

Executive Summary

Introduction

This report presents the stock position of Foreign Liabilities & Assets and Foreign Investment in Pakistan as on 31st December 2003 and pertains to the 39th 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 843 entities surveyed, 597 responded representing a response rate of 70.82 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	2003	2002
Firms/Companies registered or incorporated outside Pakistan	103	109
Companies incorporated in Pakistan in which foreigners hold interest	493	478
Partnerships in which foreigners hold interest	1	1
Total	597	588

Total number of respondents increased from 588 to 597 during the year under review. The number of companies incorporated in Pakistan in which foreigners hold interest, increased from 478 to 493 (foreign interest ceased to exist in 8 companies as against 23 fresh entrants). The number of branches of foreign firms/companies operating in Pakistan decreased from 109 to 103. The 6 companies ceased operation in Pakistan. Only one Partnership Company exits during the year.

Overall Net Debtor Position

The total net foreign indebtedness decreased by Rs. 25,323.6 million (5.7 %) from Rs. 441,914.2 million in 2002 to Rs. 416,590.6 million in 2003 (table-2). Pakistani Joint Stock Companies having foreign participation continued to account for most of the foreign liabilities, which decreased from Rs. 349,805.9 million to Rs. 313,787.0million or by Rs. 36,018.9 million (10.3 %) in 2003. The net foreign liabilities of the branches of foreign firms/companies incorporated/registered abroad increased from Rs. 97,585.4 million to Rs. 106,739.0 million and its relative share increased from 22.1 percent to 25.6 percent in 2003. The position of the partnerships having foreign participation stood negligible in 2003. Holdings of foreign securities by Pakistan nationals changed from Rs. 760.11 million to Rs. 1,033.8 million in 2003. The net creditor position of Pakistani firms/Companies operating abroad reflected a decrease of Rs. 1,815.5 million from Rs. 4,717.1 million to Rs. 2,901.6 million over the year.

In U.S. dollars total net foreign liabilities decreased by \$ 306.7 million (4.1 %) from \$ 7,564.9 million in 2002 to \$ 7,258.2 million in 2003. The liabilities of Pakistani Joint Stock Companies having foreign participation decreased from \$ 5,988.2 million in 2002 to \$5,467.1million in 2003. The net foreign liabilities on account of branches of foreign firms/Companies

Foreign Liabilities & Assets 2003

incorporated abroad increased from \$ 1,670.5 million to \$1,859.7 million in 2003 while its relative share increased from 22.1 percent to 25.6 percent of the total in 2003. The net position of the partnerships having foreign participation was negligible in 2003. Holdings of foreign securities by Pakistani nationals increased by \$ 5.0 million and stood at \$ 18.0 million in 2003.

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

Category	2003		2002	
	Amount	% of total	Amount	% of total
Firms/Companies registered or Incorporated outside Pakistan	106,739.0 (\$1,859.7)	25.62	97,585.4 (\$1,670.5)	22.08
Pakistani Joint stock companies having foreign participation	313,787.0 (\$5,467.1)	75.32	349,805.9 (\$5,988.2)	79.16
Partnerships having foreign participation	0.1 (\$0.002)	0.00	0.1 (\$0.002)	0.00
Holdings of foreign securities by Pakistani nationals	-1,033.83 (\$-18.0)	-0.25	-760.11 (\$-13.01)	-0.17
Pakistani firms/Companies operating abroad	-2,901.60 (\$-50.60)	-0.69	-4,717.1 (\$-80.7)	-1.07
Total	416,590.6 (\$7,258.2)	100.00	441,914.2 (\$7,564.9)	100.00

The net creditor position of Pakistani Firms/Companies operating abroad decreased from \$ 80.7 million to \$ 50.6 million over the year 2003.

Overall Net Debtor Position by Economic Group

According to nature of economic activity of the companies the “Power” group contributed a major portion of the net foreign liabilities. Its total liabilities increased from Rs. 144,634.7 million to Rs. 159,008.8 million or by Rs. 14,374.1 million (9.9%) while its relative share increased from 32.7 percent to 38.2 percent of the total (table-3, fig-1).

Net debtor position of “Financial Business” group decreased from Rs. 104,515.6 million to Rs. 66,476.4 million in 2003 while its relative share decreased from 23.7 percent to 16.0 of total.

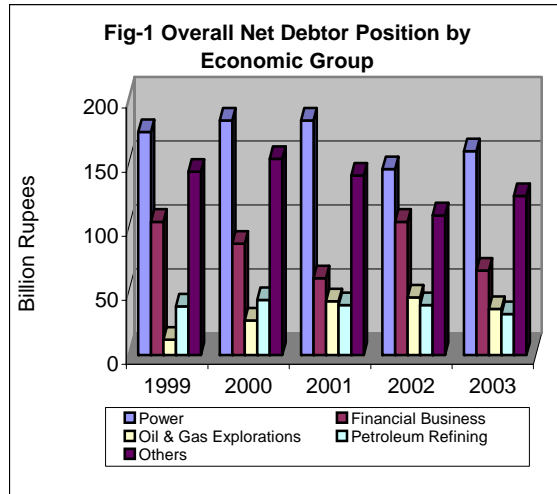
Table – 3
Net Debtor Position by Major Economic Group

Economic Group	2003		2002	
	Amount	% of total	Amount	% of total
Power	159,008.8	38.17	144,634.7	32.73
Financial Business	66,476.4	15.96	104,515.6	23.65
Oil & Gas Explorations	35,620.9	8.55	45,295.5	10.25
Petroleum Refining	32,532.7	7.81	38,929.2	8.81
Personal Services	23,925.0	5.74	16,937.2	3.83
Chemicals	14,005.4	3.36	6,161.8	1.39
Pharmaceuticals & OTC Products	11,432.8	2.74	9,064.5	2.05
Others	73,588.6	17.67	76,375.7	17.29
Total	416,590.6	100.00	441,914.2	100.00

The net foreign liabilities of the “Oil & Gas Explorations” group, decreased from Rs. 45295.5 million to Rs. 35,620.9 million in 2003 and its relative share decreased from 10.3 percent to 8.6 percent of the total in 2003. The net external liabilities of the “Petroleum Refining” group decreased from Rs. 38,929.2 million to Rs. 32,532.7 million and relative share decreased from 8.8 percent to 7.8 percent of the total in 2003. The “Personal Services” group net foreign liabilities increased from Rs. 16,937.2 million to Rs. 23,925.0 million in 2003. The net debtor position of “Chemicals” increased from Rs 6,161.8 million to Rs. 14,005.4 million and its relative share increased from 1.4 percent to 3.4 percent during the year 2003. The net foreign liabilities on account of “Pharmaceuticals & OTC Products” group increased from Rs. 9,064.5 million to Rs. 11,432.8 million during the year 2003. The liabilities of the residual group “Others” decreased from Rs. 76,375.7 million to Rs. 73,588.6 million in 2003 and its relative share stood at 17.7 percent of the total in 2003.

Net Debtor Position by Creditor

Creditor-wise position revealed that the total claims of U.S.A decreased from Rs. 84,089.7 million to Rs. 83,367.9 million and its relative share increased from 19.0 percent to 20.07 percent during the year 2003.



The claim of U.K decreased from Rs. 85,617.6 million to Rs. 78,838.3 million in 2003 and its relative share decreased from 19.4 percent to 19.0 percent. Claim of Japan decreased from Rs. 59,241.9 million to Rs. 53,722.4 million and its relative share decreased from 13.41 percent to 12.90 percent during the year 2003. Claim of International Financial Institutions decreased from Rs. 48,977.6 million to Rs. 29,271.9 million and its relative shares decreased from 11.1 percent 7.0 percent during the year 2003. Claims of Mauritius, Netherlands and Saudi Arabia increased from Rs. 25,441.0 to Rs. 25,653.5 million, Rs. 11,021.8 million to Rs. 16,746.5 million and Rs. 11,370.6 million to Rs. 13,763.4 million respectively during the year 2003 and their relative shares increased from 5.76 percent to 6.16 percent, 2.49 percent to 4.02 percent and 2.57 percent to 3.30 percent during the year 2003. Claim of Germany decreased from Rs. 16,896.4 million to Rs. 16,791.2 million and its relative share increased from 3.82 percent to 4.03 percent during the year 2003.

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

Creditor	2003		2002	
	Amount	% of total	Amount	% of total
U.S.A	83,367.9	20.01	84,089.7	19.03
U.K	78,838.3	18.92	85,617.6	19.37
Japan	53,722.4	12.90	59,241.9	13.41
International Financial Institution	29,271.9	7.03	48,977.6	11.08
Mauritius	25,653.5	6.16	25,441.0	5.76
Germany	16,791.2	4.03	16,896.4	3.82
Netherlands	16,746.5	4.02	11,021.8	2.49
Saudi Arabia	13,763.4	3.30	11,370.6	2.57
Switzerland	12,468.6	2.99	10,722.8	2.43
U.A.E	11,466.4	2.75	8,208.1	1.86
Kuwait	8,581.3	2.06	7,691.1	1.74
Austria	7,940.7	1.91	7,429.7	1.68
France	7,465.4	1.79	10,635.8	2.41
Italy	3,229.5	0.78	4,476.4	1.01
Singapore	3,166.9	0.76	4,268.2	0.97
Korea	3,063.9	0.74	3,111.9	0.70
Virgin Island	2,997.1	0.72	3,668.7	0.83
Hong Kong	2,725.4	0.65	1,594.5	0.36
Luxembourg	2,572.9	0.62	563.4	0.13
Others	32,757.4	7.86	36,887.0	8.35
Total	416,590.6	100.00	441,914.2	100.00

Claim of Switzerland increased from Rs. 10,722.8 million to Rs. 12,468.6 million and its relative share increased from 2.43 percent to 2.99 percent during the year 2003 (table-4, fig-2). Claims of UAE, Kuwait and Austria increased from Rs. 8,208.1 million to Rs. 11,466.4 million, Rs. 7,691.1 million to Rs. 8,581.3 million and Rs. 7,429.7 million to Rs. 7,940.7 million respectively during the year 2003 and their relative shares increased from 1.86 percent to 2.75 percent, 1.74 percent to 2.06 percent and 1.68 percent to 1.91 percent during the year 2003.

Claim of France decreased from Rs. 10,635.8 million to Rs. 7,465.4 million and its relative share decreased from 2.41 percent to 1.79 percent during the year 2003. There is minor change in the claims of Italy, Singapore, Korea, Virgin Island Hong Kong and Luxembourg which is from Rs. 4,476.4 million to Rs. 3229.5 million, Rs. 4,268.2 million to Rs. 3,166.9 million, Rs., 3,111.9 million to Rs. 3,063.9 million, Rs. 3,668.7 million to Rs. 2,997.1 million, Rs. 1,594.5 million to Rs. 2,725.4 million and Rs. 563.4 million to Rs. 2,572.9 million respectively during the year 2003

while their respective shares changed from 1.01 percent to 0.78 percent, 0.97 percent to 0.76 percent, 0.70 percent to 0.74 percent, 0.83 percent to 0.72 percent, 0.36 percent to 0.65 and 0.13 percent to 0.62 percent during the year 2003.

Net Debtor Position of Branches of Foreign Firms and Companies

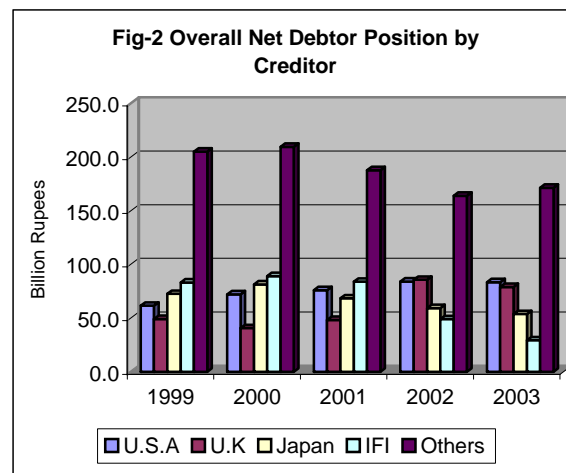
The indebtedness of branches of foreign firms and companies which stood at Rs. 97,585.4 million forming 22.1 percent of the total foreign indebtedness in 2002 increased by Rs. 9,153.6 million (9.4%) to Rs. 106,739.0 million 2003 (table-5). Distribution of the net liabilities according to economic activity revealed that liabilities under “Financial Business” group increased from Rs. 40,436.1 million to Rs. 55,249.3 or by Rs. 14,813.2 million (36.6%) in 2003. The net position of “Oil & Gas Exploration” group decreased from Rs. 43,324.3 million to Rs. 32,779.8 million or by Rs. 10,544.5 million (24.3%) during the year 2003. The net position of “Transport” group increased from Rs. 5,628.2 million to Rs. 5,937.8 million or by

Table – 5
Net Debtor Position of Foreign Firms and Companies by Economic Groups

Economic Group	2003		2002	
	Amount	% of total	Amount	% of total
Financial Business	55,249.3	51.76	40,436.1	41.44
Oil & Gas Explorations	32,779.8	30.71	43,324.3	44.40
Transport	5,937.8	5.56	5,628.2	5.77
Trade	4,649.2	4.36	4,872.0	4.99
Electric Machinery	3,605.6	3.38	3,525.7	3.61
Construction	1,700.1	1.59	1,741.8	1.78
Others	2,817.2	2.64	-1,942.7	-1.99
Total	106,739.0	100.00	97,585.4	100.00

Rs. 309.6 million (5.5%) during the year 2003. The net position of “Trade” group decreased from Rs. 4,872.0 million to Rs. 4,649.2million or by Rs. 222.8 million (4.6%) during the year 2003. The net position of “Electric Machinery” group increased from Rs. 3,525.7 million to Rs. 3,605.6million or by Rs. 79.9 million (2.3%) during the year 2003. The net position

of “Construction” group decreased from Rs. 1,741.8 million to Rs. 1,700.1million or by Rs. 41.7 million



(2.4%) during the year 2003. The indebtedness of “Others” group increased sharply from Rs. -1,942.7 million to Rs. 2,817.2million or by Rs. 4,759.9 million (245.0%) during the year 2003.

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	2003		2002	
	Amount	% of total	Amount	% of total
U.S.A	43,137.8	40.41	36,452.4	37.35
Netherlands	13,484.8	12.63	6,289.1	6.44
U.K	12,037.2	11.28	11,475.6	11.76
Austria	7,878.9	7.38	7,381.2	7.56
Germany	6,242.3	5.85	6,108.5	6.26
Saudi Arabia	6,219.2	5.83	4,783.7	4.90
Japan	2,284.4	2.14	2,688.9	2.76
Iceland	2,192.9	2.05	2,192.9	2.25
Switzerland	2,125.1	1.99	1,793.6	1.84
Qatar	1,696.8	1.59	860.2	0.88
Korea	1,624.3	1.52	1,628.7	1.67
France	1,420.3	1.33	1,197.1	1.23
Other	6,395.0	6.00	14,733.5	15.10
Total	106,739.0	100.00	97,585.4	100.00

The liabilities increased by Rs. 6,685.4 million (18.3%) from Rs. 36,452.4 million to Rs. 43,137.8 million in 2003. The liabilities of Netherlands’ companies increased from Rs. 6,289.1 million to Rs. 13,484.8 million during the year 2003 while their

relative shares increased from 6.44 percent to 23.63 percent during the year 2003. The liabilities of U.K, Austria, Germany and Saudi Arabia increased from Rs. 11,475.6 million to Rs. 12,037.2 million, Rs. 7,381.2 million to Rs. 7,878.9 million, Rs. 6,108.5 million to Rs. 6,242.3 million and Rs. 4,783.7 million to 6,219.2 million respectively during the year 2003. The Foreign Liabilities on account of Japan and Korea decreased slightly from Rs. 2,688.9 million to Rs. 2,284.4 million, and Rs. 1,628.7 million to Rs. 1,624.3 million during the year 2003. On the other hand the liabilities to Switzerland, Qatar and France increased from Rs. 1,793.6 million to Rs. 2,125.1 million, Rs. 860.2 million to Rs. 1,696.8 million, and Rs. 1,197.1 million to Rs. 1,420.3 million during the year 2003. The Liabilities of others decreased by Rs. 8,338.5 million (56.6%) from Rs. 14,733.5 million to Rs. 6,395.0 million during the year 2003. The gross foreign liabilities of Pakistani Joint Stock Companies decreased by Rs. 32,265.7 million (9.1%) from Rs. 354,978.2 million to Rs. 322,712.5 and mainly consisted of long term liabilities such as "Equity Capital" and "long-term Debt". Together, they decreased from Rs. 276,878.6 million to Rs. 255,250.9 million or by Rs. 21,627.7 million (7.8%) and their relative share increased from 78.0 percent to 79.1 percent of total in 2003.

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

Liabilities	2003		2002	
	Amount	% of total	Amount	% of total
Equity Capital	102,064.7	31.63	95,237.2	26.83
Short-term Debt	67,461.6	20.90	78,099.6	22.00
Long-term Debt	153,186.2	47.47	181,641.4	51.17
Total	322,712.5	100.00	354,978.2	100.00

The "Equity Capital" increased by Rs. 6,827.5 (7.2%) from Rs. 95,237.2 million to Rs. 102,064.7 million. "Long-term Debt" decreased from Rs. 181,641.4

million to Rs. 153,186.2 million or by Rs. 28,455.2 million (15.7%). "Short-term Debt" decreased from Rs. 78,099.6 million to Rs. 67,461.6 million or by Rs. 10,638.0 million (13.6%) and its relative share decreased from 22.0 to 20.9 percent of total in 2003 (table-7 (a)).

The foreign assets of Pakistani Joint Stock Companies consisting of "Deposit abroad", "Loan and Advances" and "Securities, Shares and Debenture" increased by Rs. 2,923.3 million (56.5%) from Rs. 5,172.3 million to Rs. 8,095.6 million in 2003. The Ratio of assets to liabilities increased from 1.5% to 2.5% during the year 2003. "Deposits abroad" increased from Rs. 2,923.9 million to Rs. 3,645.9 million and its relative share decreased from 56.5 percent to 45.0 percent. "Loan and Advances" increased by Rs. 2,032.2 million (90.4%) from Rs. 2,248.3 million to Rs. 4,280.5 million in 2003 and its relative share increased from 43.5 percent to 52.9 percent of the total in 2003. "Securities, Shares and Debenture" stood at Rs. 169.2 million in 2003.

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

Assets	2003		2002	
	Amount	% of total	Amount	% of total
Deposits abroad	3,645.9	45.04	2,923.9	56.53
Loan and Advances	4,280.5	52.87	2,248.3	43.47
Securities, Shares and Debentures	169.2	2.09
Total	8,095.6	100.00	5,172.3	100.00
RATIO OF ASSETS TO LIABILITIES (%)	2.5		1.5	

Net Debtor Position of Pakistani Joint Stock Companies

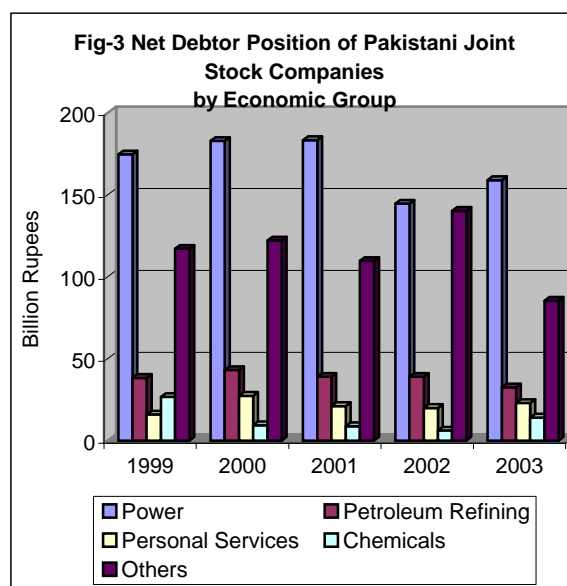
The total net indebtedness of Pakistani Joint Stock Companies decreased by Rs. 36,019.2 million (10.3%) from Rs. 349,805.9 million to Rs. 313,786.7 million in 2003. According to economic group the net debtor position of "Power" increased from Rs. 144,634.7

million to Rs. 159,008.8 million in 2003 while its relative share increased from 41.4 percent to 50.7 percent of total during the year 2003. Net debtor position of “Petroleum Refining” decreased from Rs. 38,929.2 million to Rs. 32,532.7 million while its relative share decreased from 11.1 percent to 10.4 percent during the year 2003. The net liabilities of the companies engaged in “Personal Services” increased by Rs. 3,038.3 million (15.1%) from Rs. 19,875.2 million to Rs. 22,913.5 million during the year 2003. The net liabilities of the companies engaged in “Chemicals” increased by Rs. 7,843.6 million (127.3%) from Rs. 8,161.8 million to Rs. 14,005.4 million during the year 2003. The net debtor position of the companies engaged in “Pharmaceutical & OTC Product” increased by Rs. 2,368.3 million (26.1%) from Rs. 9,064.5 million to Rs. 11,432.8 million during the year 2003. The net liabilities of the companies engaged in “Financial Business” decreased

Table – 8
Net Debtor Position of Pakistani Joint Stock Companies by Major Economic Groups

Economic Group	2003		2002	
	Amount	% of total	Amount	% of total
Power	159,008.8	50.67	144,634.7	41.35
Petroleum Refining	32,532.7	10.37	38,929.2	11.13
Personal Services	22,913.5	7.30	19,875.2	5.68
Chemicals	14,005.4	4.46	6,161.8	1.76
Pharmaceutical & OTC Products	11,432.8	3.64	9,064.5	2.59
Financial Business	11,227.1	3.58	64,079.5	18.32
Fertilizers	10,955.9	3.49	14,567.0	4.16
Others	51,710.5	16.49	52,494.0	15.01
Total	313,786.7	100.00	349,805.9	100.00

by Rs. 52,852.4 million (82.5%) from Rs. 64,079.5 million to Rs. 11,227.1 million and its relative share decreased from 18.3 percent to 3.6 percent of total net debtor position of Pakistani joint stock companies during the year 2003. The net liabilities of the companies engaged in “Fertilizer” fell by Rs. 3,611.1



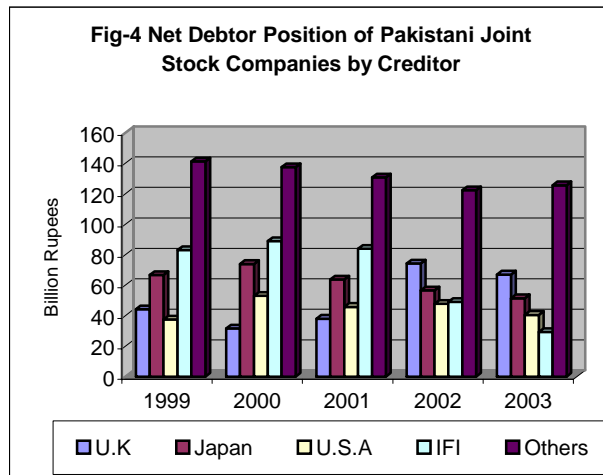
million (24.8%) from Rs. 14,567.0 million to Rs. 10,955.9 million during the year 2003 (table-8, fig-3). Classification of indebtedness by creditors shows that UK was the most prominent creditor during the year 2003 and its total claims decreased from Rs. 74,220.8 million to Rs. 66,959.9 million while its relative shares increased from 21.22 percent to 21.34 percent during the year 2003 (table-9, fig-4).

Claims of Japan decreased from Rs. 56,553.0 million to Rs. 51,438.0 million and its relative share increased from 16.17 percent to 16.39 percent during the year 2003. The liabilities of U.S.A decreased from Rs. 47,800.0 million to Rs. 40,540.2 million and its relative share vary from 13.66 percent to 12.92 percent during year 2003. Claims of “International Financial Institutions” decreased from Rs. 48,977.6 million to Rs. 29,273.9 million and its relative share decreased from 14.00 percent to 9.33 percent during the year 2003.

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

Creditor	2003		2002	
	Amount	% of total	Amount	% of total
U.K	66,959.9	21.34	74,220.8	21.22
Japan	51,438.0	16.39	56,553.0	16.17
U.S.A	40,540.2	12.92	47,800.0	13.66
International Financial Institution	29,273.9	9.33	48,977.6	14.00
Mauritius	25,650.4	8.17	25,433.3	7.27
U.A.E	11,903.3	3.79	11,272.6	3.22
Germany	10,562.8	3.37	10,790.3	3.08
Switzerland	10,360.1	3.30	8,929.1	2.55
Kuwait	7,944.8	2.53	7,536.8	2.15
Saudi Arabia	7,706.2	2.46	8,242.1	2.36
France	6,084.7	1.94	9,464.5	2.71
Netherlands	3,401.2	1.08	4,848.2	1.39
Singapore	3,051.9	0.97	3,851.6	1.10
Virgin Island	2,997.1	0.96	3,668.7	1.05
Italy	2,701.9	0.86	3,786.1	1.08
Luxembourg	2,572.8	0.82	559.4	0.16
Cayman Island	2,526.7	0.81	1,650.0	0.47
Malaysia	2,340.9	0.75	3,771.0	1.08
Bahrain	1,947.6	0.62	4,472.4	1.28
Others	23,822.6	7.59	13,978.4	4.00
Total	313,787.0	100.00	349,805.9	100.00

Claims of Mauritius and UAE vary from Rs. 25,433.3 million to Rs. 25,650.4 million and Rs. 11,272.6 million to Rs. 11,903.3 million respectively



during the year 2003 and their relative shares increased from 7.27 percent to 8.17 percent and 3.22 percent to 3.79 percent respectively during the year 2003. Claims of Germany decreased from Rs. 10,790.3 million to Rs. 10,562.8 million and its relative share increased from 3.08 percent to 3.37

percent during the year 2003. Claims of Switzerland and Kuwait increased from Rs. 8,029.1 million to Rs. 10,360.1 million and Rs. 7,536.8 million to Rs. 7,944.8 million respectively during the year 2003 and their relative shares increased from 2.55 percent to 3.30 percent and 2.15 percent to 2.53 percent respectively during the year 2003. Claims of Saudi Arabia, France, Netherlands Singapore, Virgin Island and Italy decreased from Rs. 8,242.1 million to Rs. 7,706.2 million, Rs. 9,464.5 million to Rs. 6,084.7 million, Rs. 4,848.2 million to Rs. 3,401.2 million, Rs. 3,851.6 million to Rs. 3,051.9 million, Rs. 3,668.7 million to Rs. 2,997.1 million and Rs. 3,786.1 million to Rs. 2,701.9 million respectively during the year 2003 while their relative shares changed from 2.36 percent to 2.46 percent, 2.71 percent to 1.94 percent, 1.39 percent to 1.08 percent, 1.10 percent to 0.97 percent, 1.05 percent to 0.96 percent and 1.08 percent to 0.86 percent respectively during the year 2003. Claims of Luxembourg, Cayman Island, Malaysia and Bahrain changed from Rs. 559.4 million to Rs. 2,572.8 million, Rs. 1,650.0 million to Rs. 2,526.7 million, Rs. 3,771.0 million to Rs. 2,340.9 million and Rs. 4,472.4 million to Rs. 1,947.6 million respectively during the year 2003. The claims of the residual group of countries represented as “Others” increased from Rs. 13,978.4 million to Rs. 23,822.6 million during the year 2003.

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 as Portfolio group. The net debtor position of the companies in the Direct Investment group decreased by Rs. 10,636.1 (4.1%) million from Rs. 259,341.2 million to Rs. 248,705.1 million and its relative share increased from 74.1 percent to 79.3 percent of total net indebtedness of Pakistani Joint Stock Companies in 2003. As much as 91.6 percent of their liabilities were of long-term

nature having maturity period of more than one year. These liabilities decreased by Rs. 10,268.3 million (4.3%) from Rs. 238,060.5 million to Rs. 227,792.2 million in 2003.

The inflow of gross foreign investment comprising “Cash Brought in”, “Capital Equipment Brought in” and “Reinvested Earnings” decreased by Rs. 6,251.4 million (12.8%) from Rs. 48,702.0 million in 2002 to Rs. 42,450.6 million in 2003 (table-10). Item wise analysis indicated that “Cash Brought in” recorded a decrease of Rs. 4,858.5 million (19.4%) from Rs. 25,065.7 million to Rs. 20,207.2 million in 2003 and its relative share decreased from 51.5 percent to 47.6 percent of the total inflow. “Capital Equipment Brought in” stood at Rs. 169.7 million whereas it was Rs. 107.0 million in 2002. “Reinvested Earnings” decreased from Rs. 23,529.3 million to Rs. 22,073.7 million or by Rs. 1,455.6 million (6.2%) and its relative share increased from 48.3 percent to 52.0 percent of the total inflow. Foreign Investment outflow consisting mainly of “Cash Repatriated”

Table – 10
Foreign Investment Inflow/Outflow by Type

Type	2003		2002	
	Amount	% of total	Amount	% of total
Inflow				
Cash Brought in	20,207.2	47.60	25,065.7	51.47
Capital Equipment Brought in	169.7	0.40	107.0	0.22
Reinvested Earnings	22,073.7	52.00	23,529.3	48.31
Total	42,450.6	100.0	48,702.0	100.0
Outflow				
Cash Repatriated	20,356.9	90.83	9,084.4	81.39
Capital Equipment Taken out
Disinvestment	2,056.1	9.17	2,078.4	18.62
Total	22,413.0	100.00	11,162.2	100.00
III. Ratio Of Outflow to Inflow (%)	52.8		22.9	

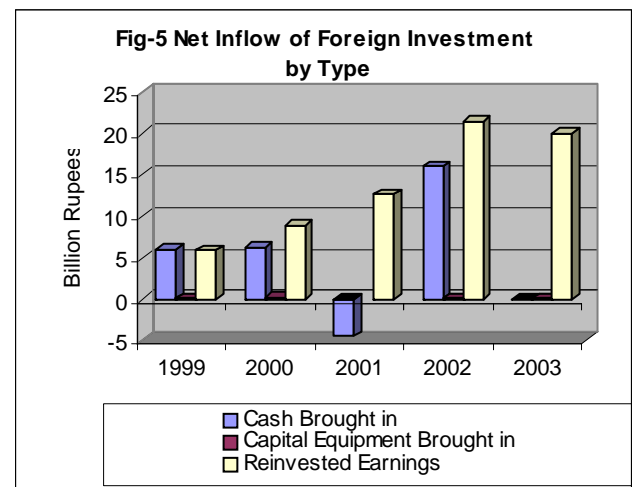
depicted an increase of Rs. 11,272.5 million (124.1%) from Rs. 9,084.4 million to Rs. 20,356.9 million over the year. “Capital Equipment Taken out” stood nil during the year 2003. “Disinvestments” stood at Rs.

2,056.1 million where as it was Rs. 2,078.4 million in 2002. The ratio of gross outflow to inflow increased from 22.9 percent to 52.8 percent in 2003. The total net inflow of foreign investment decreased by Rs. 17,501.6 million (46.6%) from Rs. 37,539.2 million to Rs. 20,037.6 million in 2003 (table-11, fig-5).

Table – 11
Net Inflow of Foreign Investment by Type

Type	2003		2002	
	Amount	% of total	Amount	% of total
Cash Brought in	-149.7	-0.7	15,981.3	42.6
Capital Equipment Brought in	169.7	0.8	107.0	0.3
Reinvested Earnings	20,017.6	99.9	21,450.9	57.1
Total	20,037.6	100.0	37,539.2	100.0

The “Cash Brought in” decreased from Rs. 15,981.3 million to Rs. -149.7 million or by Rs. 16,131.0



million (100.9%) with its relative share decreased from 42.6 percent to -0.7 percent in year 2003.

“Capital Equipment Brought in” stood at Rs. 169.7 million in year 2003 where as it was Rs. 107.0 million in 2002. “Reinvested Earnings” decreased from Rs. 21,450.9 million to Rs. 20,017.6 million and its relative share increased from 57.1 percent to 99.9 percent during the year 2003.

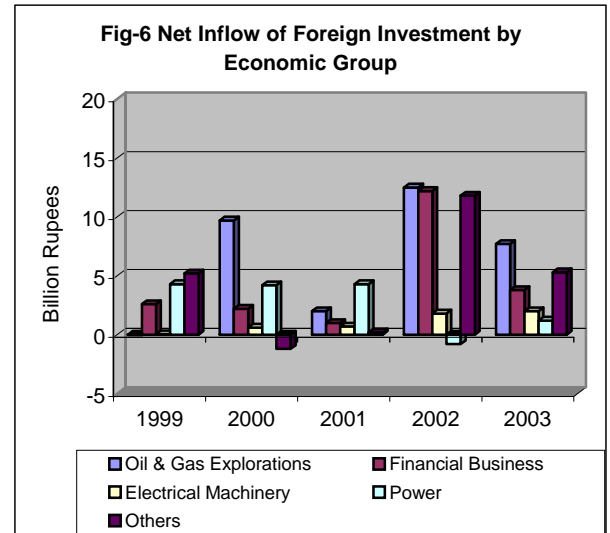
Table – 12
Net Inflow of Foreign Investment by Economic Group

Economic Group	2003		2002	
	Amount	% of total	Amount	% of total
Oil & Gas Exploration	7,703.9	38.45	12,484.0	33.26
Financial Business	3,782.6	18.88	12,184.1	32.46
Electrical Machinery	1,994.8	9.96	1,874.8	4.99
Power	1,249.5	6.24	-832.5	-2.22
Food	1,116.2	5.57	1,425.0	3.80
Chemicals	1,047.2	5.23	217.8	0.58
Trade	986.9	4.93	578.8	1.54
Others	2,156.5	10.74	9,607.2	25.59
Total	20,037.6	100.00	37,539.2	100.00

By economic group, “Oil & Gas Explorations” was the main sector, where net inflow of foreign investment decreases from Rs. 12,484.0 million to Rs. 7,703.9 million during the year 2003 (table-12, fig-6).

Investment in “Financial Business” group decreases from Rs. 12,184.1 million to Rs. 3,782.6 million during the year 2003. The “Electrical Machinery” was the 3rd main group, which stood at Rs. 1,994.8 million while it was Rs. 1,874.8 million in the year 2002. The “Power” group increased from Rs. –832.5 million to Rs. 1,249.5 million during the year 2003. The “Food” group stood at 5th for net inflow of Rs. 1,116.2 million in the year 2003 while its net inflow in the year 2002 was Rs 1,425.0 million.

The “Chemicals” group attracted net inflow of Rs. 1,047.2 million in the year 2003 and it was Rs. 217.8 million in 2002. The group “Trade” net inflow stood at Rs. 986.9 million in the year 2003, as it was Rs. 578.8 million in the year 2002. The net inflow of “Other” group of Rs. 9,607.2 in the year 2002 was replaced by Rs. 2,156.5 million in the year 2003.

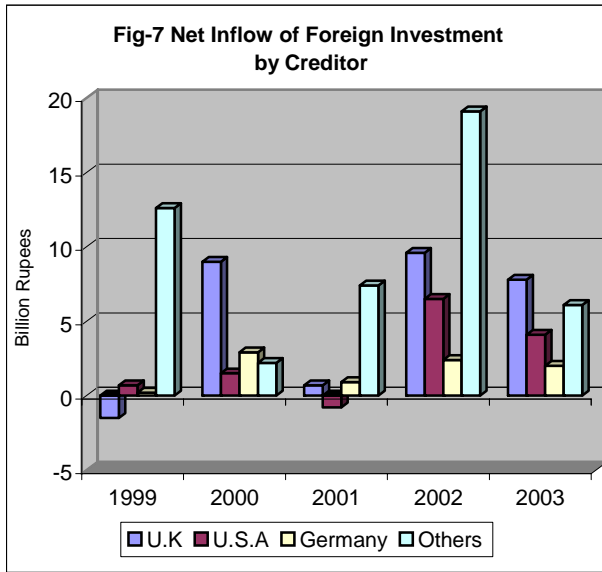


The country-wise position of net foreign investment revealed that UK takes the prominent position and contributed 39.0 percent of the total flow of foreign investment during the year 2003 (table-13, fig-7). Contribution in the flow of foreign investment of USA and Germany decreased from Rs. 6,490.2 million, Rs. 4,121.4 million and Rs. 2,422.8 million Rs. 2,013.1 million and their collective relative shares increased from 23.74 percent to 30.62 percent during the year 2003.

Table – 13
Net Inflow of Foreign Investment by Creditor

Creditor	2003		2002	
	Amount	% of total	Amount	% of total
U.K	7,815.4	39.00	9,580.0	25.52
U.S.A	4,121.4	20.57	6,490.2	17.29
Germany	2,013.1	10.05	2,422.8	6.45
Netherlands	1,991.6	9.94	267.7	0.71
Poland	1,695.1	8.46	76.4	0.20
Hong Kong	1,338.6	6.68	-158.2	-0.42
U.A.E	1,131.6	5.65	5,872.5	15.64
Bahrain	779.7	3.89	394.8	1.05
Japan	651.1	3.25	1,006.5	2.68
Others	-1,500.0	-7.49	11,586.5	30.86
Total	20,037.6	100.00	37,539.2	100.00

Contribution of Netherlands, Poland, Hong Kong and Bahrain increased from Rs. 267.7 million, to Rs. 1,991.6 million, million, Rs. 76.4 million, Rs. 1,695.1 million, Rs. –158.2 million to Rs. 1,338.6 million and Rs. 394.8 million to Rs. 779.7 respectively while their



collective relative shares increased from 1.54 percent to 28.97 percent during the year 2003. The inflow of Others at Rs. 11,586.5 million during the year 2002 is replaced by outflow of Rs. 1500.0 million during the year 2003.