

FDI plunges 52pc in April

KARACHI: The foreign direct investment (FDI) plunged by 52.23 per cent to \$133 million in April, from \$278.7m in March, reported the State Bank of Pakistan on Monday.

Since the spread of coronavirus in Pakistan, FDI has taken a huge hit, consistently declining month-on-month. Inflows in February were recorded at \$562.6m, which have since cumulatively declined by 76.3pc by April.

However, on a yearly basis, inflows continued to rise, posting a 33pc jump to \$133.2m in April, from \$100.8m in the same month last year.

During 10MFY20, FDIs surged by 127pc to \$2.281 billion, compared to \$1bn in the same period of last year.

Jumps 33pc year-on-year

Despite the coronavirus hitting the global economy, FDIs to Pakistan are still higher than last year mainly because of extremely poor performance in FY19, when they were at a five-year at just \$947m.

Further details show that the highest inflow was noted from China - which is also Pakistan's biggest trading partner - with FDIs from the country amounting to \$877.8m during 10MFY20, up from just \$45m in the same period of last fiscal year.

Second highest inflow was noted from Norway, which rose to \$288m in July-April, from \$11.5m in the same period of last fiscal. Similarly, FDI from Hong Kong, the Netherlands and the UK were at \$163m, \$108m and \$100.9m, respectively.

Meanwhile, \$185m came from Malta, as against a net outflow of \$116m during the same period of last fiscal year.

Researchers and analysts expect FDIs would further decline due to the depressed global economy. However, they believe that despite those declining inflows and sharp fall in exports, remittances being sent by overseas Pakistanis are still intact, thus helping the country to keep a reasonable buffer of foreign exchange reserves.