

Executive Summary

This annual publication of *International Investment Position of Pakistan* presents Pakistan's foreign liabilities & assets position as on December 31, 2018. The publication is enhanced version of our former publication *foreign liabilities & assets and foreign investment in Pakistan*. The areas covered in the 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 other equity; currency and deposits; loans; insurance, pension and standardized guarantee schemes; trade credits and advances; other accounts receivable/ payable and special drawing rights (net incurrence of liabilities). 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 shows 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\$ -103,902.8 million on December 31, 2017 to US\$ -112,524.1 million on December 31, 2018. There is a decrease of 24.7 percent in external financial assets in 2018. Direct investment abroad, which is 9.7 percent of the total assets, has decreased by US\$ 20.9 million or 1.0 percent during 2018. Portfolio investment abroad, which is 2.0 percent of the total assets, has decreased by US\$ 50.9 million or 10.4 percent during 2018. Reserve assets of Pakistan depicting 54.6 percent share in total assets have decreased by 36.3 percent or US\$ 6,703.2 million during 2018.

Direct investment in Pakistan, which is 25.5 percent of the total liabilities, decreased from US\$ 40,867.5 million to US\$ 34,203.8 million and in absolute term by US\$ 6,663.6 million in 2018. On the other hand, portfolio investment in Pakistan, which is 8.4 percent of the total liabilities, has decreased by 13.4 percent from US\$ 13,038.1 million to US\$ 11,290.2 million or by US\$ 1,747.9 million during the year. External loans, which account for 58.9 percent of the total liabilities, have increased from US\$ 72,537.4 million to US\$ 78,981.1 million or by US\$ 6,443.7 million or 8.9 percent from the previous year.

As part of initiatives for further improving the coverage and data quality, the Statistics & DWH Department conducts Coordinated Direct Investment Survey (CDIS) on annual basis from year 2009. The CDIS provides comprehensive information on direct investment, disaggregated by instruments, by counterpart economies of immediate investors and ultimate controlling parent (UCP) along with other relevant information needed for IIP compilation. The stock data on FDI based on UCP concept has been prepared and can be seen at table 2.7. For easy access by the users, the publication is also available on our website <http://www.sbp.org.pk/publications/IIPP/index.htm>