

Executive Summary

The annual publication of *International Investment Position of Pakistan* presents Pakistan's foreign liabilities & assets position as on December 31, 2012. The publication is enhanced version of our former publication *foreign liabilities & assets and foreign investment in Pakistan*. The areas covered in the framework of IIP are direct investment, portfolio investment, financial derivatives and other investment on both liabilities and assets sides while reserves on assets side only. Other investment comprises of 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\$ -59,823 million on December 31, 2011 to US\$ -64,016 million on December 31, 2012. There is a decrease of 11.9 percent in external financial assets in 2012. Direct investment abroad which is 6.6 percent of the total assets has increased by US\$ 149 million or 10.6 percent during 2012. Portfolio investment abroad which is 1.6 percent of the total assets has increased by US\$ 184 million or 94.2 percent during 2012. Reserve assets of Pakistan depicting 57.8 percent share in total assets have decreased by 23.2 percent or US\$ 4,095 million during 2012.

Direct investment in Pakistan which is 26.5 percent of the total liabilities increased from US\$ 20,916 million to US\$ 23,125 million and in absolute term by US\$ 2,209 million in 2012. On the other hand portfolio investment in Pakistan which is 6.0 percent of the total liabilities has increased by 24.1 percent from US\$ 4,216 to US\$ 5,234.0 or by US\$ 1,018 million during the year. External loans which account for 61.4 percent of the total liabilities have decreased from US\$ 56,384 million to US\$ 53,695 million or by US\$ 2,689 million or 4.8 percent from the previous year.

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