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## Pakistan Witnesses 90% Surge in Chinese FDI to \$1.22 Billion in FY25

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— Categories: Finance



Pakistan's net Foreign Direct Investment (FDI) from China soared by 90.4% in fiscal year 2024-25, reaching \$1.22 billion, up from \$643.2 million in FY 2023-24, bolstering economic ties. This influx, driven by the China-Pakistan Economic Corridor (CPEC), signals robust investor confidence but raises questions about overreliance on a single partner.

Data from the State Bank of Pakistan (SBP) shows China contributed 49.9% of Pakistan's total FDI of \$2.46 billion in FY25, with inflows of \$1.71 billion and outflows of \$485.5 million (Pakistan Today, July 20,

2025). The power sector led, attracting \$1.17 billion, including \$759.4 million for hydel projects, followed by financial services at \$702.2 million. Sectors like electronics, information technology (IT), and textiles also saw significant Chinese investment. “China’s commitment strengthens our economic backbone,” said a Board of Investment (BOI) official, emphasizing CPEC’s role in infrastructure and energy (Gwadar Pro, July 20, 2025). However, critics argue this dependence risks long-term economic sovereignty.

The surge aligns with Pakistan’s stabilizing economy, with foreign exchange reserves hitting \$20 billion and real Gross Domestic Product (GDP) growth at 2.68% (@AdeelAfzal06, X post, July 19, 2025). Other investors, including Hong Kong (\$470.1 million) and the United Arab Emirates (UAE) (\$283.1 million), trailed China, highlighting its dominance. Yet, the concentration of FDI in power and finance sectors sparks concerns about diversification. “We need broader investment to avoid lopsided growth,” noted economic analyst Sarah Khan (Daily Times, July 21, 2025).

While CPEC drives progress, challenges like political instability and bureaucratic hurdles persist. The government must ensure an investment-friendly environment to sustain this momentum. With China’s growing influence, Pakistan faces the delicate task of balancing economic gains with strategic autonomy, ensuring FDI translates into broad-based prosperity for its citizens.