

Executive Summary

Introduction

This report presents the stock position of Foreign Liabilities & Assets and Foreign Investment in Pakistan as on 31st December 2002 and pertains to the 38th surveys of such type carried out so far. The survey covers:

- (i) companies registered or incorporated abroad and functioning in Pakistan,
- (ii) companies incorporated in Pakistan having foreign participation and
- (iii) partnerships operating in Pakistan in which non-residents hold interest.

The requisite information were collected through a questionnaire from the above mentioned three categories of respondents under sub-section (I) of section IV of the International Monetary Fund and Bank Act, 1950 and the Gazette Notification No.3 (3) – IMF 56 of 4th October, 1956 (Appendix-I). Out of 830 entities targeted, 588 responded representing a response rate of 70.67 per cent. In addition to the above information, data relating to:

- (a) holdings of foreign securities & shares by resident individuals and
- (b) net position of Pakistani firms/companies operating abroad

was obtained from the Exchange Policy Department of the State Bank of Pakistan.

The comparative position of the respondents is given in the table-1.

TABLE – 1
Number of Companies Covered in the Survey

RESPONDENT	2002	2001
Firms/Companies registered or incorporated outside Pakistan	109	108
Companies incorporated in Pakistan in which foreigners hold interest	478	471
Partnerships in which foreigners hold interest	1	3
Total	588	582

Total number of respondents increased from 582 to 588 during the year under review. The number of companies incorporated in Pakistan in which foreigners hold interest, increased from 471 to 478 (foreign interest ceased to exist in 7 companies as against 14 fresh entrants). The number of branches of foreign firms/companies operating in Pakistan increased from 108 to 109. The 4 companies ceased operation in Pakistan as against 5 new entrants. Only one Partnership Company exits during the year.

Overall Net Debtor Position

Position of current year

The total net foreign indebtedness decreased by Rs. 22,020.2 million (4.7 %) from Rs. 463,934.4 million in 2001 to Rs. 441,914.2 million in 2002(table-2). Pakistani Joint Stock Companies having foreign participation continued to account for most of the foreign liabilities, which decreased from Rs. 362,029.1 million to Rs. 349,805.9 million or by Rs. 12,223.2 million (3.4 %) in 2002. The net foreign liabilities of the branches of foreign firms/companies incorporated/registered abroad decreased from Rs. 107,864.2 million to Rs. 97,585.4 million and its relative share decreased from 22.8 percent to 22.1 percent in 2002. The position of the partnerships having foreign participation stood negligible in 2002. Holdings of foreign securities by Pakistan nationals changed from Rs. 571.0 million to Rs. 760.11 million in 2002. The net creditor position of Pakistani firms/Companies operating abroad reflected a decrease of Rs. 670.7 million from Rs. 5,387.8 million to Rs. 4,717.1 million over the year.

In U.S. dollars total net foreign liabilities decreased by \$ 92.9 million (1.2 %) from \$ 7,657.8 million in 2001 to \$ 7,564.9 million in 2002. The liabilities of Pakistani Joint Stock Companies having foreign

participation increased from \$ 5,975.7 million in 2001 to \$5,988.2 million in 2002. The net foreign liabilities on account of branches of foreign firms/Companies incorporated abroad fell from \$ 1,780.4 million to \$1,670.5 million in 2002 while its relative share decreased from 23.3 percent to 22.1 percent of the total in 2002. The net position of the partnerships having foreign participation was negligible in 2002. Holdings of foreign securities by Pakistani nationals increased by \$ 3.6 million and stood at \$ 13.0 million in 2002.

Table – 2
Net Debtor Position By Category of Firms/Companies

Category	2002		2001	
	Amount	% of total	Amount	% of total
Firms/Companies registered or Incorporated outside Pakistan	(\$)		(\$)	
Pakistani Joint stock companies having foreign participation	349,805.9 (\$5,988.2)	79.16	362,029.1 (\$5,975.7)	78.03
Partnerships having foreign participation	0.1 (\$0.002)	0.00	0.00 (\$0.0)	0.00
Holdings of foreign securities by Pakistani nationals	-760.11 (\$-13.01)	-0.17	-571.0 (\$-9.4)	-0.12
Pakistani firms/Companies operating abroad	-4,717.1 (\$-80.7)	-1.07	-5,387.8 (\$-88.9)	-1.16
Total	441,914.2 (\$7,564.9)	100.00	463,934.5 (\$7,657.8)	100.00

The net creditor position of Pakistani Firms/Companies operating abroad decreased from \$ 88.9 million to \$ 80.7 million over the year 2002.

Overall Net Debtor Position by Economic Group

The present report is based on classification of companies into 36 economic groups as compared to eight economic groups in 2001 survey. According to nature of economic activity of the companies the “Power” group contributed a major portion of the net foreign liabilities. Its total liabilities decreased from

Rs. 183,452.9 million to Rs. 144,634.7 million or by Rs. 38,818.2 million (21.2%) while its relative share decreased from 39.5 percent to 32.7 percent of the total (table-3, fig-1).

Net debtor position of “Financial Business” group increased from Rs. 59,905.3 million to Rs. 104,515.6 million in 2002 while its relative share increased from 12.9 percent to 23.7 of total.

Table – 3
Overall Net Debtor Position By Major Economic Group

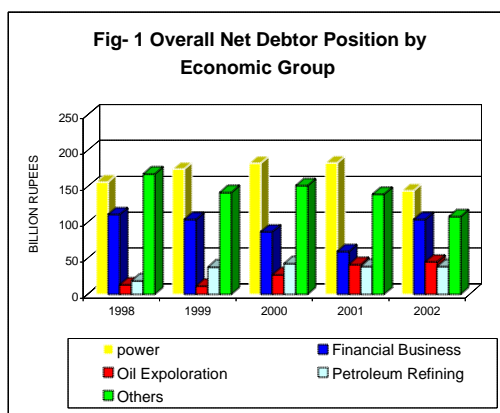
Economic Group	2002		2001	
	Amount	% of total	Amount	% of total
Power	144,634.7	32.73	183,452.9	39.54
Financial Business	104,515.6	23.65	59,905.3	12.91
Oil & Gas Explorations	45,295.5	10.25	41,860.4	9.02
Petroleum Refining	38,929.2	8.81	38,978.1	8.40
Cement	23,808.9	5.39	26,769.3	5.77
Personal Services	16,937.2	3.83	22,436.7	4.84
Chemicals	6,161.8	1.39	8,819.8	1.90
Others	61,631.3	13.95	81,712.0	17.61
Total	441,914.2	100.00	463,934.5	100.00

The net foreign liabilities of the “Oil & Gas Explorations” group, increased from Rs. 41,860.4 million to Rs. 45,295.5 million in 2002 and its relative share increased from 9.08 percent to 10.3 percent of the total in 2002. The net external liabilities of the “Petroleum Refining” group decreased from Rs. 38,978.1 million to Rs. 38,929.2 million and relative share increased from 8.4 percent to 8.8 percent of the total in 2002. The “Cement” group net foreign liabilities decreased from Rs. 26,769.3 million to Rs. 23,808.9 million in 2002. The net debtor position of “Personal Services” decreased from Rs. 22,436.7 million to Rs. 16,937.2 million and its relative share decreased from 4.8 percent to 3.8 percent during the year 2002. The net foreign liabilities on account of “Chemicals” group decreased from Rs. 8,819.8 million to Rs. 6,161.8 million during the year 2002. The liabilities of the residual group “Others” decreased from Rs. 81,712.0 million to Rs. 61,631.3 million in 2002 and its relative share stood at 14.0 percent of the total in 2002.

Net Debtor Position by Creditor

Creditor-wise position revealed that the total claims of U.K. increased from Rs. 48,127.1 million to Rs. 85,617.6 million and its relative share increased from 10.37 percent to 19.37 percent during the year 2002.

The claim of USA increased from Rs. 75,923.7 million to Rs. 84,089.7 million in 2002 and its relative share increased from 16.37 percent to 19.03 percent. Claim of Japan decreased from Rs. 68,338.4 million to Rs. 59,241.9 million and its relative share decreased from 14.73 percent to 13.41 percent during the year 2002. Claim of International Financial Institutions decreased from Rs. 83,845.3 million to Rs. 48,977.6 million and its relative share decreased from 18.07 percent to 11.08 percent during the year 2002. Claims of Mauritius, Germany and Saudi Arabia increased from Rs. 12,654.6 million to Rs. 25,441.0 million, Rs. 16,606.6 million to Rs. 16,896.4 million and Rs. 11,340.3 million to Rs. 11,370.6 million respectively during the year 2002 and their relative shares increased from 2.73 percent to 5.76 percent, 3.58 percent to 3.82 percent and 2.44 percent to 2.57 percent during the year 2002. Claim of Netherlands decreased from Rs. 14,263.0 million to Rs. 11,021.8 million and its relative share decreased from 3.07 percent to 2.49 percent during the year 2002. Claim of Switzerland increased from Rs. 9,946.1 million to Rs. 10,722.8 million and its relative share increased from 2.14 percent to 2.43 percent during the year 2002. Claims of France decreased from Rs. 10,980.6 million to Rs. 10,635.8 million and its relative share decreased from 2.37 percent to 2.41 percent during the year 2002. Claims of U.A.E, Kuwait and Austria increased from Rs. 7,139.2 million to Rs. 8,208.1 million, Rs. 7,454.7 million to Rs. 7,691.1 million and Rs. 5,957.1 million to Rs. 7,429.7 million respectively during the year 2002 and their relative shares increased from 1.54 percent to 1.86 percent, 1.61 percent to 1.74 percent and 1.28 percent to 1.68 percent during the year 2002. Claims of Italy, Singapore, Bahrain, Malaysia, Virgin Island, China and Others increased from Rs. 9,781.8 million to Rs. 4,476.4 million, Rs. 2,417.6 million to Rs. 4,268.2 million, Rs. 13,533.0 million to Rs. 3,966.6 million, Rs. 17,860.2 million to Rs. 3,832.0 million, Rs. 3,500.9 million to Rs. 3,668.7 million, Rs. 3,604.4 million to Rs. 3,228.5 million and Rs. 40,659.5 million to Rs. 31,129.6 million respectively during the year 2002 and their relative shares decreased from 2.11 percent to 1.01 percent, 0.52 percent to 0.97 percent, 2.92 percent to 0.90 percent, 3.85 percent to 0.87 percent, 0.75 percent to 0.83 percent, 0.78 percent to 0.73 percent and 8.76 percent to 7.04 percent during the year 2002.



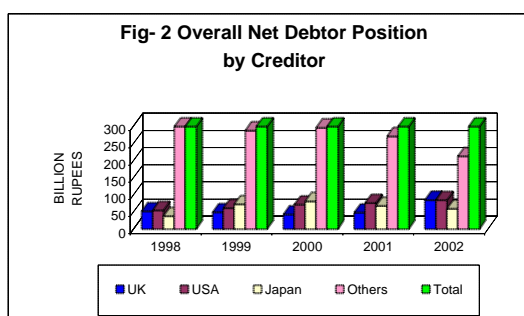
decreased from Rs. 83845.3 million to Rs. 48977.6 million and its relative shares decreased from 18.07 percent to 11.08 percent during the year 2002. Claims of Mauritius, Germany and Saudi Arabia increased from Rs. 12,654.6 million to Rs. 25,441.0 million, Rs. 16,606.6 million to Rs. 16,896.4 million and Rs. 11,340.3 million to Rs. 11,370.6 million respectively during the year 2002 and their relative shares increased from 2.73 percent to 5.76 percent, 3.58 percent to 3.82 percent and 2.44 percent to 2.57 percent during the year 2002. Claim of Netherlands decreased from Rs. 14,263.0 million to Rs. 11,021.8 million and its relative share decreased from 3.07 percent to 2.49 percent during the year 2002. Claim of Switzerland increased from Rs. 9,946.1 million to Rs. 10,722.8 million and its relative share increased from 2.14 percent to 2.43 percent during the year 2002 (table-4, fig-2). Claims of France decreased from Rs. 10,980.6 million to Rs. 10,635.8 million and its relative share increased from 2.37 percent to 2.41 percent during the year 2002. Claims of UAE, Kuwait and Austria increased from Rs. 7,139.2 million to Rs. 8,208.1 million, Rs. 7,454.7 million to Rs. 7,691.1 million and Rs. 5,957.1 million to Rs. 7,429.7 million respectively during the year 2002 and their relative shares increased from 1.54 percent to 1.86 percent, 1.61 percent to 1.74 percent and 1.28 percent to 1.68 percent during the year 2002. Claims of Italy, Singapore, Bahrain, Malaysia, Virgin Island, China and Others increased from Rs. 9,781.8 million to Rs. 4,476.4 million, Rs. 2,417.6 million to Rs. 4,268.2 million, Rs. 13,533.0 million to Rs. 3,966.6 million, Rs. 17,860.2 million to Rs. 3,832.0 million, Rs. 3,500.9 million to Rs. 3,668.7 million, Rs. 3,604.4 million to Rs. 3,228.5 million and Rs. 40,659.5 million to Rs. 31,129.6 million respectively during the year 2002 and their relative shares decreased from 2.11 percent to 1.01 percent, 0.52 percent to 0.97 percent, 2.92 percent to 0.90 percent, 3.85 percent to 0.87 percent, 0.75 percent to 0.83 percent, 0.78 percent to 0.73 percent and 8.76 percent to 7.04 percent during the year 2002.

million to Rs. 11021.8 million and its relative share decreased from 3.07 percent to 2.49 percent during the year 2002.

**Table – 4
Overall Net Debtor Position By Creditors**

Creditor	2002		2001	
	Amount	% of total	Amount	% of total
U.K	85,617.6	19.37	48,127.1	10.37
U.S.A	84,089.7	19.03	75,923.7	16.37
Japan	59,241.9	13.41	68,338.4	14.73
International Financial Institution	48,977.6	11.08	83,845.3	18.07
Mauritius	25,441.0	5.76	12,654.6	2.73
Germany	16,896.4	3.82	16,606.6	3.58
Saudi Arabia	11,370.6	2.57	11,340.3	2.44
Netherlands	11,021.8	2.49	14,263.0	3.07
Switzerland	10,722.8	2.43	9,946.1	2.14
France	10,635.8	2.41	10,980.6	2.37
U.A.E	8,208.1	1.86	7,139.2	1.54
Kuwait	7,691.1	1.74	7,454.7	1.61
Austria	7,429.7	1.68	5,957.1	1.28
Italy	4,476.4	1.01	9,781.8	2.11
Singapore	4,268.2	0.97	2,417.6	0.52
Bahrain	3,966.6	0.90	13,533.0	2.92
Malaysia	3,832.0	0.87	17,860.2	3.85
Virgin Island	3,668.7	0.83	3,500.9	0.75
China	3,228.5	0.73	3,604.4	0.78
Others	31,129.6	7.04	40,659.5	8.76
Total	441,914.2	100.00	463,934.5	100.00

year 2002. Claim of Switzerland increased from Rs. 9,946.1 million to Rs. 10,722.8 million and its relative share increased from 2.14 percent to 2.43 percent during the year 2002 (table-4, fig-2). Claims of France decreased from Rs. 10,980.6 million to Rs. 10,635.8 million and its relative share increased from 2.37 percent to 2.41 percent during the year 2002. Claims of UAE, Kuwait and Austria increased from Rs. 7,139.2 million to Rs. 8,208.1 million, Rs. 7,454.7 million to Rs. 7,691.1 million and Rs. 5,957.1 million to Rs. 7,429.7 million respectively during the year 2002 and their relative shares increased from 1.54 percent to 1.86 percent, 1.61 percent to 1.74 percent and 1.28 percent to 1.68 percent during the year 2002.



Claim of Bahrain decreased from Rs. 13,533.0 million to Rs. 3,966.6 million and its relative share decreased from 2.92 percent to 0.90 percent during the year 2002. There is minor change in the claims of Italy, Singapore, Malaysia, Virgin Island and China, which is from Rs. 9,781.8 million to Rs. 4,476.4 million, Rs. 2417.6 million to Rs. 4268.2 million, Rs., 17860.2 million to Rs. 3832 million, Rs. 3500.9 million to Rs. 3668.7 million and Rs. 3604.4.6 million to Rs. 3228.5 million respectively during the year 2002 while their respective shares vary from 2.11 percent to 1.01 percent, 0.52 percent to 0.97 percent, 3.85 percent to .87 percent, 0.75 percent to 0.83 percent and 0.78 percent to 0.73 percent. The claims of "Others" decreased from Rs. 40,659.5 million to Rs. 31,129.6 million during the year 2002.

Net Debtor Position of Branches Of Foreign Firms and Companies

The indebtedness of branches of foreign firms and companies which stood at Rs. 107,864.2 million forming 23.3 percent of the total foreign indebtedness in 2001 decreased by Rs. 10,278.8 million (9.5%) to Rs. 97,585.4 million 2002 (table-5). Distribution of the net liabilities according to economic activity revealed that liabilities under "Oil & Gas Explorations" group increased from Rs. 41,624.4 million to Rs. 43,324.3 or by Rs. 1,699.9 million (4.1%) in 2002. The net position of "Financial Business" group decreased from Rs. 40,607.5 million to Rs. 40,436.1 million or by Rs. 171.4 million (0.4%) during the year 2002. The net position of "Transport" group decreased from Rs. 5,890.8 million to Rs. 5,628.2 million or by

**Table – 5
Net Debtor Position Of Foreign Firms and Companies By Economic Group**

Economic Group	2002		2001	
	Amount	% of total	Amount	% of total
Oil & Gas Explorations	43,324.3	44.40	41,624.4	38.59
Financial Business	40,436.1	41.44	40,607.5	37.65
Transport	5,628.2	5.77	5,890.8	5.46
Trade	4,872.0	4.99	5,318.7	4.93
Electric Machinery	3,525.7	3.61	1,674.0	1.55
Construction	1,741.8	1.78	10,478.1	9.71
Others	-1,942.7	-1.99	2,270.7	2.11
Total	97,585.4	100.00	107,864.2	100.00

Rs. 262.6 million (4.5%) during the year 2002. The net position of "Trade" group decreased from Rs. 5,318.7 million to Rs. 4,872.0 million or by Rs. 446.7 million (8.4%) during the year 2002. The net position of "Electric Machinery" group increased sharply from Rs. 1,674.0 million to Rs. 3,525.7 million or by Rs. 1,851.7 million (110.6%) during the year 2002. The net position of "Construction" group decreased sharply from Rs. 10,478.1 million to Rs. 1,741.8 million or by Rs. 8,736.3 million (83.4%) during the year 2002. The indebtedness of "Others" group decreased sharply from Rs. 2,270.7 million to Rs. -1,942.7 million or by Rs. 4,213.4 million (185.6%) during the year 2002.

Creditor-wise position exhibited that USA was the most prominent creditor (table-6).

**Table – 6
Net Debtor Position Of Foreign Firms and Companies By Creditors**

Creditor	2002		2001	
	Amount	% of total	Amount	% of total
U.S.A	36,452.4	37.35	30,321.8	28.11
U.K	11,475.6	11.76	10,179.9	9.44
Austria	7,381.2	7.56	5,878.1	5.45
Netherlands	6,289.1	6.44	5,389.3	5.00
Germany	6,108.5	6.26	4,334.2	4.02
Saudi Arabia	4,783.7	4.90	5,441.6	5.04
Japan	2,688.9	2.76	4,604.6	4.27
Iceland	2,192.9	2.25	2,285.7	2.12
Switzerland	1,793.6	1.84	1,464.2	1.36
Korea	1,628.7	1.67	10,345.5	9.59
Oman	1,267.1	1.30	1,543.1	1.43
France	1,197.1	1.23	2,973.6	2.76
Other	14,326.6	14.68	23,102.5	21.42
Total	97,585.4	100.00	107,864.2	100.00

The liabilities increased by Rs. 6,130.6 million (20.2%) from Rs. 30321.8 million to Rs. 36,452.4

million in 2002. The liabilities of UK companies slightly increased from Rs. 10,179.9 million to Rs. 11,475.6 million during the year 2002 while its relative share increased from 9.44 percent to 11.76 percent during the year 2002. The liabilities of Austria, Netherlands and Germany increased from Rs. 5,878.1 million to Rs. 7,381.2 million, Rs. 5,389.3 million to Rs. 6,289.1 million and Rs. 4,334.2 million to 6,108.5 million respectively during the year 2002. The Foreign Liabilities on account of Saudi Arabia, Japan and Iceland decreased slightly from Rs. 5,441.6 million to Rs. 4,783.7 million, Rs. 4,604.6 million to Rs. 2,688.9 million and Rs. 2,285.7 million to Rs. 2,192.9 million during the year 2002. On the other hand the liabilities to Switzerland increased from Rs. 1,464.2 million to Rs. 1,793.6 million during the year 2002. Liabilities on account of Korea, Oman and France decreased from Rs. 10,345.5 million to Rs. 1,628.7 million, Rs. 1,543.1 million to Rs. 1,267.1 million and Rs. 2,973.6 million to Rs. 1,197.1 million during the year 2002. The Liabilities of residual decreased by Rs. 8,775.9 million (38.0%) from Rs. 23,102.5 million to Rs. 14,326.6 million during the year 2002. The gross foreign liabilities of Pakistan Joint Stock Companies decreased by Rs. 11,760.0 million (3.2%) from Rs. 366,738.2 million to Rs. 354,978.2 million and mainly consisted of long term liabilities such as "Equity Capital" and "long-term Debt" Together, they decreased from Rs. 329,846.7 million to Rs. 276,878.6 million or by Rs. 52,968.1 million (16.1%) and their relative share decreased from 89.9 percent to 78.0 percent of total in 2002.

Table – 7(a)
Gross Foreign Liabilities of Pakistani Joint Stock Companies

Liabilities	2002		2001	
	Amount	% of total	Amount	% of total
Equity Capital	95,237.2	26.83	80,870.2	22.05
Short-term Debt	78,099.6	22.00	36,891.5	10.06
Long-term Debt	181,641.4	51.17	248,974.9	67.89
Total	354,978.2	100.00	366,736.6	100.00

The "Equity Capital" increased by Rs. 14,365.4 (17.8%) from Rs. 80,870.2 million to Rs. 95,237.2 million. "Long-term Debt" decreased from Rs. 248,974.9 million To Rs. 181,641.4 million or by Rs. 67,333.5 million (27.0%). "Short-term Debt" increased from Rs. 36,891.5 million to Rs. 78,099.6 million or by Rs. 41,208.1 million (111.7%) and its relative share increased from 10.1 to 22.0 percent of total in 2002 (table-7(a)).

The foreign assets of Pakistan Joint Stock Companies consisting of "Deposit abroad", "Loan and Advances" and "Securities, Shares and Debenture" increased by Rs. 463.2 million (9.8%) from Rs. 4,709.1 million to Rs. 5,172.3 million in 2002. The Ratio of assets to liabilities increased from 1.3% to 1.5% during the year 2002. "Deposits abroad" increased from Rs. 2,882.4 million to Rs. 2,923.9 million and its relative share decreased from 61.2 percent to 56.5 percent. "Loan And Advances" increased by Rs. 421.6 million (23.1%) from Rs. 1,826.7 million to Rs. 2,248.3 million in 2002 and its relative share increased from 38.8 percent to 43.5 percent of the total in 2002. "Securities, Shares and Debenture" stood nil in 2002.

Table – 7(b)
Gross Foreign Assets of Pakistani Joint Stock Companies

Liabilities	2002		2001	
	Amount	% of total	Amount	% of total
Deposits abroad	2,923.9	56.53	2,882.4	61.21
Loan and Advances	2,248.3	43.47	1,826.7	38.79
Securities, Shares and Debentures	..	..	..	..
Total	5,172.3	100.00	4,709.1	100.00
RATIO OF ASSETS TO LIABILITIES (%)	1.5		1.3	

Net Debtor Position of Pakistani Joint Stock Companies

The total net indebtedness of Pakistani Joint Stock Companies decreased by Rs. 12,223.2 million (3.4%) from Rs. 362,029.1 million to Rs. 349,805.9 million in

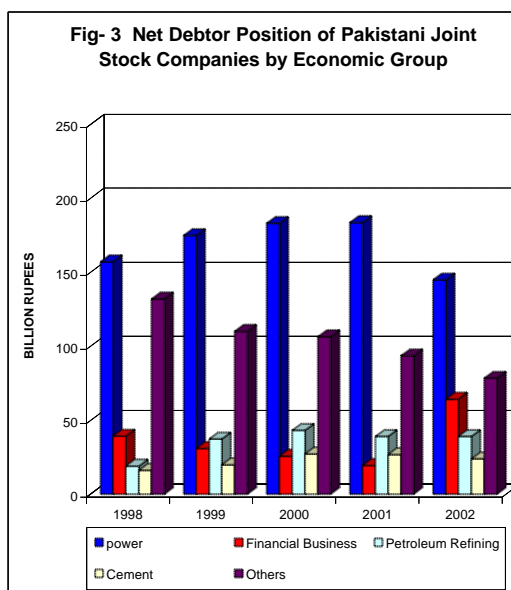
2002. According to economic group the net debtor position of “Power” decreased from Rs. 183,452.9 million to Rs. 144,634.7 million in 2002 while its relative share decreased from 50.7 percent to 41.4 percent of total during the year 2002. Net debtor position of “Financial Business” increased from Rs. 19,297.7 million to Rs. 64,079.5 million while its relative share increased from 5.3 percent to 18.3 percent during the year 2002. The net liabilities of the companies engaged in “Petroleum Refining” fell by Rs. 48.9 million (0.1%) from Rs. 38,978.1 million to Rs. 38,929.2 million during the year 2002. The net liabilities of the companies engaged in “Cement” fell by Rs. 2,960.4 million (11.1%) from Rs. 26,769.3 million to Rs. 23,808.9 million during the year 2002. The net liabilities of the companies engaged in “Personal Services” fell by Rs. 1,195.2 million (5.7%) from Rs. 21,070.4 million to Rs. 19,875.2 million during the year 2002. The net liabilities of the companies engaged in “Fertilizers”

Table – 8
Net Debtor Position Of Pakistani Joint Stock Companies By Major Economic Group

Economic Group	2002		2001	
	Amount	% of total	Amount	% of total
Power	144,634.7	41.35	183,452.9	50.67
Financial Business	64,079.5	18.32	19,297.7	5.33
Petroleum Refining	38,929.2	11.13	38,978.1	10.77
Cement	23,808.9	6.81	26,769.3	7.39
Personal Services	19,875.2	5.68	21,070.4	5.82
Fertilizers	14,567.0	4.16	26,708.2	7.38
Pharmaceutical & OTC Products	9,064.5	2.59	9,986.6	2.76
Others	43,911.4	12.55	45,752.5	12.64
Total	349,805.9	102.59	362,029.1	102.76

decreased by Rs. 12,141.2 million (45.5%) from Rs. 26,708.2 million to Rs. 14,567.0 million and its relative share decreased from 7.4 percent to 4.2 percent of total net debtor position of Pakistani joint stock companies during the year 2002. The net liabilities of the companies engaged in

“Pharmaceutical & OTC Products” fell by Rs. 922.1 (table-8, fig-3)



million (9.2%) from Rs. 9,986.6 million to Rs. 9,064.5 million during the year 2002 (table-8, fig-3). The net debtor position of “Others” decreased by Rs. 1,841.1 million from Rs. 45,752.5 million to Rs. 43,911.4 million or by Rs. 1,841.1 million (4.0%) during the year 2002.

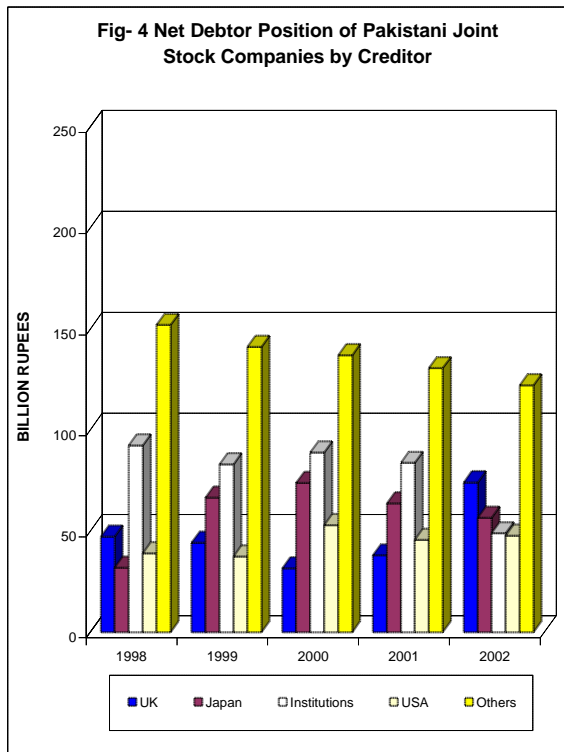
Classification of indebtedness by creditors shows that UK was the most prominent creditor during the year 2002 and its total claims increased from Rs. 38,006.4 million to Rs. 74,220.8 million while its relative shares increased from 10.5 Percent to 21.22 Percent during the year 2002 (table-9, fig-4).

Claims of Japan decreased from Rs. 63,733.8 million to Rs. 56,553.0 million and its relative share decreased from 17.6 percent to 16.17 percent during the year 2002. The liabilities of “International Financial Institutions” decreased from Rs. 83,844.7 million to Rs. 48,977.6 million and its relative share vary from 23.16 percent to 14.0 percent during year 2002. Claims of USA increased from Rs. 45,770.3 million to Rs. 47,800.0 million and its relative share increased

Table – 9
Net Debtor Position of Pakistani Joint Stock Companies By Creditors

Creditor	2002		2001	
	Amount	% of total	Amount	% of total
U.K	74,220.8	21.22	38,006.4	10.50
Japan	56,553.0	16.17	63,733.8	17.60
International Financial Institution				
U.S.A	48,977.6	14.00	83,844.7	23.16
Mauritius	47,800.0	13.66	45,770.3	12.64
U.A.E	25,433.3	7.27	12,655.4	3.50
Germany	11,272.6	3.22	4,790.7	1.32
France	10,790.3	3.08	12,274.6	3.39
Switzerland	9,464.5	2.71	8,030.6	2.22
Saudi Arabia	8,929.1	2.55	8,481.9	2.34
Kuwait	8,242.1	2.36	6,878.1	1.90
Netherlands	7,536.8	2.15	7,312.0	2.02
Bahrain	7,312.0	2.15	8,337.5	2.30
Singapore	4,848.2	1.39	8,978.1	2.48
Italy	4,472.4	1.28	8,337.5	2.30
Malaysia	3,851.6	1.10	1,940.4	0.54
Virgin Island	3,786.1	1.08	4,917.0	1.36
China	3,771.0	1.08	17,503.2	4.83
Cayman Island	3,668.7	1.05	3,500.9	0.97
Others	2,758.1	0.79	3,604.1	1.00
Total	349,805.9	100.00	362,029.1	100.00

from 12.64 percent to 13.66 percent during the year 2002. Claims of Mauritius and UAE vary from Rs. 12,655.4 million to Rs. 25,433.3 million and Rs. 4,790.7 million



to Rs. 11,272.6 million respectively during the year 2002 and their relative shares increased from 3.5 percent to 7.27 percent and 1.32 percent to 3.22 percent respectively during the year 2002. Claims of Germany decreased from Rs. 12,274.6 million to Rs. 10,790.3 million and its relative share decreased from 3.39 percent to 3.08 percent during the year 2002. Claims of France, Switzerland, Saudi Arabia and Kuwait increased from Rs. 8,030.6 million to Rs. 9,464.5 million, Rs. 8,481.9 million to Rs. 8,929.1 million, Rs. 6,878.1 million, Rs. 8,242.1 million and Rs. 7,312.0 million to Rs. 7,536.8 million respectively during the year 2002 and their relative shares increased from 2.22 percent to 2.71 percent, 2.34 percent to 2.55 percent, 1.9 percent to 2.36 percent and 2.02 percent to 2.15 percent respectively during the year 2002. Claims of Netherlands and Bahrain decreased from Rs. 8,978.1 million to Rs. 4,848.2 million and Rs. 8,337.5 million to Rs. 4,472.4 million respectively during the year 2002 while their relative shares decreased from 2.48 percent to 1.39 percent and 2.3 percent to 1.28 percent respectively during the year 2002. Claims of Singapore increased from Rs. 1,940.4 million to Rs. 3,851.6 million and its relative shares increased from 0.54 percent to 1.1 percent during the year 2002. Claims of Italy and Malaysia decreased from Rs. 4,917.0 million to Rs. 3,786.1 million and Rs. 17,503.2 million to Rs. 3,771.0 million respectively during the year 2002 while their relative shares decreased from 1.36 percent to 1.08 percent and 4.83 percent to 1.08 percent respectively during the year 2002. The claims of Virgin Island slightly increased from Rs. 3,500.9 million to Rs. 3,668.7 million and its relative share increased from 0.97 percent to 1.05 percent. Claims of China and Cayman Island decreased from Rs. 3,604.1 million to Rs. 2,758.1 million and Rs. 7,815.4 million to Rs. 1,650.0 million respectively during the year 2002 while their relative shares decreased from 1.0 percent to 0.79 percent and 2.16 percent to 0.47

percent respectively during the year 2002. The claims of the residual group of countries represented as “Others” decreased from Rs. 13,654.1 million to Rs. 11,779.6 million during the year 2002.

Pakistani Joint Stock Companies are segregated into Direct and Portfolio groups on the basis of extent of foreign interest. Companies whose 10 percent or more common stock is held by foreigner are classified as the Direct Investment group and rest of Portfolio group. The net debtor position of the companies in the Direct Investment group increased by Rs. 31,256.3 (13.7%) million from Rs. 228,084.9 million to Rs. 259,341.2 million and its relative share increased from 63.0 percent to 74.1 percent of total net indebtedness of Pakistani Joint Stock Companies in 2002. As much as 92.9 percent of their liabilities were of long-term nature having maturity period of more than one year. These liabilities increased by Rs. 25,077.6 million (11.8%) from Rs. 212,982.9 million to Rs. 238,060.5 million in 2002.

The inflow of gross foreign investment comprising “Cash Brought in”, “Capital Equipment Brought in” and “Reinvested Earnings” increased by Rs. 16,110.4 million (49.4%) from Rs. 32,591.6 million in 2001 to Rs. 48,702.0 million in 2002 (table-10). Item wise analysis indicated that “Cash Brought in” record an increase of Rs. 7,235.7 million (40.6%) from Rs. 17,830.0 million to Rs. 25,065.7 million in 2002 and its relative share decreased from 54.7 percent to 51.5 percent of the total inflow. “Capital Equipment Brought in” stood at Rs. 107.0 million where as it was nil in 2001.

“Reinvested Earnings” increased from Rs. 14,761.6 million to Rs. 23,529.3 million or by Rs. 8,767.7 million (59.4%) and its relative share increased from 45.3 percent to 48.31percent of the total inflow. Foreign Investment outflow consisting mainly of

Table – 10
Foreign Investment Inflow/Outflow by Type

Type	2002		2001	
	Amount	% of total	Amount	% of total
Inflow				
Cash Brought in	25,065.7	51.47	17,830.0	54.71
Capital Equipment Brought in	107.0	0.22	..	..
Reinvested Earnings	23,529.3	48.31	14,761.6	45.29
Total	48,702.0	100.0	32,591.6	100.00
Outflow				
Cash Repatriated	9,084.4	81.39	22,252.1	91.42
Capital Equipment Taken out	..	..	..	..
Disinvestment	2,078.4	18.62	2,088.2	8.58
Total	11,162.2	100.00	24,340.3	100.00
III. RATIO OF OUTFLOW TO INFLOW (%)	22.9		74.7	

“Cash Repatriated” depicted a decrease of Rs. 13,167.7 million (59.2%) from Rs. 22,252.1 million to Rs. 9,084.4 million over the year.

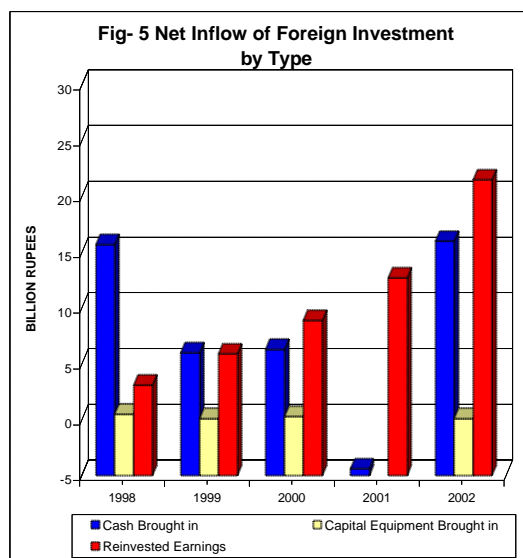
“Capital Equipment Taken out” stood nil during the year 2002. “Disinvestment” stood at Rs. 2,078.4 million where as it was Rs. 2,088.2 million in 2001. The ratio of gross outflow to inflow decreased from 74.7 percent to 22.9 percent in 2002.

The total net inflow of foreign investment increased by Rs. 29,287.9 million (355.8%) from Rs. 8,251.3 million to Rs.37,539.2 million in 2002 (table-11,fig-5).

Table – 11
Net Inflow of Foreign Investment by Type

Type	2002		2001	
	Amount	% of total	Amount	% of total
Cash Brought in	15,981.3	42.6	-4,422.1	-53.6
Capital Equipment Brought in	107.0	0.3	..	..
Reinvested Earnings	21,450.9	57.1	12,673.4	153.6
Total	37,539.2	100.0	8,251.3	100.0

The major part of increase was by way of “Cash Brought in” which increase from Rs. -4,422.1 million to Rs. 15,981.3 million or by



Rs. 20,474.4 million (463.0%) with its relative share increased from -53.6 percent to 42.6 percent in year 2002.

“Capital Equipment Brought in” stood at Rs. 107.0 million in year 2002 where as it was nil in 2001.”Reinvested Earnings” increased from Rs. 12,673.4 million to Rs. 21,450.9 million and its relative share decreased from 153.6 percent to 57.1 percent during the year 2002.

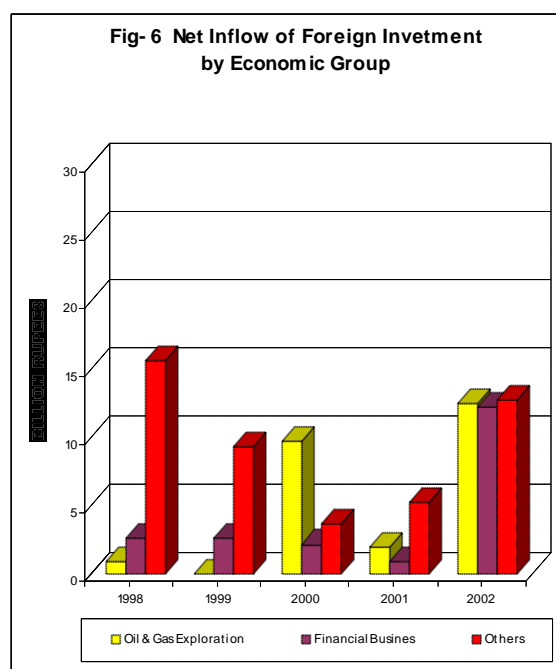
**Table – 12
Net Inflow of Foreign Investment by
Economic Group**

Economic Group	2002		2001	
	Amount	% of total	Amount	% of total
Oil & Gas Exploration	12,484.0	33.26	2,012.8	24.39
Financial Business	12,184.1	32.46	1,015.7	12.31
Petroleum Refining	3,778.0	10.06	..	..
Electrical Machinery	1,874.8	4.99	736.0	8.92
Fertilizers	1,448.6	3.86	-40.7	-0.49
Food	1,425.0	3.80	-4.8	-0.06
Rubber & Rubber Products	1,386.4	3.69	..	..
Others	2,958.4	7.88	4,532.3	54.93
Total	37,539.2	100.00	8,251.3	100.00

By economic group, “Oil & Gas Explorations” was the main sector, which increases from Rs. 2,012.8 million to Rs. 12,484.0 million during the year 2002 (table-12, fig-6).

The “Financial Business” group increases from Rs. 1,015.7 million to Rs. 12,181.1 million during the year 2002. The “Petroleum Refining” was the 3rd main group which stood at Rs. 3,778.0 million while it was nil in the year 2001. The “Electrical Machinery” group increased from Rs. 736.0 million to Rs. 1,874.8 million during the year 2002. The “Fertilizers” group stood at 4th for net inflow of Rs. 1,448.6 million in the year 2002 while its net inflow in the year 2001 was Rs -40.7 million.

The “Food” group attracted net inflow of Rs. 1,425.0 million in the year 2002 and it was Rs. -4.8 million in 2001. The group “Rubber & Rubber Products” net inflow stood at Rs. 1,386.4 million in the year 2002 as it was nil in the year 2001. The net inflow



of “Other” group of Rs. 4,793.2 in the year 2001 was replaced by Rs. 2,958.4 million in the year 2002.

The country-wise position of net foreign investment revealed that UK takes the prominent position and contributed 25.47 percent of the total flow of foreign investment during the year 2002 (table-13, fig-7). Contribution in the flow of foreign investment of USA and UAE increased sharply from Rs. -797.6 million, Rs. 328.2 million to Rs. 6,490.2 million and Rs. 5,872.5 million. and their collective relative shares increased from 5.69 percent to 32.87 percent during the year 2002.

Rs. -383.3 million, Rs. -9.4 million, Rs. -3.1 million, Rs. 221.6 million and Rs. 226.0 million to Rs. 2,422.8 million, Rs. 1,611.2 million, Rs. 1,556.5 million, Rs. 1,077.5 million, Rs. 1,044.1 million and Rs. 459.8 million while their collective relative shares increased from 11.73 percent to 21.72 percent during the year 2002. The inflow of other at Rs. 7,058.4 million during the year 2001 is replaced by an inflow of Rs. 7,495.4 million during the year 2002

Table – 13
Net Inflow of Foreign Investment by
Country

Creditor	2002		2001	
	Amount	% of total	Amount	% of total
U.K	9,580.0	25.52	694.6	8.42
U.S.A	6,490.2	17.29	-797.6	-9.67
U.A.E	5,872.5	15.64	328.2	3.98
Germany	2,422.8	6.45	915.6	11.10
International Financial Institution	1,611.2	4.29	-383.3	-4.65
Malaysia	1,556.5	4.15	-9.4	-0.11
Switzerland	1,044.1	2.78	221.6	2.69
Japan	1,006.5	2.68	-3.1	-0.04
Luxemburg	459.8	1.22	226.0	2.74
Others	7,495.6	19.97	7,058.4	85.54
Total	37,539.2	100.00	8,251.2	100.00

Contribution of Germany, “International Financial Institutions”, Malaysia, Japan, Switzerland and Luxemburg increased from Rs. 915.6 million,

