



# Pakistan's FDI Pulse

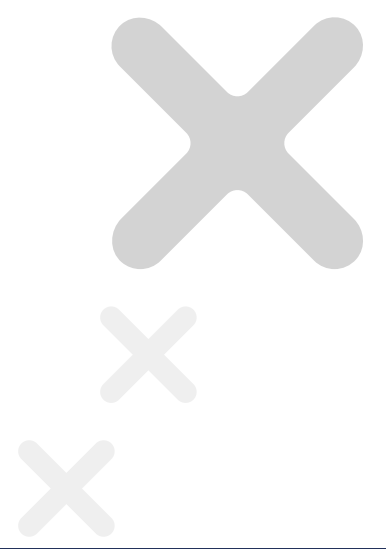
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Quarterly Update (Jan - Mar 2026)

The First Port of Call for Foreign Investors

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# Pakistan's FDI Profile Snapshot

Pakistan's foreign direct investment story has been less about takeoff and more about uneven recovery within a narrow base. The headline numbers show that inflows have remained modest, volatile, and well below the level needed for a country of Pakistan's size and financing needs.

On a fiscal-year basis, net FDI stood at \$2.60 billion in FY20, then fell to \$1.82 billion in FY21, edged up to \$1.87 billion in FY22, slipped to \$1.46 billion in FY23, and recovered to \$1.90 billion in FY24. The latest partial reading does not suggest a breakout:

In other words, Pakistan is still attracting foreign capital, but not at a scale that signals a broad-based shift in investor confidence.

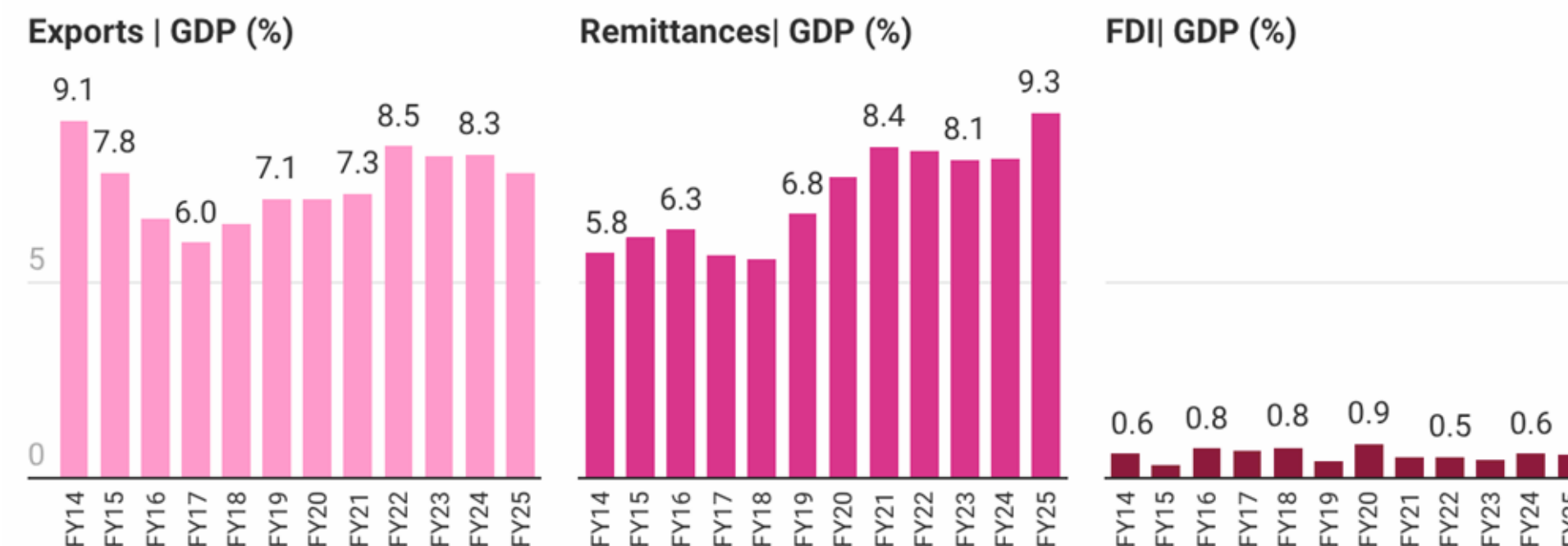
Compared to exports and remittances, FDI continuously remains a small and volatile part of Pakistan's economy. Remittances and exports now make up a much larger share of external inflows, while net FDI has stayed around 0.6% of GDP on average over the past decade, underscoring Pakistan's reliance on trade and diaspora flows rather than long-term, productivity-enhancing foreign investment.

## FDI in Pakistan over the years—\$(mn)



Source: SBP • Created with Datawrapper

## FDI vs Export vs Remittances as a % of GDP



Source: SBP • Created with Datawrapper

## Trend: Recovery, But No Breakout

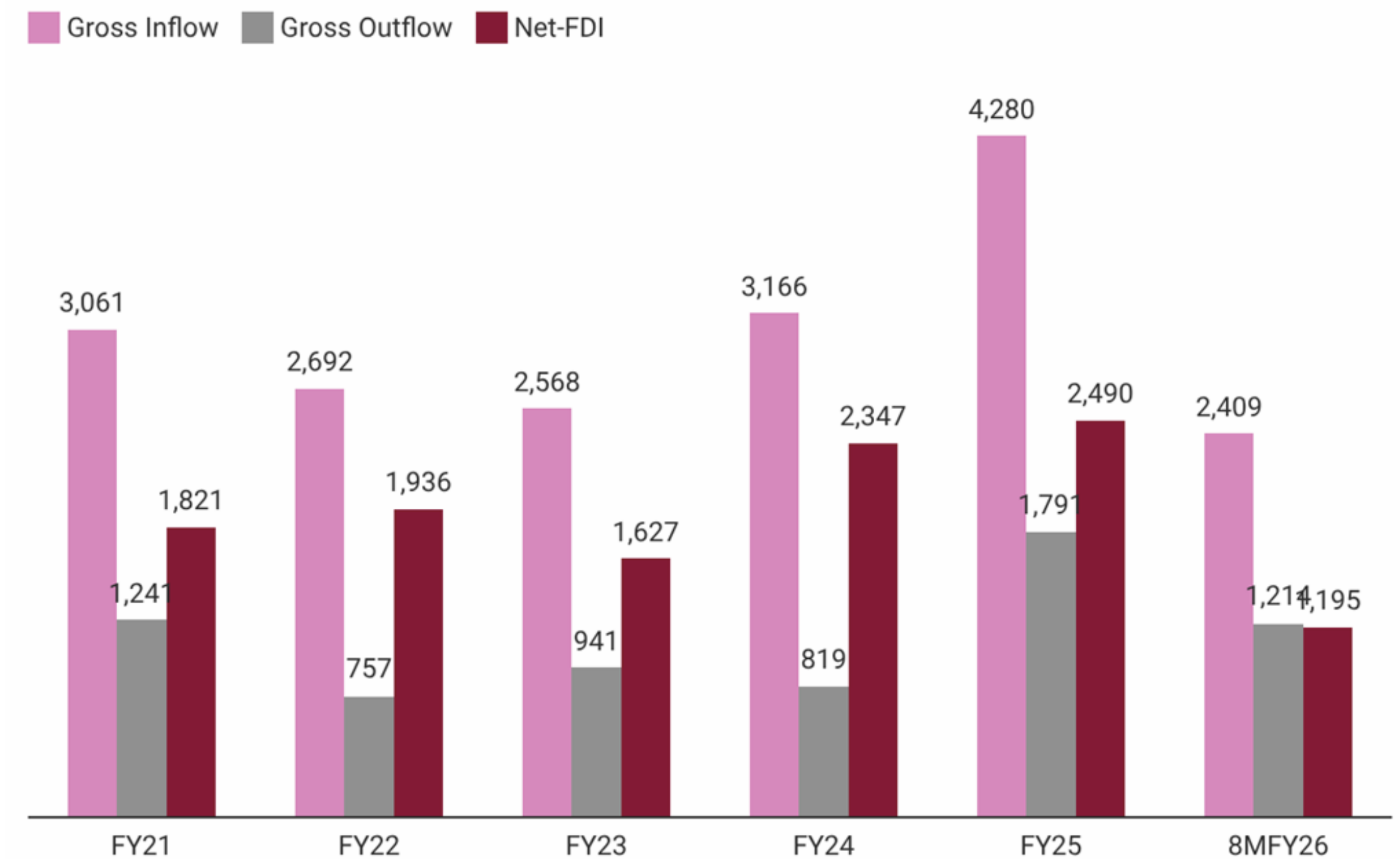
The five-year trend suggests that **Pakistan's FDI performance remains cyclical and fragile rather than steadily improving**. There has been no sustained upward trajectory. Instead, inflows have moved within a relatively narrow band, with occasional recovery followed by renewed weakness.

This means Pakistan is not in a position where one good month or one improving year can be taken as evidence of a stronger investment cycle. The underlying trend still points to a country that **attracts some foreign investment, but not enough to suggest deep confidence in long-term competitiveness, policy consistency, or large-scale opportunity**.

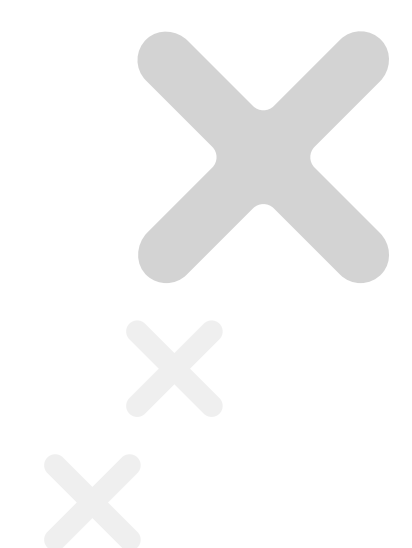
From an international perspective, **Pakistan remains a relatively small FDI destination**. Even where annual inflows show some recovery, the level remains modest relative to the size of the economy, the size of the population, and the country's financing and development needs.

That means the issue is not **whether Pakistan receives FDI at all**. The issue is **whether it receives enough and whether that investment is diversified, stable, and productivity-enhancing**. On that count, the answer remains unconvincing.

### Foreign Direct Investment - \$(mn)



Source: SBP • Created with Datawrapper



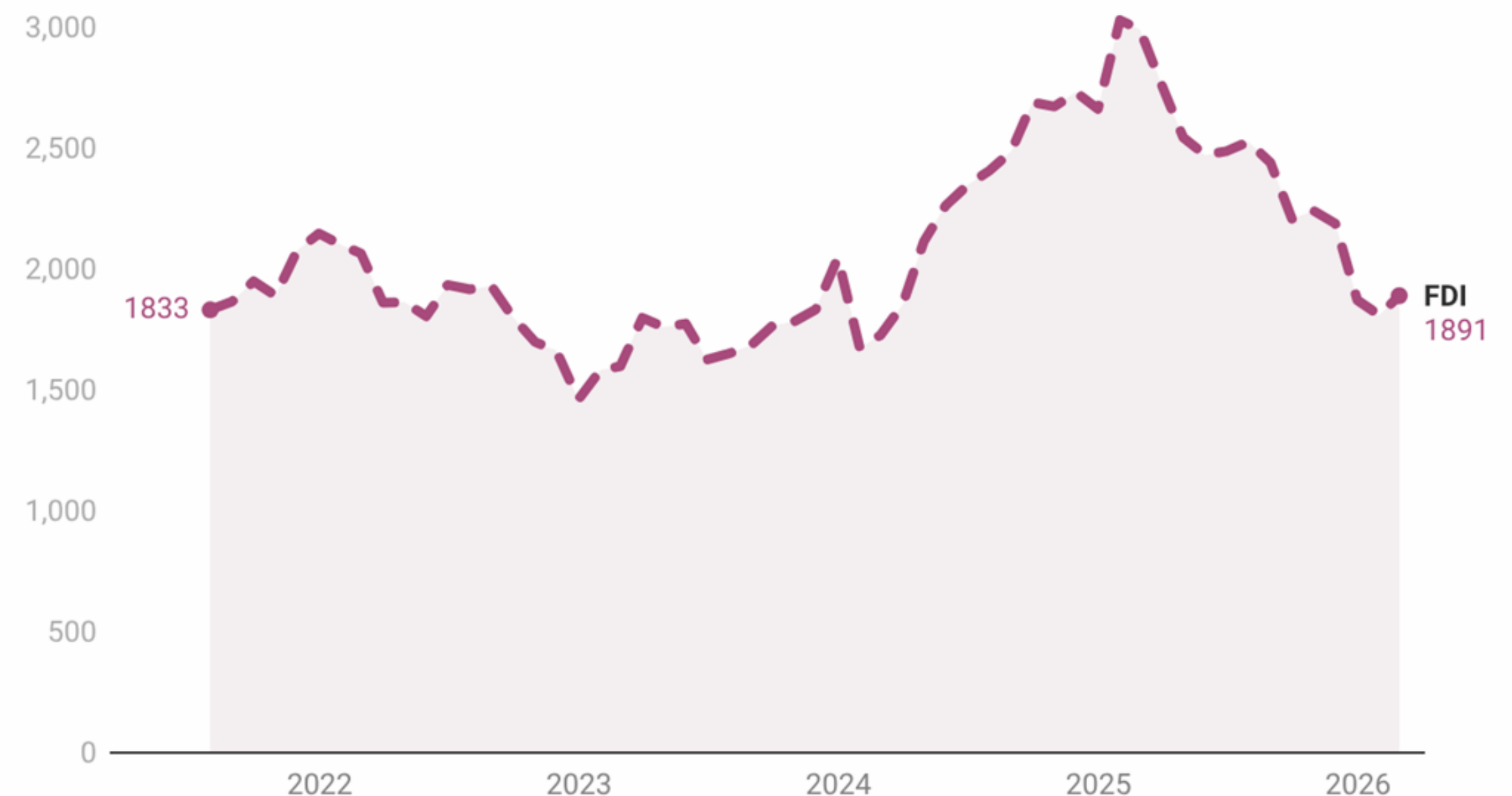
## Investment Climate: Stabilised, Not Yet Investable at Scale

Pakistan's investment climate has improved since the acute macro stress of 2022–23, and FY25 reinforced that stabilization story. External pressures eased, reserves improved, and the current account moved into surplus in FY25, supported by stronger remittances and ICT exports. That reduced immediate fears of a balance-of-payments accident and made the macro environment less disorderly than it was two years earlier.

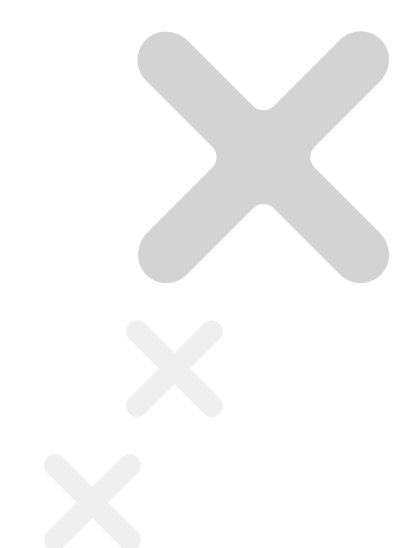
But stabilization has not yet translated into a durable FDI upswing. Net FDI remained modest and uneven: \$1.90 billion in FY24, and \$1.52 billion in FY25. In Jul–Feb FY26, net FDI was \$1.19 billion, down from \$1.79 billion in the same period of FY25.

The current picture is therefore better described as stabilized, not transformed. Pakistan looks less fragile than it did during the crisis phase, but the deeper constraints on investment remain familiar: policy unpredictability, tax and regulatory complexity, energy-sector distortions, weak contract enforcement, and periodic foreign-exchange concerns. Investor sentiment has improved from crisis levels, but it remains fragile. Pakistan is now seen as less risky than during the 2022–23 crisis but not yet as a strongly attractive destination for large, long-term foreign capital.

### 12-Month Rolling FDI - \$(mn)



Source: SBP • Created with Datawrapper



## Sectoral Structure: Concentrated and Narrow

The structure of FDI helps explain why the FDI picture should not be overstated. **Pakistan's inflows are still concentrated in a relatively small number of sectors** rather than spread across a deep manufacturing and export ecosystem.

Over the last five fiscal years, **power** has remained one of the largest destinations for FDI. **Oil and gas** has also been a consistent, though smaller, recipient. **Financial business** has become more important in recent years as well.

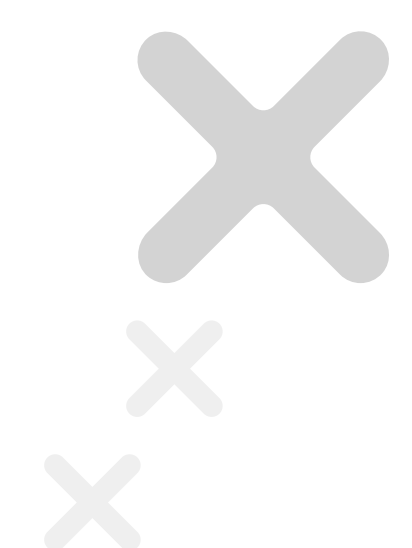
By contrast, areas one would want to see as drivers of a broader and more resilient FDI story — such as diversified manufacturing, export-oriented industry, and tradeable services — have generally remained modest, patchy, or negative in some years. **Communications** has been particularly uneven, with periods of inflow offset by net outflows.

So the sectoral story is not one of broadening strength. It is still one of dependence on a few pockets of investment.

### Sector-wise FDI in Pakistan - \$(mn)

	FY24	FY25	8MFY26
Food/Beverages/Tobacco	165	46	39
Petroleum Refining	45	77	51
Mining & Quarrying	103	-152	-66
Oil & Gas Explorations	351	137	-12
Electrical Machinery	79	176	98
Electronics	37	45	114
Textile	-5	48	32
Transport Equipment (automobile)	-9	57	38
Power	650	1,178	627
Telecommunication	-44	-129	-454
Information Technology	39	58	27
Financial Business	626	701	523

Source: SBP • Created with Datawrapper



## Country Structure: Dependence on a Few Sources

Country concentration tells a similar story. **Pakistan's FDI profile remains dependent on a limited number of source countries** rather than a wide and diversified foreign investor base.

**China**, along with **Hong Kong**, has remained Pakistan's most important FDI source in recent years, especially through power- and infrastructure-related investment. Other contributors include **Switzerland** and the **UAE**, but flows from these countries have generally been smaller and more variable. FDI from the **UK** and the **US** has seen a downward trend over the last few years.

This shows Pakistan's FDI profile is still anchored in a narrow set of bilateral relationships rather than broad international investor participation.

## FDI in Pakistan: Country-wise - \$(mn)

	FY24	FY25	8MFY26
Bahrain	36	59	42
Canada	95	22	54
China	643	1,205	636
France	107	-39	17
Germany	26	-19	-25
Hongkong	212	470	219
Italy	-1	8	3
Japan	-5	41	43
Korea (South)	16	96	64
Kuwait	48	30	50
Malaysia	27	43	27
Malta	46	-92	-61
Netherlands	72	-64	14
Norway	-60	14	-365
Saudi Arabia	82	6	-7
Singapore	104	13	28
Switzerland	229	168	141
U.A.E	132	307	139
United Kingdom	239	68	75
United States	110	35	6

Source: SBP • Created with Datawrapper



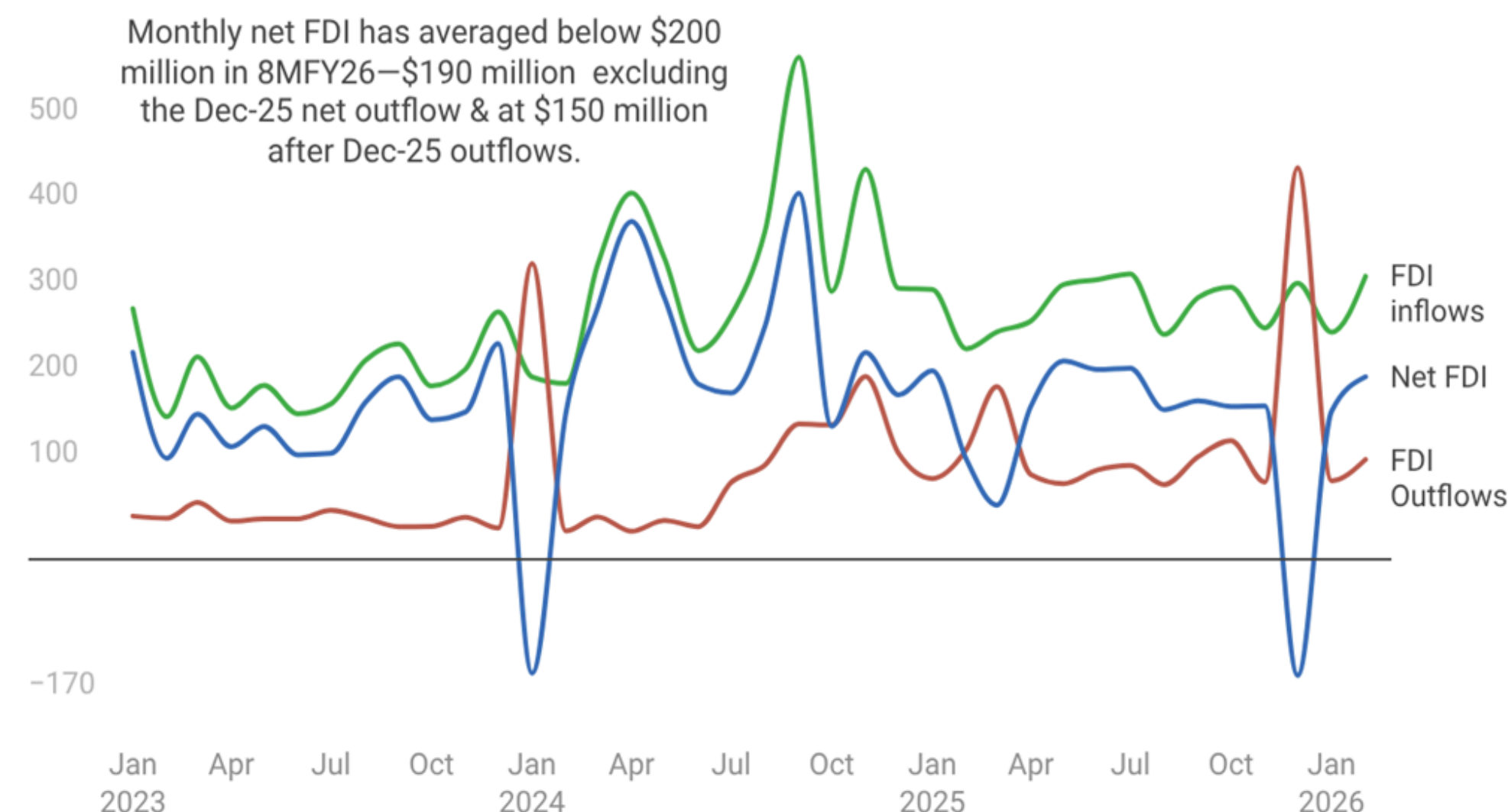
## FDI in FY26 so far

Recent FDI numbers offer only modest comfort. Net FDI reached \$213.5 million in February 2026, with gross inflows of \$330.5 million and outflows of \$117 million, indicating that repatriation pressures were manageable in the month. But one relatively stable month does not alter the broader picture.

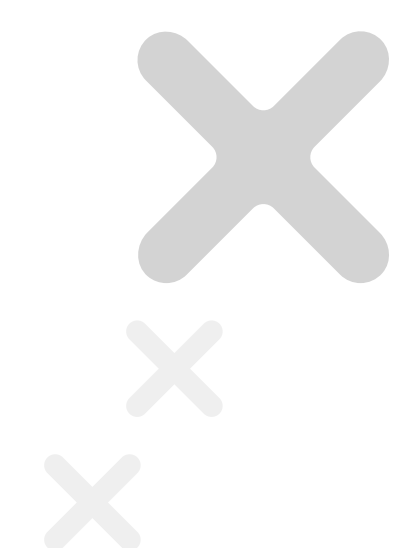
The wider trend remains weak. In 8MFY26, net FDI fell to \$1.19 billion from \$1.79 billion a year earlier — a decline of about one-third.

During 8MFY26, the sectoral and country-wise trends remained the same. The power sector (53% of total FDI) was the main attractor of FDI in 8MFY26; financial business continued its resilience (44% of FDI), and electronics posted some gains. In contrast, communications remained under pressure, with net outflows driven largely by telecom repatriation. Other key sectors that saw net outflows in 8MFY26 included the mining and the oil and gas exploration sectors. Country-wise, China and Hong Kong accounted for roughly 72% of net FDI in 8MFY26, largely linked to the power sector.

### Monthly Trend in FDI - \$(mn)



Source: SBP • Created with Datawrapper



## Pakistan's FDI challenges and issues

**Pakistan's FDI weakness is structural, not merely cyclical.** Inflows continue to come in, but they remain narrow, concentrated, and hard to scale. The mix is still heavily reliant on a few sectors and source countries—especially power and China-linked flows—keeping headline numbers afloat without building a diversified base for industrial upgrading, export growth, or stronger productivity.

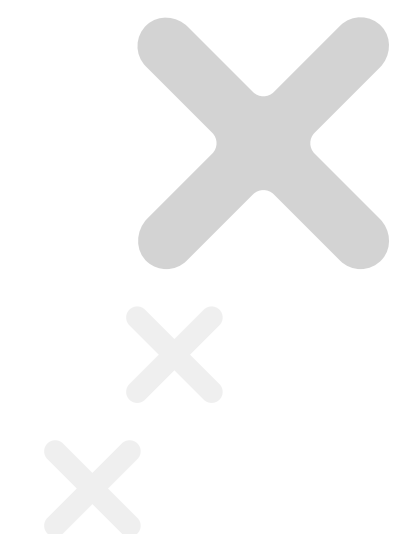
**Diversification remains limited across both sectors and investors.** Manufacturing, technology, logistics, and export-oriented industries do not yet feature strongly enough, while communications has repeatedly come under pressure through withdrawals and profit repatriation. Financial business has shown some resilience, but it remains closely tied to macro conditions.

**Investor retention is also a concern.** Outflows from countries show that attracting capital is only part of the challenge; retaining investor confidence and encouraging reinvestment matter just as much. When inflows from some markets are offset by exits from others, the overall investment story remains unstable.

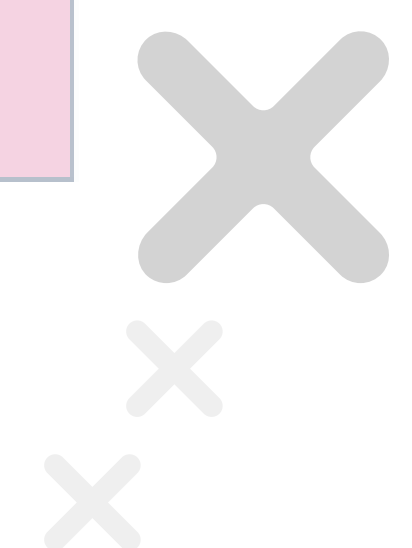
**The operating environment continues to weigh on sentiment.** Policy unpredictability, tax complexity, regulatory friction, foreign-exchange concerns, weak contract enforcement, and energy-sector distortions all raise the cost and uncertainty of investing. Circular debt, especially in the power sector, adds to doubts about policy credibility and sectoral risk, while FX shortages and remittance delays undermine trust even where repatriation is legally allowed.

**Regulatory volatility further raises reversal risk.** Frequent policy changes and mid-course tax shifts make long-term projects harder to price and defend, especially greenfield and export-oriented investments that depend on predictability over several years. At the same time, high energy costs, contract-risk concerns, and weak judicial enforcement continue to deter broader private capital, leaving the field tilted toward protected or state-backed flows.

**Regional geopolitics adds another layer of risk.** Tensions involving Iran and Afghanistan can raise logistics and insurance costs, disrupt trade routes, and increase Pakistan's overall risk premium. In that environment, investors tend to delay decisions, shorten commitments, or shift capital toward safer markets.



Why FDI in Pakistan Remains Narrow and Fragile		
	External / macro constraints	Domestic / structural constraints
<b>Near-term pressures</b>	<p>Geopolitical and external risk</p> <p>Regional tensions can raise Pakistan's risk premium through higher logistics and insurance costs, weaker regional sentiment, and slower investor decision-making.</p>	<p>FX, policy, and regulatory friction</p> <p>FX shortages, remittance delays, policy reversals, tax unpredictability, and regulatory inconsistency continue to weigh on investor sentiment.</p>
<b>Longer-term structural weaknesses</b>	<p>Narrow and concentrated FDI base</p> <p>FDI remains concentrated in a few sectors and source countries, especially power and China-linked flows, limiting diversification and productivity gains.</p>	<p>Energy, contract, and operating-environment risks</p> <p>High energy costs, circular debt, weak contract enforcement, and policy uncertainty continue to deter long-term private investment.</p>



## Global FDI 202: Recovery Without Breadth

**Global FDI in 2025** was **uneven rather than broad-based**. Early in the year, flows remained weak: UNCTAD reported a **3% decline in H1 2025**, with fewer greenfield projects and lower cross-border M&A, while OECD described activity as **steady at low levels**.

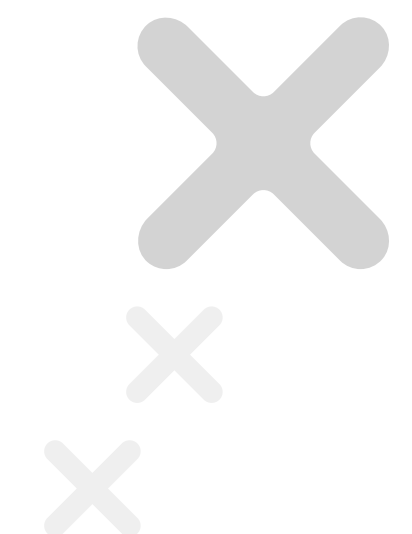
By full-year measures, however, headline FDI recovered. Global FDI rose **14% to \$1.6tn in 2025**. Meanwhile, announced cross-border greenfield FDI reached **\$1.29tn**, the **fifth-highest on record**. But this rebound was concentrated in a few sectors, regions, and conduit flows—especially in developed markets and Europe—rather than reflecting a broad-based global recovery. In short, FDI was not fully back; it remained selective, strategic, and heavily shaped by policy, geopolitics, and a handful of mega projects.

**The 2026 takeaway is clear: FDI is active but narrower, more geopolitical, and more selective**, centered on AI infrastructure, semiconductors, energy security, logistics, and defence-related investment.

## Global FDI Outlook 2026

Global FDI in 2026 is expected to remain active but **more selective, strategic, and uneven**. Investment is increasingly concentrated in data centres, semiconductors, digital infrastructure, energy security, logistics, and defence-related sectors, rather than broad-based manufacturing. Capital is also becoming more geographically rebalanced, with Asia and select emerging markets gaining importance while flows to traditional destinations remain large but narrower in scope.

At the same time, geopolitical tensions—particularly the Iran-US conflict—are likely to raise energy costs, slow global growth, and delay marginal projects, making investors more cautious. The result is a year of **targeted investment rather than a broad FDI boom**, where capital favors countries offering reliable power, policy stability, supply-chain relevance, and fast execution.



## Global FDI in 2025: Power, Chips and Strategic Capital

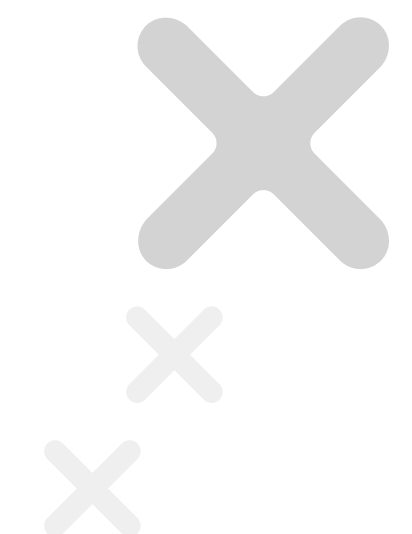
FDI in 2025 was dominated by a few strategic sectors. **Communications became the top recipient**, driven by the data centre boom, with investment reaching **\$320 billion** (up from \$184 billion in 2024). Data centres accounted for nearly half of megaprojects, reinforcing a new investment logic: **capital flows where reliable power is available**.

**Semiconductors formed the second pillar**, with cross-border investment exceeding **\$138 billion**. This reflected real AI-driven demand, not just policy incentives. Global chip sales reached **\$791.7 billion** in 2025 and are expected to approach **\$975 billion** in 2026, anchoring continued investment momentum.

Renewable energy remained large but more selective. Investment fell **26% to \$193 billion**, with solar holding up while wind and green hydrogen softened. The energy transition continues, but capital has become more disciplined and less speculative.

Beyond these sectors, **investment stayed resilient in real estate, metals, LNG, and chemicals, while automotive and battery investment weakened**. The broader pattern shows investors favoring **power, compute, minerals, and supply-chain security** over traditional manufacturing.

A second structural shift came from **new investor countries**. Emerging-source multinationals increased their share of global greenfield FDI, with China, the Gulf, Singapore, South Korea, Taiwan, and India becoming more prominent outward investors. This widens the global investor base and means **FDI is no longer dominated by US-Europe-Japan capital** but is increasingly shaped by Asian and Gulf investors.

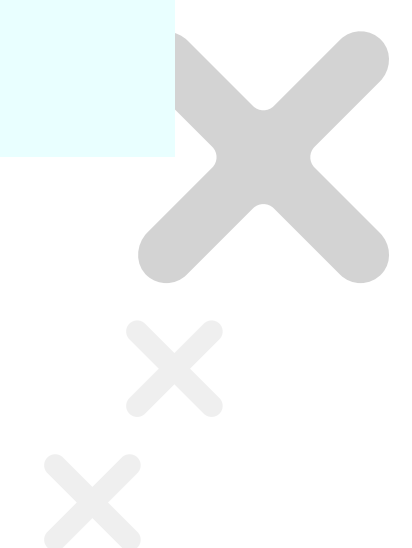


## Regional Readout For 2026

**North America:** The US remains a major FDI magnet, with record announced inflows in 2025, but the story is increasingly policy-driven and uneven. Capital is concentrating in semiconductors, advanced manufacturing, pharma, and defence-linked sectors, while traditional services have lost momentum. The 2026 outlook is for large volumes, but narrower breadth and slower execution.

**Europe:** Europe looks stronger in headline flows. The rebound in 2025 was helped by M&A and financial-hub effects, while growth, energy costs, and industrial competition remain key constraints. The 2026 story is less about expansion and more about **defensive adaptation**, with better prospects in defence, resilient infrastructure, and selective green industry.

**Asia-Pacific:** Asia is the strongest structural FDI story for 2026. The region is moving up the value chain in semiconductors, electronics, EVs, batteries, digital infrastructure, and export manufacturing. **ASEAN remains especially attractive** as a diversification platform, while China is becoming increasingly important as a source of outward FDI rather than just an inward destination.



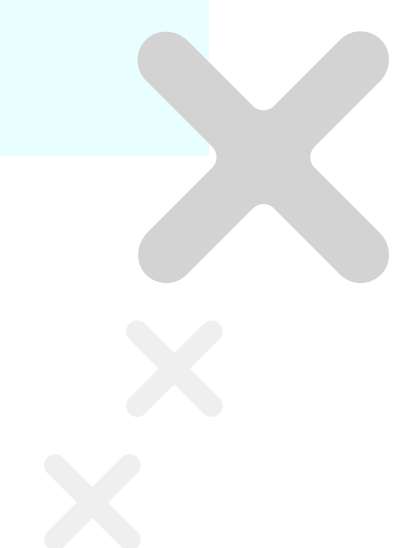
## Regional Readout For 2026

**Gulf and Middle East:** The GCC entered 2026 with strong momentum, backed by diversification, infrastructure, and sovereign capital. But the Iran-US war has changed the risk calculus. The likely effect is to **disrupt, divert, and diversify** FDI by raising costs, redirecting projects, and pushing firms to build more geographic redundancy.

**Global spillover:** The conflict's effects extend beyond the Gulf. Higher energy costs, inflation, and slower global growth are likely to make FDI in 2026 **more delayed, more expensive, and more selective**, especially for marginal or long-payback projects.

**Africa:** Africa's outlook is mixed but promising in pockets. The strongest themes are digital infrastructure, energy, logistics, and extractives. The region remains **opportunity-rich but conversion-poor**, with outcomes highly dependent on execution, infrastructure, and credible regulation.

**Latin America and the Caribbean:** LatAm is one of the more constructive regional stories, particularly in logistics, nearshoring, and trade-linked infrastructure. The opportunity lies in **logistics, critical minerals, selective manufacturing, and services exports**, though execution risks remain a key constraint.

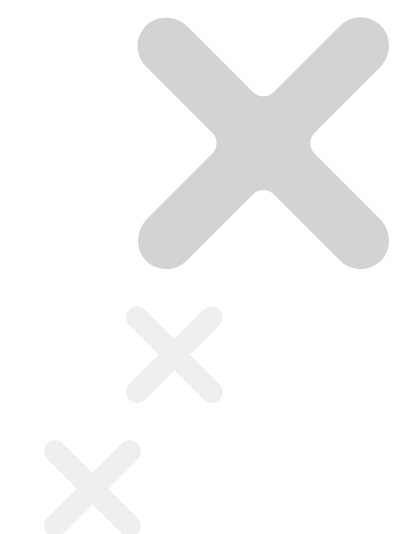


## Who Wins in 2026? Sectors, Countries, Players

The strongest 2026 sectors are likely to be **data centres and digital infrastructure, semiconductors, AI-linked industrial systems, power and grid assets, selective renewables, defence and dual-use manufacturing, logistics, and critical mineral processing**. That reflects both the winners of 2025 and a broader shift toward innovation, resilience, and geopolitical risk management over pure low-cost economics.

The countries best placed to outperform are those that offer **reliable power, credible industrial policy, fast approvals, geopolitical stability or neutrality, and real market or supply-chain relevance**. That points to the **US** in chips and AI infrastructure, **UAE/Saudi Arabia** if conflict risks ease, **India** for scale, **Vietnam/Indonesia/Malaysia/Thailand** for manufacturing diversification, and parts of **Latin America** for logistics and nearshoring.

The key investors are also changing. The map is no longer dominated by traditional Western multinationals. It now increasingly features **hyperscalers, chip champions, East Asian electronics firms, Chinese EV and battery companies, and Gulf sovereign investors**. In 2026, the most important capital is often **strategic, state-backed, ecosystem-driven, and willing to fund very large projects**.



## 2026 FDI in a More Geopolitical World

The **US/Israel-Iran war** is not an across-the-board destroyer of global FDI according to the market experts; it is a **re-ranking mechanism**. It makes some sectors and locations less bankable and others more urgent. It hurts projects that depend on cheap energy, stable shipping, or a low-risk Gulf operating environment. But it can also accelerate investment into energy diversification, route redundancy, strategic stockpiling, defence, data resilience and regional production buffers.

**Globally**, the war raises the hurdle rate for investment. **Regionally**, it most directly pressures the **Gulf, West Asia, energy-importing Europe, and fragile emerging markets that rely on imported fuel**. But it also creates diversion opportunities for countries outside the immediate conflict zone that can sell **stability, alternative trade corridors, industrial land, renewable power and political predictability**. In that sense, 2026 FDI will not simply be lower or higher because of the war; it will be **more likely geographically redistributed**.

Priority	2026 FDI playbook	What it means
1	<b>Sell power, not just policy</b>	In the AI and industrial era, reliable and scalable electricity is a core investment requirement, especially for data centres, semiconductors and advanced manufacturing.
2	<b>Target strategic investors, not generic FDI</b>	Countries need focused strategies for hyperscalers, chip firms, logistics operators, Gulf sovereign funds, Chinese manufacturers and Indian/Asian regional champions.
3	<b>Prioritize speed and certainty</b>	Investors now value resilience, transparent approvals, investor protection and policy credibility more than cheap land or low wages. Red tape can kill deals.
4	<b>Focus on conversion, not announcements</b>	Big pledges and MoUs matter less than execution. The winners will be those that turn commitments into construction, operating facilities and supply contracts.
5	<b>Build geopolitical optionality</b>	Countries that help investors manage risk through neutrality, trade links, corridor access, trusted institutions and supply-chain redundancy will have an edge.

Overall takeaway: 2026 will not be a normal FDI year. Investment should remain meaningful, but it will be more concentrated, more strategic, more incentivized, and more exposed to geopolitical and execution risks. The biggest winners will not necessarily be the cheapest economies but those offering power, predictability, permitting speed and ecosystem fit.



## Why the Iran–US/Israel and Afghanistan Tensions Matter to Pakistan

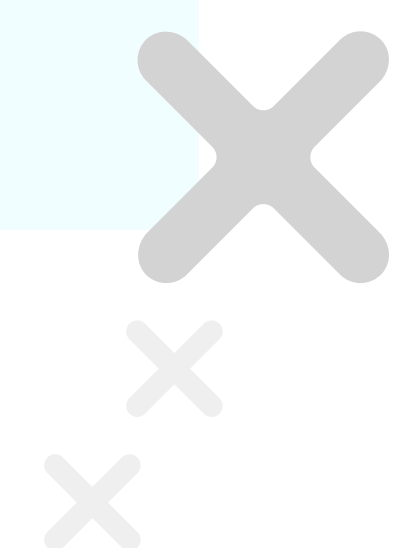
The **Iran–US/Israel war** is not just a foreign-policy issue for Pakistan; it is a direct **investment shock**. By raising energy prices, shipping and insurance costs, and financial-market volatility, it makes FDI **more delayed, more selective, and more expensive**. For Pakistan, that means higher project hurdle rates, slower investor decisions, and greater scrutiny of security, logistics, and currency risk.

**The risk is compounded** by tensions on Pakistan's western frontier. Investors do not separate the Iran war from **Afghanistan-related instability**; they read both as a broader regional risk premium. Border insecurity, trade-route disruption, airspace uncertainty, and fears of spillover into Balochistan all weaken Pakistan's security perception and can **delay or divert greenfield investment**.

At the same time, Pakistan is trying to **turn vulnerability into diplomatic leverage** by positioning itself as a mediator in the crisis. If that effort gains traction, it could improve Pakistan's standing with Gulf investors and international financial institutions. But until then, the combined effect of the Iran conflict and Afghanistan tensions is to make Pakistan look **riskier, costlier, and less predictable** to foreign investors.

## How the Wars Affect Pakistan's Economy and FDI

Channel	Impact on Pakistan's economy	FDI implication
<b>Energy</b>	As a fuel importer, Pakistan is highly exposed to sustained rises in oil and gas prices. That increases inflation, raises the import bill and adds fiscal pressure.	Higher energy costs make projects less viable and increase investor caution.
<b>External accounts</b>	Costlier energy imports strain the current account and complicate exchange-rate stability. This matters even more as Pakistan tries to maintain IMF credibility.	Investors become less comfortable about repatriation, currency stability and macro predictability.
<b>Financial conditions</b>	Conflict risk can widen sovereign spreads, unsettle bond markets and push capital toward safe-haven assets. Pakistan has limited buffers against such shocks.	Higher financial stress raises Pakistan's risk premium and can delay or deter FDI decisions.
<b>Trade and logistics</b>	Shipping disruption, higher freight rates, insurance premiums and route uncertainty raise operating costs for importers and exporters.	Pakistan's attractiveness as a low-cost destination weakens unless policy offsets these frictions.
<b>Confidence</b>	Even where projects are not directly exposed, broader geopolitical fragility damages investor sentiment.	Perceived instability can delay, scale down or derail greenfield investment.

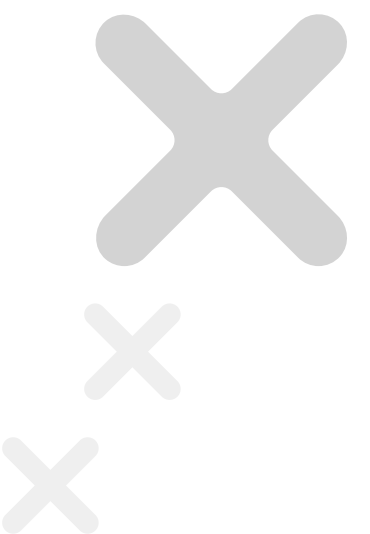


## Pakistan's Strategic FDI Opportunity

Pakistan is unlikely to attract broad-based FDI through stabilization alone, but it can still capture selective geopolitical spillovers in logistics, light manufacturing, energy resilience, digital support services, and defence-adjacent industry if it offers faster approvals, reliable power, and credible execution.

### Key areas of opportunity for Pakistan

- **Logistics and corridor services** — as geopolitical stress pushes firms to build route redundancy and alternative trade links.
- **Light manufacturing and regional production buffers** — especially where investors want diversification beyond higher-risk or higher-cost locations.
- **Digital infrastructure and back-office services** — part of the broader global shift toward data, connectivity, and strategic service platforms, though Pakistan needs stronger execution to compete.
- **Power, grid assets, and selective renewables** — because global capital is favoring countries that can offer reliable power and energy resilience.
- **Defence and dual-use manufacturing** — industrial production that serves both commercial and defence applications, such as electronics, drones, communications systems, sensors, and advanced materials -one of the strongest global FDI themes for 2026, especially where it overlaps with resilient industrial capacity, electronics, engineering, and strategic supply chains.
- **Electronics, electrical machinery, and support industries** — these fit better with Pakistan's realistic near-term opportunity set than mega-project ambitions



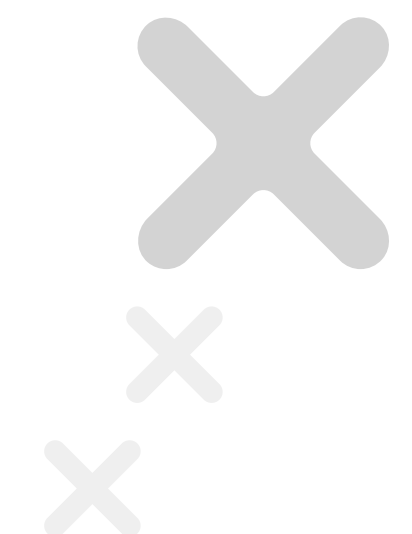
## Pakistan FDI Outlook 2026 and Beyond

**Pakistan entered 2026 with a somewhat improved macro backdrop, but from a very weak FDI base.** Global FDI recovered in 2025, yet much of that rebound was concentrated in developed markets, financial hubs, and a narrow set of strategic sectors. **Pakistan is therefore competing in an environment where capital is still available, but far more selective, strategic, and sensitive to execution risk.**

**Pakistan's FDI position was fragile even before the Iran-US/Israel conflict intensified regional uncertainty.** Inflows remained low relative to the size of the economy and heavily concentrated in a narrow set of sectors and source countries, especially China-linked investment. The conflict has further **raised Pakistan's risk premium through higher energy costs, shipping and insurance disruption, aviation uncertainty, and greater volatility in financial conditions.** As an energy-importing economy with limited buffers, Pakistan is especially exposed to these pressures.

This makes a **broad-based FDI rebound unlikely in the near term.** Macro stabilization on its own will not be enough. The deeper issue is that **global FDI is now flowing disproportionately toward strategic sectors such as digital infrastructure, logistics, energy resilience, and defence-related industry,** while investors increasingly demand reliable power, policy continuity, fast approvals, repatriation comfort, and sector-ready ecosystems. Pakistan still struggles to offer these at scale.

That said, the **current geopolitical environment does create selective openings.** As firms seek route redundancy, supply-chain diversification, and lower-cost strategic platforms outside the immediate conflict zone, **Pakistan has an opportunity in logistics, support services, light manufacturing, energy-linked industry, and defence-adjacent production.** But the opportunity is narrow and conditional: **Pakistan will benefit not by being merely cheaper, but by being usable, credible, and faster to execute.**



## Policy Priorities to Improve FDI Conversion

**Shift from promotion to conversion.** Pakistan's FDI strategy should focus on turning investor interest into bankable, on-ground projects rather than relying on promotional outreach or headline MoUs.

**Anchor investor confidence in financial certainty.** Stable taxation, predictable FX access and repatriation rules, contract enforceability, credible dispute resolution, and policy continuity matter more for conversion than diplomacy alone.

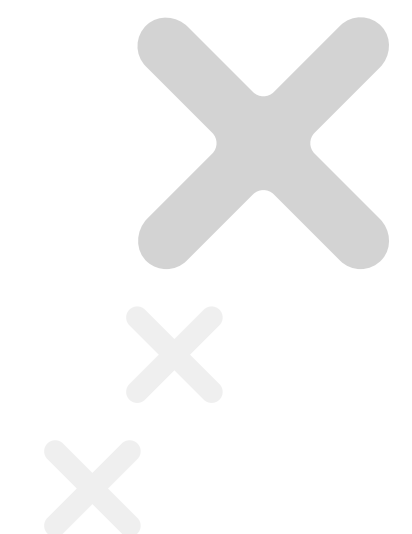
**Reduce FX and repatriation risk.** Ensure timely profit repatriation and smooth access to foreign exchange for imports, debt servicing, and dividend payments.

**Address key structural impediments.** Reduce regulatory fragmentation, tax complexity, utility unreliability, and approval delays that continue to inhibit capital conversion.

**Improve execution through investor-ready platforms.** Develop a limited number of investor-ready industrial zones with serviced land, reliable power, logistics connectivity, and effective one-window facilitation.

**Adopt a sector-led FDI strategy.** Focus on sectors where global capital is already moving, including logistics, digital infrastructure, electronics, energy resilience, and defence-adjacent manufacturing, rather than relying on a broad investment pitch.

**Create policy stability frameworks for priority sectors.** Offer time-bound protection on tariffs, taxation, and import treatment for large strategic investments so investors can underwrite long-term returns with greater confidence.



## Policy Priorities to Improve FDI Conversion

**Ring-fence strategic projects from administrative volatility.** Provide dedicated facilitation, fixed timelines, and escalation mechanisms to prevent delays across approvals, utilities, and compliance.

**Link FDI policy to export capability.** Prioritise investments that deepen industrial capacity, generate foreign exchange, and integrate Pakistan into regional and global supply chains.

**Diversify the investor base.** Reduce dependence on a narrow set of source countries by targeting Gulf, G20, and East Asian strategic investors.

**Prioritise investor retention and reinvestment.** Strengthen aftercare, regulatory consistency, and reinvestment support, recognizing that expansion by existing investors is often the strongest signal of confidence to new investors.

**Strengthen investment fundamentals.** Improve export competitiveness, utility reliability, skills availability, financial-market depth, and medium-term policy consistency.

**Build credibility through execution.** Measure success through financial close, project implementation, and reinvestment rather than announced commitments alone

