

July FDI down 45pc

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KARACHI: While, the country is in dire need for external inflows to build its depleting foreign exchange reserves, Foreign Direct Investment (FDI) fell by 45 percent in the first month of this fiscal year (FY19).

Economists said that political uncertainty was one of the main reasons behind the less foreign investment in the country. However, they are confident that foreign investment is likely to get a momentum in coming months as the election process has been completed successfully with installation of new government.

According to the State Bank of Pakistan (SBP), the country attracted FDI amounting to \$128 million in July 2018 compared to \$233.8 million in July 2017, depicting a decline of \$105.6 million. During the period under review, FDI inflows were \$188.3 million against the outflow of \$60.2 million.

China is the top contributor to FDI as its investment accounted for about 58 percent of the total FDI arrived during current fiscal year. The CEPC-related construction, trade and transport projects have received investment from China. Out of total FDI inflows, Chinese invested some \$75.1 million in Pakistan in the first month of FY19 compared to \$70 million in the corresponding period of FY18.

Inflows from United Kingdom and Singapore also contributed largely to the overall FDI as both invested \$25.7 million and \$11.6 million, respectively in July 2018. However, investment from Malaysia declined drastically from \$92.6 million in July 2017 to \$1.1 million in July 2018.

According to the SBP, the second component of foreign investment, ie, portfolio investment also posted a downward trend due to weaker performance of equity market. Portfolio investment stood negative at \$42.1 million, down 270 percent, in the first month of this fiscal year.

Total foreign investment, comprising FDI, portfolio investment and foreign public investment fell by 61 percent during the first month of this fiscal year. The country's total foreign investment stood at \$86 million in July 2018 compared to \$223 million in July 2017, the SBP reported.