**

## Details:

### EU's Tusk says No More Brexit Negotiations

European Council President Donald Tusk said on Friday he had no mandate to reopen Brexit negotiations with Britain, while the head of the bloc's executive, Jean-Claude Juncker, said he "admired" Prime Minister Theresa May. Tusk and Juncker were speaking at a news conference after two days of talks at an EU summit that were dominated by the issue of Brexit and saw the other 27 national leaders of the bloc offer May only vague assurances over their Brexit deal. "I have no mandate to organize any further negotiations. We have to exclude any further opening of the withdrawal agreement," Tusk said. "But of course, we are staying here in Brussels and I'm always at the PM's disposal." Juncker, captured by cameras earlier on Friday during an apparently heated exchange with May, said: "We have to bring down the temperature" around Brexit talks. He said he did not mean to offend May and his comments describing the British position as "nebulous" referred to the broader state of the Brexit debate in the United Kingdom. "We sympathise with Mrs May," Juncker told a news conference. "I have the highest respect for the British PM." He added the EU, in answering May's plea for more assurances on the Brexit deal so that she could get it past her parliament, promised to start negotiations with the UK on their new trade deal "the second after" their divorce deal is approved, so that the contentious Irish backstop hopefully never has to kick in. Tusk also offered his words of respect. "We have treated PM May with the outmost respect, all of us. We really appreciate the efforts to ratify our common agreement," Tusk said. "We have treated PM May with much greater empathy and respect than some British members of parliament." [Source: Reuters]

**The EU holds all the cards and has forced the UK to negotiate from a position of weakness. If Britain leaves the EU, it will never allow Germany and France to become more powerful. Previously, Britain has initiated great wars on the continent to maintain its primacy... can the world expect something similar post-brexit?**

### Pakistan, China, Afghanistan Trilateral Talks Underway in Kabul

The second tier of Pakistan-China-Afghanistan trilateral dialogues is being held today (Saturday) in Kabul aimed at discussing regional peace and strengthening economic and counter-terrorism cooperation. Foreign Minister Shah Mehmood Qureshi reached Kabul earlier for the talks. He is representing the Pakistani delegation and is accompanied by Foreign Secretary Tehmina Janjua and other senior officials of the Foreign Office. A tripartite cooperation framework on counter-terrorism is expected to be signed at the meeting. As cited by sources, the talks will be held in three phases. The first phase will have discussion about the political situation in Afghanistan and the negotiation process with Taliban, whereas the second will discuss regional cooperation. The third phase will revolve around security cooperation, sources said. The three foreign ministers are also scheduled to meet with Afghan President Ashraf Ghani. Meanwhile, FM Qureshi during his day-long visit will hold bilateral dialogue with his Chinese counterpart. The foreign minister, while speaking to the media ahead of his departure, welcomed the Chinese initiative of holding trilateral dialogue. "Both Pakistan and China desire peace, stability, prosperity and development in

Afghanistan," he stated. "We are carrying the message of friendship and peace to Afghanistan," he added. [Source: The International News]

**With less than a year left for the commencement of official campaigning for the 2020 US elections, Trump has initiated a peace overtures in Afghanistan. The purpose appears to be for Trump to claim some type foreign policy success ahead of the election season, and he is using Afghanistan and Pakistan to encourage China to do the heavy lifting. It remains to be seen, whether Beijing accepts the bait.**

### **Moody's Paints Grim Picture of Pakistan's Economy**

Moody's Investors Service says that the credit profile of Pakistan (B3 negative) reflects the sovereign's high external vulnerability, weak debt affordability, and very low global competitiveness. Significant external pressures driven by wider current-account deficit have reduced foreign-currency reserves, which are unlikely to be replenished in the near term unless capital inflows increase substantially. While Pakistan's public external debt repayments are modest, low reserve adequacy threatens the ability of the government to finance the balance of payments deficit and roll over external debt at affordable costs. Moody's conclusions are included in its just-released annual credit analysis "Government of Pakistan -- B3 negative". This analysis elaborates on Pakistan's credit profile in terms of economic strength, moderate (+); institutional strength, very low (+); fiscal strength, very low (-); and susceptibility to event risk, high, which are the four main analytic factors in Moody's Sovereign Bond Rating Methodology. Moody's assessment of Pakistan's susceptibility to event risk is driven by external vulnerability risk. Current-account deficits will remain wider relative to 2013-16 levels, with near-term prospects for a marked and sustained reversal unlikely unless goods imports contract sharply. Absent significant capital inflows, the coverage of foreign-exchange reserves for goods and services imports will remain below two months, below the minimum adequacy level of three months recommended by the International Monetary Fund. Moody's expects real GDP growth in Pakistan to slow to 4.3-4.7% in fiscal 2019 (ending June 2019) and fiscal 2020 from 5.8% in fiscal 2018 in part due to policy measures taken to address the external imbalance. The government's narrow revenue base restricts fiscal flexibility and weighs on debt affordability, while its debt burden has increased in recent years. At around 72% of GDP as of the end of fiscal 2018, the government's debt stock is higher than the 58% median for B-rated sovereigns, and Moody's expects the burden to rise further and peak at around 76% of GDP in fiscal 2020 -- in part because of currency depreciation -- before gradually declining as the twin deficits gradually narrow. The moderate but rising level of external government debt also exposes the country's finances to sharp currency depreciations. Nevertheless, longer-term economic prospects remain robust, in part because of improvements in power supply, infrastructure and national security that have raised the country's growth prospects and hence business confidence. In particular, infrastructure investments and the significant increase in power supply, including through projects under the China-Pakistan Economic Corridor (CPEC), which are already helping with growth, will address some of Pakistan's long-term economic constraints and strengthen its growth potential. [Source: The Nation]

**Despite several warnings from both domestic and international sources, the government of IK has not announced any clear plan to tackle the crisis. The lack of planning underscores how ill prepared Khan's government is and how foolish the military has been in backing him. The real casualty is not Khan but the army that brought him to power, which ostensibly is bereft of ideas.**