

Monday, February 25th 2019

Dear Mustafa,

I am writing this to you from Pakistan, a country under stress. The interest burden on the country is massive, large and blue chip companies on the Karachi stock exchange have suspended their dividends, the massive rupee devaluation that has taken place (and looks set to continue) has eroded margins for domestic importers and created substantial inflation. Also, most upsetting of all, property prices have fallen.

It therefore only feels fitting that I bring my own stress with me, and in my case this is a pinched nerve in my neck causing numbness to run down my left arm. This has led me into a new Karachi experience, hospitals. And in 24 hours of arriving I had undergone tests, consultations and received prescriptions in some world class establishments. My symptoms are alleviating, I fear Pakistan's are only just getting started.

But as I settled back into the reassuring surroundings of the Sind Club, the newspaper's front pages are plastered with affectionate photographs of Saudi's MBS and Imran Khan. This is a strange relationship and brought to mind the 'Prince and the Pauper', Mark Twain's first stab at historical fiction in which Prince Edward VI and his pauper lookalike Tom Canty exchange places. A story retold in many a Hollywood movie in which both parties learn and improve from the experiences.

Although MBS and IK do not look the same the first part of this story is currently on display in the newspaper, as the

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Prince spent time with the Pauper, bestowing largesse in the unlikely but 'maybe obvious in retrospect' form of an oil refinery and an LNG plant. Pakistan has neither oil or gas....the Prince will supply that too.

So what does the Pauper have? In the book, it was the Great Seal that was in the hands of the Pauper, without which the Prince could not be the Prince. Today, our Pauper holds in his hands the nation's armed forces. The deal now seems clear - it's an Oil for Army swap. Pakistan's energy imports represent nearly 60% of its total exports; or in simpler terms, Pakistan's exports bring in US\$, 60% of which are spent to purchase US\$-denominated energy. The Prince does truly bring the greatest of gifts. But in return will ask for the main national asset be at his disposal, to defend him.

Mark Twain noted "All you need in life is ignorance and confidence and success is sure."

The ignorant Prince and the confident Pauper need each other. I hope Mark Twain is right and success shall follow, that the Prince shall learn mercy and the Pauper a better life. But my guess is that Mark Twain was having a good laugh.

See you next week - Chris