

## **Executive Summary**

This annual publication presents Pakistan's International Investment position as on December 31, 2010. The areas covered in the framework of IIP are direct investment, portfolio investment, financial derivatives and other investment on both liabilities and assets sides while reserves on assets side only. Other investment comprises of trade credits, loans, currency and deposits and other accounts receivable/payable. Foreign Direct Investment has come out as not only a major source of much needed capital but is also considered to be a major channel for access to advance technologies, organizational and managerial skills. Pakistan being a developing country requires foreign assistance for its developmental projects as well as meeting the saving investment gap. The IIP statement also provides details of all financial assets and liabilities on gross basis and net IIP shows what a country owns and what it owes to the rest of the world.

Overall net IIP of Pakistan shows that its worth has decreased from US\$ -54,820 million on December 31, 2009 to US\$ -59,162 million on December 31, 2010. External financial assets increased by 11.9 percent in 2010 mainly because of increase in reserves. Direct and portfolio investment abroad which is 5.9 percent of the total assets has decreased by US\$ 464 million or 23.2 percent during 2010. Reserve assets of Pakistan dominating the assets side with 68.6 percent share have increased by 18.6 percent or US\$ 2,810 million during 2010. Direct and portfolio investment in Pakistan which are 23.2 and 5.6 percent of the total liabilities increased from US\$17,673 million to US\$19,828 million and in absolute term by US\$ 2,155 million or 12.2 percent and from US\$ 3,548 to US\$ 4,488 by US\$ 940 million or 26.5 percent respectively during the year. The sharp increase in portfolio investment in Pakistan occurred on account of investment in equity securities and better coverage of companies reflected under other changes. External loans which account for 64.7 percent of the total liabilities have increased from US\$ 51,604 million to US\$ 55,194 million or by US\$ 3,590 million or 7.0 percent from the previous year.

As part of initiatives for further improving the coverage & data quality the Statistics & DWH department conducts Coordinated Direct Investment Survey (CDIS) on annual basis from year 2009. The CDIS has resulted in the collection of a comprehensive information on direct investment, disaggregated by instruments and by counterpart economies of immediate investors along with the requisite other information needed for IIP compilation.

For easy access by the users, the publication is also available on our website <http://www.sbp.org.pk/publications/IIPP/index.htm>