

FDI scene depicts dismal performance in 11 months

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REPORT

KARACHI: Despite massive surge in Foreign Direct Investment (FDI) from China under CPEC, overall FDI has presented a dismal performance during the first eleven months (July-May) of this fiscal year (FY18).

Economists said ahead of general elections, to be held next month, foreign investors have adopted wait and see policy and closely monitoring Pakistan's economy as well as elections. "Ongoing political uncertainty has largely contributed in the recent decline in foreign investment," they added.

The State Bank of Pakistan (SBP) Wednesday revealed that FDI has fell 1.3 percent during the first eleven months of this fiscal year. FDI decreased to \$2.476 billion during July-May of FY18 compared to \$2.507 billion in corresponding period of last fiscal year (FY17), depicting a decline of \$31.7 million. During the period under review, the country has received FDI inflows amounted to \$3.097 billion as against outflows \$621.4 million.

Month on Month basis, FDI was stood at \$238 million during May 2018 compared to \$323 million in May 2017, showing a decline of 35 percent or \$85 million.

China is the one of the largest contributor in overall FDI and most of Chinese investments have been arrived for CPEC related projects.

The country-wise analysis showed that with 61 percent share in overall FDI, Chinese foreign direct investment in Pakistan surged to \$1.509 billion in Pakistan during July-May of this fiscal year as against \$1.098 billion in same period of last fiscal year, showing an increase of 27 percent or \$411 million.

During the period under review, some \$260 million of FDI was arrived from United Kingdom and an amount of \$124 million from Malaysia.

The second component of foreign investment i.e. portfolio investment has posted an increase of 59 percent. However, remained stood negative \$162 million in July-May of this fiscal year.

However, during the period under review, the foreign public investment in the country increased by 142 percent. Foreign public investment surged to \$2.45 billion in the first

eleven months of this fiscal year as against \$1.012 billion in corresponding period of FY17, showing an increase of \$1.438 billion.

During the period under review, with massive increase in foreign public investment, net inflows of foreign investment in Pakistan mounted up by 52.3 percent to \$4.764 billion in up from \$3.128 billion.