

Executive Summary

The International Investment Position (IIP) is of significant importance for policy makers and market players for decision making in globalised economies. The annual publication of *International Investment Position of Pakistan 2009* presents Pakistan's International Investment position as on December 31, 2009. The areas covered in conceptual framework of IIP are direct investment, portfolio investment, financial derivatives and other investment on both liabilities and assets sides while reserves on assets side only. Other investment comprises of trade credits, loans, currency and deposits and other accounts receivable/ payable. Foreign Direct Investment has come out as not only a major source of much needed capital but is also considered to be a major channel for access to advance technologies, organizational and managerial skills. Pakistan being a developing country requires foreign assistance for its developmental projects as well as meeting the saving investment gap. The IIP statement also provides details of all financial assets and liabilities on gross basis and net IIP gives the net of the positions i.e. what a country owns and what it owes to the rest of the world.

Overall net IIP of Pakistan shows that its worth has decreased from US\$ -52,298 million in 2008 to US\$ -54,535 million during 2009. External financial assets increased by 29.9 percent in 2009 mainly because of increase in reserves. Direct and portfolio investment abroad which is 8.6 percent of the total assets has decreased by US\$ 99 million or 4.7 percent during 2009 mainly due to decrease in capital of Pakistanis companies in their overseas branches/ subsidiaries. Reserve assets of Pakistan dominating the assets side with 64.8 percent share have increased by 57.2 percent or US\$ 5,507 million during 2009. Direct and portfolio investment in Pakistan which are 22.3 and 4.6 percent of the total liabilities increased from US\$16,473 million to US\$17,386 million and in absolute term by US\$913 million or 5.54 percent and from US\$ 4,723 to US\$ 3,548 by US\$ 1,175 million or 24.9 percent respectively during the year. The sharp decrease in portfolio investment in Pakistan occurred on account of fall in equity securities which contributes 46 percent in the total decrease of US\$ 1,175 million during the year under review whereas an amount of US\$ 635 million is attributable to decrease in investment in debt securities. External loans which account for 66.2 percent of the total liabilities have increased from US\$ 46,602 million to US\$ 51,605 million or by US\$ 5,003 million or 10.7 percent from the previous year.

As part of initiatives for further improving the coverage & data quality the Statistics & DWH department has conducted Coordinated Direct Investment Survey (CDIS) for 2009. The CDIS has resulted in the assemblage of a comprehensive database of direct investment positions data (as of the end of 2009), disaggregated by instruments and by counterpart economies of immediate investors. The survey has been utilized not only for direct investment position under CDIS but all information needed for IIP compilation.

For easy access by the users, the publication is also available on our website

<http://www.sbp.org.pk/publications/IIPP/index.htm>