

Executive Summary

Introduction

This report presents the stock position of Foreign Liabilities & Assets and Foreign Investment in Pakistan as on 31st December 2004 and pertains to the 40th 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 827 entities surveyed, 581 responded representing a response rate of 70.25 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	2004	2003
Firms/Companies registered or incorporated outside Pakistan	97	103
Companies incorporated in Pakistan in which foreigners hold interest	484	493
Partnerships in which foreigners hold interest	-	1
Total	581	597

Total number of respondents decreased from 597 to 581 during the year under review. The number of companies incorporated in Pakistan in which foreigners hold interest, decreased from 493 to 484 (foreign interest ceased to exist in 10 companies as against 1 fresh entrant). The number of branches of foreign firms/companies operating in Pakistan decreased from 103 to 97. The 6 companies ceased operation in Pakistan. No Partnership Company exits during the year.

Overall Net Debtor Position

The total net foreign indebtedness increased by Rs. 40,685.5 million (9.8 %) from Rs. 416,590.6 million in 2003 to Rs. 457,276.1 million in 2004 (table-2). Pakistani Joint Stock Companies having foreign participation continued to account for most of the foreign liabilities, which increased from Rs. 313,787 million to Rs. 373,052.6 million or by Rs. 59,265.6 million (11.5 %) in 2004. The net foreign liabilities of the branches of foreign firms/companies incorporated/registered abroad decreased from Rs. 106,739.0 million to Rs. 84,223.4 million and its relative share decreased from 25.6 percent to 18.4 percent in 2004. The position of the partnerships having foreign participation stood nil in 2004. Holdings of foreign securities by Pakistan nationals changed from Rs. 1,033.8 million to Rs. 1,254.6 million in 2004. The net creditor position of Pakistani firms/Companies operating abroad reflected a increase of Rs. 2,149.2 million from Rs. 2,901.6 million to Rs. 5,050.8 million over the year.

In U.S. dollars total net foreign liabilities increased by \$ 420.9 million (5.8 %) from \$ 7,258.2 million in 2003 to \$ 7,679.1 million in 2004. The liabilities of Pakistani Joint Stock Companies having foreign participation increased from \$ 5,467.1million in 2003 to \$6,264.8 million in 2004. The net foreign liabilities

on account of branches of foreign firms/Companies incorporated abroad decreased from \$ 1,859.7 million to \$1,414.4 million in 2004 while its relative share decreased from 25.6 percent to 18.4 percent of the total in 2004. The net position of the partnerships having foreign participation was nil in 2004. Holdings of foreign securities by Pakistani nationals increased by \$ 3.0 million and stood at \$ 21.0 million in 2004.

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

Category	2004		2003	
	Amount	% of total	Amount	% of total
Firms/Companies registered or Incorporated outside Pakistan	84,223.4 (\$1,414.4)	18.41	106,739.0 (\$1,859.7)	25.62
Pakistani Joint stock companies having foreign participation	373,052.6 (\$6,264.8)	81.58	313,787.0 (\$5,467.1)	75.32
Partnerships having foreign participation	0	0	0.1 (\$0.002)	0.00
Holdings of foreign securities by Pakistani nationals	-1,254.57 (\$-21.06)	-0.27	-1,033.83 (\$-18.0)	-0.25
Pakistani firms/Companies operating abroad	-5,050.8 (\$-84.81)	-1.1	-2,901.60 (\$-50.60)	-0.69
Total	457,276.1 (\$7,679.1)	100.00	416,590.6 (\$7,258.2)	100.00

The net creditor position of Pakistani Firms/Companies operating abroad increased from \$ 50.6 million to \$ 84.8 million over the year 2004.

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 decreased from Rs. 159,008.8 million to Rs. 105,962.0 million or by Rs. 53,046.8 million (33.3%) while its relative share decreased from 38.2 percent to 23.2 percent of the total (table-3, fig-1).

Net debtor position of “Oil & Gas Explorations” group increased from Rs. 35,620.9 million to Rs. 69,751.5 million in 2004 while its relative share increased from 8.6 percent to 15.3 of total.

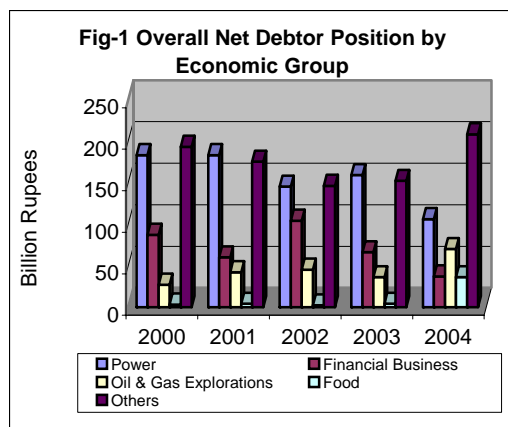
Table – 3
Net Debtor Position by Major Economic Group

Economic Group	2004		2003	
	Amount	% of total	Amount	% of total
Power	105,962.0	23.17	159,008.8	38.17
Oil & Gas Explorations	69,751.5	15.25	35,620.9	8.55
Financial Business	37,306.6	8.16	66,476.4	15.96
Food	35,936.5	7.86	3,844.8	0.92
Trade	31,709.2	6.93	5,502.1	1.32
Chemicals	27,074.1	5.92	14,005.4	3.36
Communications	25,271.6	5.53	10,138.8	2.43
Others	124,264.5	27.17	121,993.4	29.28
Total	457,276.1	100.00	416,590.6	100.00

The net foreign liabilities of the “Financial Business” group, decreased from Rs. 66,476.4 million to Rs. 37,306.6 million in 2004 and its relative share decreased from 15.9 percent to 8.2 percent of the total in 2004. The net external liabilities of the “Food” group increased from Rs. 3,844.8 million to Rs. 35,936.5 million and relative share increased from 1.0 percent to 7.9 percent of the total in 2004. The “Trade” group net foreign liabilities increased from Rs. 5,502.1 million to Rs. 31,709.2 million in 2004. The net debtor position of “Chemicals” increased from Rs 14,005.4 million to Rs. 27,074.1 million and its relative share increased from 3.4 percent to 5.9 percent during the year 2004. The net foreign liabilities on account of “Communications” group increased from Rs. 10,138.8 million to Rs. 25,271.6 million during the year 2004. The liabilities of the residual group “Others” increased from Rs. 121,993.4 million to Rs. 124,264.5 million in 2004 and its relative share stood at 29.3 percent of the total in 2004.

Net Debtor Position by Creditor

Creditor-wise position revealed that the total claims of U.K increased from Rs. 78,838.3 million to Rs. 97,488.9 million and its relative share increased from 18.9 percent to 21.3 percent during the year 2004.



The claim of U.S.A increased from Rs. 83,367.9 million to Rs. 89,751.3 million in 2004 and its relative share decreased from 20.0 percent to 19.6 percent. Claim of International Financial Institutions increased from Rs. 29,271.9 million to Rs. 34,993.5 million and its relative share increased from 7.0 percent to 7.7 percent during the year 2004. Claim of Saudi Arabia increased from Rs. 13,763.4 million to Rs. 31,474.0 million and its relative shares increased from 3.3 percent 6.9 percent during the year 2004. Claims of Switzerland, Netherlands and Mauritius increased from Rs. 12468.6 to Rs. 30,561.1 million, Rs. 16,746.5 million to Rs. 23,358.0 million and Rs. 13,763.4 million to Rs. 21,770.7 million respectively during the year 2004 and their relative shares increased from 2.99 percent to 6.68 percent, 4.01 percent to 5.11 percent and 3.30 percent to 4.76 percent during the year 2004. Claim of Germany decreased from Rs. 16,791.2 million to Rs. 14,473.9 million and its relative share decreased from 4.03 percent to 3.17 percent during the year 2004.

Table – 4
Overall Net Debtor Position by Creditors

Creditor	2004		2003	
	Amount	% of total	Amount	% of total
U.K	97,488.9	21.32	78,838.3	18.92
U.S.A	89,751.3	19.63	83,367.9	20.01
International Financial Institutions	34,993.5	7.65	29,271.9	7.03
Saudi Arabia	31,474.0	6.88	13,763.4	3.30
Switzerland	30,561.1	6.68	12,468.6	2.99
Netherlands	23,358.0	5.11	16,746.5	4.01
Mauritius	21,770.7	4.76	25,653.5	6.16
Germany	14,473.9	3.17	16,791.2	4.03
U.A.E	14,121.8	3.09	11,466.4	2.75
Japan	12,299.8	2.69	53,722.4	12.89
Kuwait	9,133.8	2.00	8,581.3	2.05
Australia	7,518.2	1.64	7.8	..
Austria	5,368.6	1.17	7940.7	1.91
Malaysia	5,066.1	1.11	926.5	0.22
France	4,423.4	0.97	7,465.4	1.79
Korea	4,053.7	0.89	3,063.9	0.73
Luxembourg	3,600.9	0.79	2,572.9	0.61
Bahamas	3,182.2	0.70	262.4	0.06
Iceland	2,490.7	0.54	2,192.9	0.52
Others	42,145.7	9.22	41,486.7	9.95
Total	457,276.1	100.00	416,590.6	100.00

Claim of U.A.E decreased from Rs. 11,466.4 million to Rs. 14,121.8 million and its relative share increased from 2.75 percent to 3.09 percent during the year 2004 (table-4, fig-2). Claims of Korea, Kuwait and Australia increased from Rs. 3,063.9 million to Rs. 4,053.7 million, Rs. 8,581.3 million to Rs. 9,133.8 million and Rs. 7.8 million to Rs. 7,518.2 million respectively during the year 2004 and their relative shares increased from 0.78 percent to 0.89 percent, 2.05 percent to 2.00 percent and 0.00 percent to 1.64 percent during the year 2004. Claim of France decreased from Rs. 7,465.4 million to Rs 4,423.4 million and its relative share decreased from 1.79 percent to 0.97 percent during the year 2004. There is minor change in the claims of Luxembourg, Bahamas and Iceland which is from Rs.2,572.9 million to Rs. 3,600.9million,Rs. 262.4 million to Rs 3,182.2million, and Rs., 2,192.9 million to Rs. 2,490.7 million respectively during the year 2004 while their respective shares changed from 0.61 percent to 0.79 percent, 0.06 percent to 0.70 percent and 0.52 percent to 0.54 percent during the year 2004.

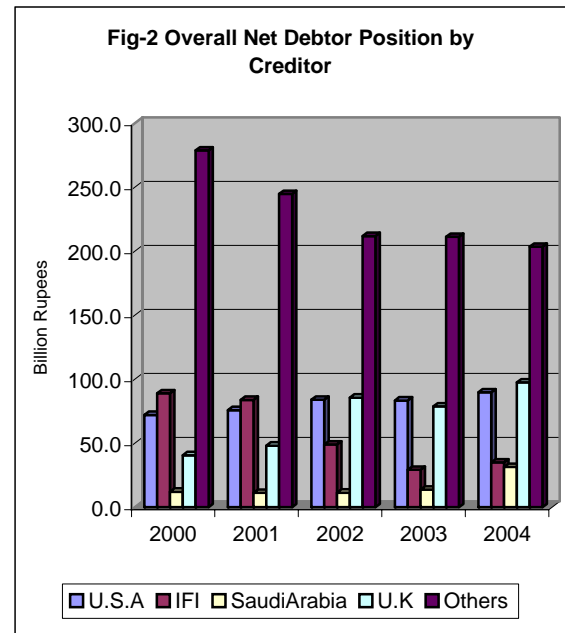
Net Debtor Position of Branches of Foreign Firms and Companies

The indebtedness of branches of foreign firms and companies which stood at Rs. 106,739.0 million forming 25.6 percent of the total foreign indebtedness in 2003 decreased by Rs 22,515.6 million (21.1%) to Rs. 84,223.4 million 2004 (table-5). Distribution of the net liabilities according to economic activity revealed that liabilities under “Oil & Gas Exploration” group increased from Rs 32,779.8 million to Rs. 47,211.6 or by Rs. 14,431.8 million (44.0%) in 2004. The net position of “Financial Business” group decreased from Rs. 55,249.3 million to Rs. 17,392.7 million or by Rs. 37,856.6 million (68.5%) during the year 2004. The net position of “Trade” group increased from Rs. 4,649.2 million to Rs. 6,371.5 million or by

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

Economic Group	2004		2003	
	Amount	% of total	Amount	% of total
Oil & Gas Explorations				
Financial Business	47,211.6	56.06	32,779.8	30.71
Financial Business	17,392.7	20.65	55,249.3	51.76
Trade	6,371.5	7.57	4,649.2	4.36
Transport	5,941.8	7.05	5,937.8	5.56
Power	3,530.6	4.19	-	-
Construction	1,070.5	1.27	1,700.1	1.59
Others	2,704.7	3.21	6422.8	6.01
Total	84,223.4	100.00	106,739.0	100.00

Rs. 1,722.3 million (37.0%) during the year 2004. The net position of “Transport” group increased from Rs. 5,937.8 million to Rs. 5,941.8 million or by Rs. 4.0 million (0.6%) during the year 2004. The net position of “Power” group was Rs. 3,530.6 million during the year 2004. The net position of “Construction” group decreased from Rs. 1,700.1 million to Rs. 1,070.5million or by Rs. 629.6million (37.0%) during the year 2004.



The indebtedness of “Others” group decreased sharply from Rs. 6,422.8 million to Rs. 2,704.7 million or by Rs. 3,718.1 million (57.9%) during the year 2004.

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	2004		2003	
	Amount	% of total	Amount	% of total
U.S.A	37,412.8	44.42	43,137.8	40.41
U.K	17,771.9	21.10	12,037.2	11.28
Saudi Arabia	6,350.2	7.54	6,219.2	5.82
Germany	5,935.1	7.05	6,242.3	5.84
Austria	5,303.5	6.30	7,878.9	7.38
Netherlands	5,246.5	6.23	13,484.8	12.63
Australia	3,888.5	4.62	11.9	0.01
Iceland	2,192.9	2.60	2,192.9	2.05
U.A.E	2,045.0	2.43	1,386.5	1.29
Korea	1,646.6	1.96	1,624.3	1.55
Switzerland	1,605.0	1.91	2,125.1	1.99
Indonesia	1,377.5	1.64	-8.6	..
Other	-6,552.1	-7.78	20,478.5	19.18
Total	84,223.4	100.00	106,739.0	100.00

The liabilities decreased by Rs. 5,825.0 million (13.3%) from Rs. 43,137.8 million to Rs. 37,412.8 million in 2004. The liabilities of U.K’ companies increased from Rs. 12,037.2 million to Rs. 17,771.9 million during the year 2004 while their relative shares increased from 11.28 percent to 21.10 percent during the year 2004. The liabilities of Saudi Arabia,

Germany, Austria and Netherlands changed from Rs. 6,219.2 million to Rs. 6,350.2 million, Rs. 6,242.3 million to Rs. 5,935.1 million, Rs. 7,878.9 million to Rs. 5,303.5 million and Rs. 13,484.8 million to 5,246.5 million respectively during the year 2004. The Foreign Liabilities on account of Korea and U.A.E increased slightly from Rs. 1,624.3 million to Rs. 1,646.6 million, and Rs. 1,386.5 million to Rs. 2,045.0 million during the year 2004. On the other hand the liabilities to Switzerland decreased from Rs. 2,125.1 million to Rs. 1,605.0 during the year 2004. The Liabilities of others decreased from Rs. 20,478.5 million to Rs. – 6,552.1 million during the year 2004. The gross foreign liabilities of Pakistani Joint Stock Companies decreased by Rs. 90,936 million (28.1%) from Rs. 322,712.5 million to Rs. 231,776.5 and mainly consisted of long term liabilities such as “Equity Capital” and “long-term Debt”. Together, they decreased from Rs. 255,250.9 million to Rs. 184,070.6 million or by Rs. 71,180.3 million (27.9%) and their relative share increased from 79.1 percent to 79.4 percent of total in 2004.

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

Liabilities	2004		2003	
	Amount	% of total	Amount	% of total
Equity Capital	91,389.3	39.42	102,064.7	31.63
Short-term Debt	47,705.9	20.58	67,461.6	20.90
Long-term Debt	92,681.3	40.00	153,186.2	47.47
Total	231,776.5	100.00	322,712.5	100.00

The “Equity Capital” decreased by Rs. 10,675.4 (10.4%) from Rs. 102,064.7 million to Rs. 91,389.3million. “Long-term Debt” decreased from Rs. 153,186.2 million to Rs. 92,681.3 million or by Rs. 60,504.9 million (39.5%).”Short-term Debt” decreased from Rs. 67,461.6 million to Rs. 47,705.9 million or by Rs. 19,755.7 million (29.3%) and its relative share decreased from 20.9 to 20.6 percent of total in 2004 (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. 9,210.9 million (113.8%) from Rs. 8,095.6 million to Rs. 17,306.5 million in 2004. The Ratio of assets to liabilities increased from 2.5% to 7.5% during the year 2004. “Deposits abroad” increased from Rs. 3,645.9 million to Rs. 12,576.1 million and its relative share increased from 45.0 percent to 72.7 percent. “Loan and Advances” decreased by Rs. 762.3 million (17.8%) from Rs. 4,280.5 million to Rs. 3,518.2 million in 2004 and its relative share decreased from 52.9 percent to 20.3 percent of the total in 2004. “Securities, Shares and Debenture” stood at Rs. 1,212.2 million in 2004.

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

Assets	2004		2003	
	Amount	% of total	Amount	% of total
Deposits abroad	12,576.1	72.67	3,645.9	45.04
Loan and Advances	3,518.2	20.33	4,280.5	52.87
Securities, Shares and Debentures	1,212.2	7.00	169.2	2.09
Total	17,306.5	100.00	8,095.6	100.00
RATIO OF ASSETS TO LIABILITIES (%)	7.5		2.5	

Net Debtor Position of Pakistani Joint Stock Companies

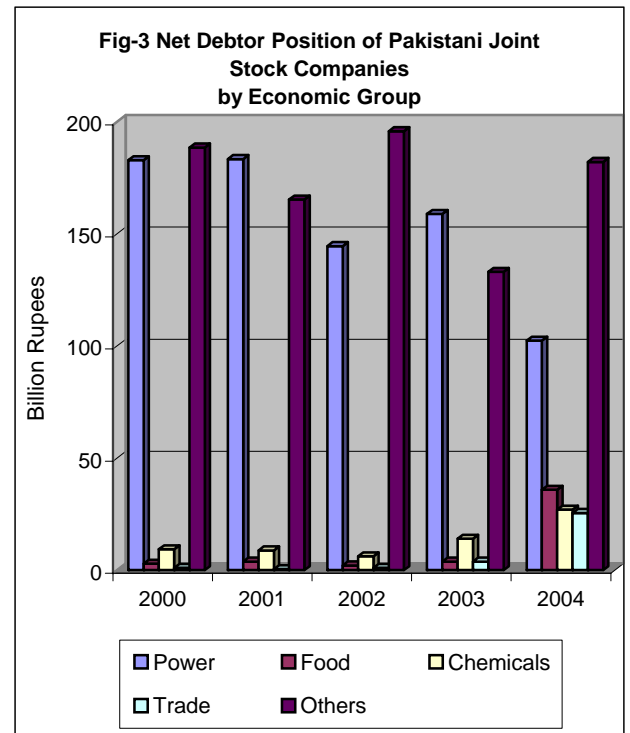
The total net indebtedness of Pakistani Joint Stock Companies increased by Rs. 59,265.9 million (18.9%) from Rs. 313,786.7 million to Rs. 373,052.6 million in 2004. According to economic group the net debtor position of “Power” decreased from Rs. 159,008.8 million to Rs. 102,431.3 million in 2004 while its relative share decreased from 50.7 percent to 27.7 percent of total during the year 2004. Net debtor position of “Food” increased from Rs. 3,844.8 million to Rs. 35,936.5 million while its relative share increased from 1.2 percent to 9.6 percent during the

year 2004. The net liabilities of the companies engaged in “Chemicals” increased by Rs. 4,160.6 million (18.1%) from Rs. 22,913.5 million to Rs. 27,074.1 million during the year 2004. The net liabilities of the companies engaged in “Trade” increased by Rs. 21,583.2 million from Rs. 3,754.5 million to Rs. 25,337.7 million during the year 2004. The net debtor position of the companies engaged in “Communications” increased by Rs. 15,132.8 million (149.2%) from Rs. 10,138.8 million to Rs. 25,271.6 million during the year 2004. The net liabilities of the companies engaged in “Oil & Gas Explorations” increased

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

Economic Group	2004		2003	
	Amount	% of total	Amount	% of total
Power	102,431.3	27.46	159,008.8	50.67
Food	35,936.5	9.63	3,844.8	1.22
Chemicals	27,074.1	7.26	22,913.5	7.30
Trade	25,337.7	6.79	3,754.5	1.19
Communications	25,271.6	6.77	10,138.8	3.26
Oil & Gas Explorations	22,539.9	6.04	2,841.2	0.90
Financial Business	19,913.9	5.34	11,227.1	3.58
Others	114,547.5	30.71	100,058.0	31.88
Total	373,052.6	100.00	313,786.7	100.00

by Rs. 19,698.7 million from Rs. 2,841.2 million to Rs. 22,539.9 million and its relative share increased from 0.90 percent to 6.0 percent of total net debtor position of Pakistani joint stock companies during the year 2004. The net liabilities of the companies engaged in “Financial Business” increased by Rs .8,686.8



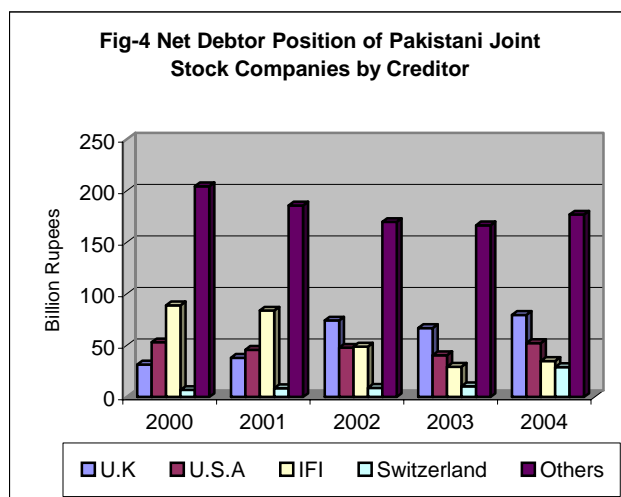
million (77.4%) from Rs. 11,227.1 million to Rs. 19,913.9 million during the year 2004 (table-8, fig-3). Classification of indebtedness by creditors shows that UK was the most prominent creditor during the year 2004 and its total claims increased from Rs. 66,959.9 million to Rs. 79,717.0 million while its relative shares increased from 21.34 percent to 21.37 percent during the year 2004 (table-9, fig-4).

Claims of U.S.A increased from Rs. 40,540.2 million to Rs. 52,338.5 million and its relative share increased from 12.92 percent to 14.03 percent during the year 2004. The liabilities of “International Financial Institutions” increased from Rs. 29,273.9 million to Rs. 34,993.5 million and its relative share vary from 9.33 percent to 9.38 percent during year 2004. Claims of Switzerland increased from Rs. 10,360.1 million to Rs. 28,956.1 million and its relative share increased from 3.00 percent to 7.76 percent during the year 2004.

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

Creditor	2004		2003	
	Amount	% of total	Amount	% of total
U.K	79,717.0	21.37	66,959.9	21.34
U.S.A	52,338.5	14.03	40,540.2	12.92
International Financial Institution	34,993.5	9.38	29,273.9	9.33
Switzerland	28,956.1	7.76	10,360.1	3.30
Saudi Arabia	25,123.8	6.73	7,706.2	2.46
Mauritius	21,767.5	5.83	25,650.4	8.17
Japan	18,526.7	4.97	51,438.0	16.39
Netherlands	18,111.5	4.85	3,401.2	1.08
U.A.E	12,076.8	3.24	11,903.3	3.79
Kuwait	8,636.4	2.32	7,944.8	2.53
Germany	8,538.8	2.29	10,562.8	3.39
Bahrain	6,864.6	1.84	1,947.6	0.62
Malaysia	4,976.5	1.33	2,340.9	0.74
France	4,206.3	1.13	6,084.7	1.94
Australia	3,629.6	0.97	-3.9	..
Luxembourg	3,600.8	0.97	2,572.8	0.82
Bahamas	3,115.3	0.84	262.4	0.08
Korea	2,407.1	0.65	1,439.6	0.45
Italy	1,781.8	0.48	2,701.9	0.86
Others	33,684.1	9.03	30,700.2	9.79
Total	373,052.6	100.00	313,787.0	100.00

Claims of Saudi Arabia and Mauritius vary from Rs. 7,706.2 million to Rs. 25,123.8 million and Rs. 25,650.4 million to Rs. 21,767.5 million respectively



during the year 2004 and their relative shares vary from 2.46 percent to 6.73 percent and 8.17 percent to 5.83 percent respectively during the year 2004. Claims of Japan decreased from Rs. 51,438.0 million to Rs. 18,526.7 million and its relative share decreased from 16.39 percent to 4.97 percent during the year 2004. Claims of Netherlands and U.A.E increased from

Rs. 3,401.2 million to Rs. 18,111.5 million and Rs. 11,903.3 million to Rs. 12,076.8 million respectively during the year 2004 and their relative shares vary from 1.08 percent to 4.85 percent and 3.79 percent to 3.24 percent respectively during the year 2004. Claims of Germany, France, and Italy decreased from Rs. 10,562.8 million to Rs. 8,538.8 million, Rs. 6,084.7 million to Rs. 4,206.3 million and Rs. 2,701.9 million to Rs. 1,781.8 million respectively during the year 2004 while their relative shares decreased from 3.39 percent to 2.29 percent, 1.94 percent to 1.13 percent and 0.86 percent to 0.48 percent respectively during the year 2004. Claims of Luxembourg, and Korea changed from Rs. 2,572.8 million to Rs. 3,600.8 million and Rs. 1,439.6 million to Rs. 2,407.1 million respectively during the year 2004. The claims of the residual group of countries represented as "Others" increased from Rs. 30,700.2 million to Rs. 33,684.1 million during the year 2004.

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 increased by Rs. 73160.6 (29.4%) million from Rs. 248,705.1 million to Rs. 321,865.7 million and its relative share decreased from 79.3 percent to 70.4 percent of total net indebtedness of Pakistani Joint Stock Companies in 2004. As much as 95.4 percent of their liabilities were of long-term nature having maturity period of more than one year. These liabilities increased by Rs. 79,409.9 million (34.9%) from Rs. 227,792.2 million to Rs. 307,202.1 million in 2004.

The inflow of gross foreign investment comprising "Cash Brought in", "Capital Equipment Brought in" and "Reinvested Earnings" increased by Rs. 23,513.1 million (55.4%) from Rs. 42,450.6 million in 2003 to Rs. 65,963.7 million in 2004 (table-10). Item wise

analysis indicated that “Cash Brought in” recorded a increase of Rs. 25,337.9 million from Rs. 20,207.2 million to Rs. 45,545.1 million in 2004 and its relative share increased from 47.6 percent to 69.0 percent of the total inflow. “Capital Equipment Brought in” stood at Rs. 960.8 million whereas it was Rs. 169.7 million in 2003. “Reinvested Earnings” decreased from Rs. 22,073.7 million to Rs. 19,457.8 million or by Rs. 2,615.9 million (11.8%) and its relative share decreased from 52.0 percent to 29.5 percent of the total inflow. Foreign Investment outflow consisting mainly of “Cash Repatriated”

Table – 10
Foreign Investment Inflow/Outflow by Type

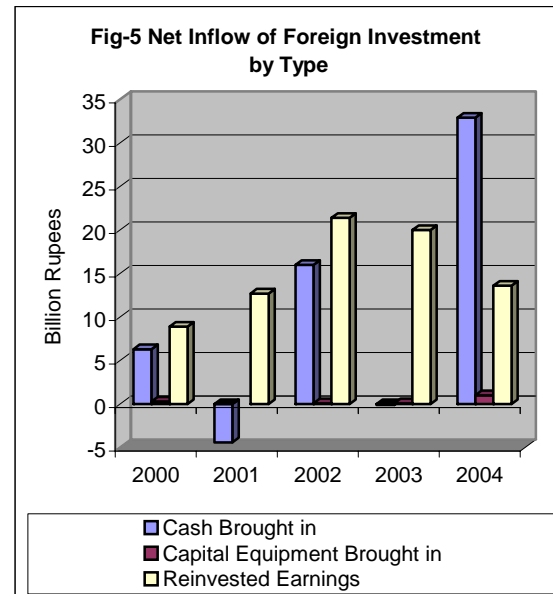
Type	2004		2003	
	Amount	% of total	Amount	% of total
Inflow				
Cash Brought in	45,545.1	69.05	20,207.2	47.60
Capital Equipment Brought in	960.8	1.45	169.7	0.40
Reinvested Earnings	19,457.8	29.50	22,073.7	52.00
Total	65,963.7	100.00	42,450.6	100.00
Outflow				
Cash Repatriated	12,559.6	68.03	20,356.9	90.83
Capital Equipment Taken out	-	-
Disinvestment	5,901.8	31.97	2,056.1	9.17
Total	18,461.4	100.00	22,413.0	100.00
III. Ratio Of Outflow to Inflow (%)	28.0		52.8	

depicted an decrease of Rs. 7,797.3 million (38.3%) from Rs. 20,356.9 million to Rs.12,559.6 million over the year. “Capital Equipment Taken out” stood nil during the year 2004. “Disinvestments” stood at Rs. 5,901.8 million where as it was Rs. 2,056.1 million in 2003. The ratio of gross outflow to inflow decreased from 52.8 percent to 28.0 percent in 2004. The total net inflow of foreign investment increased by Rs. 27,464.7 million (137.0%) from Rs. 20,037.6 million to Rs. 47,502.3 million in 2004 (table-11, fig-5).

Table – 11
Net Inflow of Foreign Investment by Type

Type	2004		2003	
	Amount	% of total	Amount	% of total
Cash Brought in	32,985.5	69.4	-149.7	-0.7
Capital Equipment Brought in	960.8	2.0	169.7	0.8
Reinvested Earnings	13,556.0	28.6	20,017.6	99.9
Total	47,502.3	100.0	20,037.6	100.0

The “Cash Brought in” increased from Rs. –149.7 million to Rs. 32,985.5 million or by Rs. 33,135.2



million with its relative share increased from –0.7 percent to 69.4 percent in year 2004.

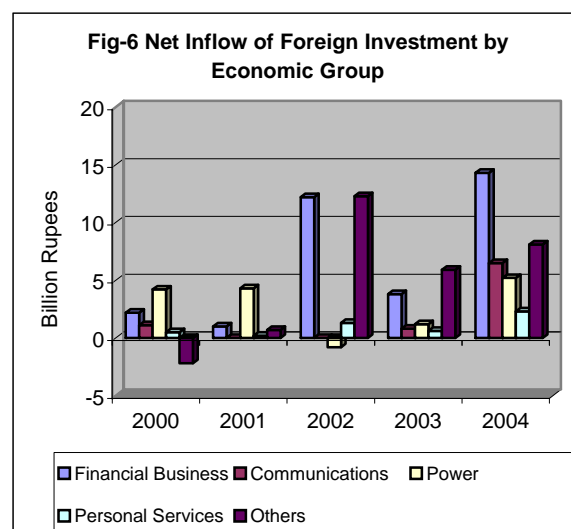
“Capital Equipment Brought in” stood at Rs. 960.8 million in year 2004 where as it was Rs. 169.7 million in 2003. “Reinvested Earnings” decreased from Rs. 20,017.6 million to Rs. 13,556.0 million and its relative share decreased from 99.9 percent to 28.5 percent during the year 2004.

Table – 12
Net Inflow of Foreign Investment by
Economic Group

Economic Group	2004		2003	
	Amount	% of total	Amount	% of total
Financial Business	14,321.9	30.15	3,782.6	18.88
Oil & Gas Exploration	11,132.3	23.44	7,703.9	38.45
Communications	6,546.7	13.78	3,782.7	18.87
Power	5,196.4	10.94	1,249.5	6.24
Personal Services	2,252.9	4.74	648.1	3.23
Transport	1,556.7	3.28	600.1	2.99
Chemicals	1,108.5	2.33	1,047.2	5.23
Others	5,386.8	11.4	1,223.5	6.10
Total	47,502.3	100.00	20,037.6	100.00

By economic group, “Financial Business” was the main sector, where net inflow of foreign investment increases from Rs. 3,782.6 million to Rs. 14,321.9 million during the year 2004 (table-12, fig-6).

Investment in “Oil & Gas Exploration” group increases from Rs. 7,703.9 million to Rs. 11,132.3 million during the year 2004. The “Communications” was the 3rd main group, which stood at Rs. 6,546.7 million while it was Rs. 3,782.7 million in the year 2003. The “Power” group increased from Rs. 1,249.5 million to Rs. 5,196.4 million during the year 2004. The “Personal Services” group stood at 5th for net inflow of Rs. 2,252.9 million in the year 2004 and it was Rs. 648.1 million in 2003. The “Transport” group attracted net inflow of Rs. 1,556.7 million in the year 2004. The group “Chemicals” net inflow stood at Rs. 1,108.5 million in the year 2004, as it was Rs. 1,047.2 million in the year 2003. The net inflow of “Other” group of Rs. 1,223.5 in the year 2003 was replaced by Rs. 5,386.8 million in the year 2004.

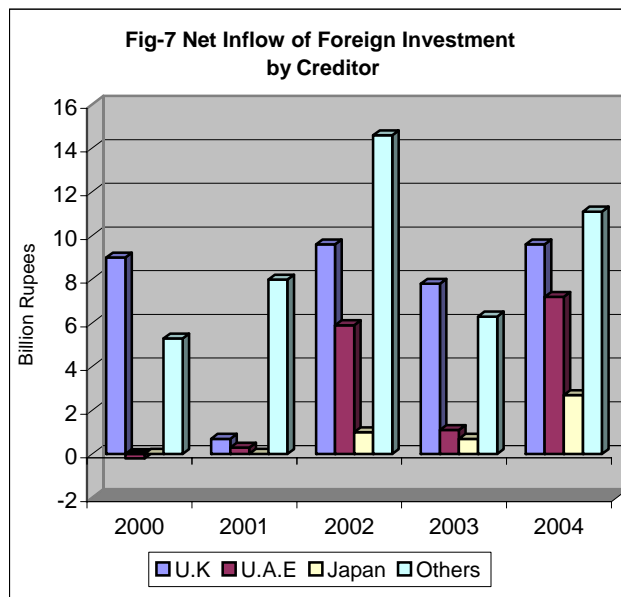


The country-wise position of net foreign investment revealed that UK takes the prominent position and contributed 39.0 percent of the total flow of foreign investment during the year 2003 (table-13, fig-7). Contribution in the flow of foreign investment of USA and Germany decreased from Rs. 6,490.2 million, Rs. 4,121.4 million and Rs. 2,422.8 million to 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	2004		2003	
	Amount	% of total	Amount	% of total
U.S.A	16,897.8	35.57	4,121.4	20.57
U.K	9,580.3	20.17	7,815.4	39.00
U.A.E	7,250.4	15.26	1,131.6	5.65
Japan	2,733.5	5.75	651.1	3.25
Bahrain	1,292.6	2.72	779.7	3.89
Kuwait	1,226.3	2.58	209.2	1.04
Indonesia	1,144.0	2.41	15.0	0.08
Switzerland	1,095.6	2.31	445.8	2.22
Netherlands	881.9	1.86	1,991.6	9.94
Others	5,399.8	11.37	2,876.8	14.35
Total	47,502.3	100.00	20,037.6	100.00

Contribution of U.S.A, U.K, Japan and Bahrain increased from Rs. 4,121.4 million, to Rs. 16,897.8 million, Rs. 7,815.4 million, Rs. 9,580.3 million, Rs. 651.1 million to Rs. 2,733.5 million and Rs. 779.7 million to Rs. 1,292.6 respectively while their collective relative shares decreased from 66.71



percent to 64.21 percent during the year 2004. The inflow of Others at Rs. 2,891.8 million during the year 2003 is replaced by inflow of Rs. 5,399.8 million during the year 2004.