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Pakistan Attracts \$2.45 Billion in Foreign Direct Investment in FY25, Bolstered by Chinese Inflows

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– Categories: Economics



Pakistan recorded a modest yet meaningful rise in Foreign Direct Investment (FDI) in the fiscal year 2024–25 (FY25), marking a 5% year-on-year increase amid ongoing efforts to stabilize the country's economy. As per data released by the State Bank of Pakistan (SBP), the country received \$2.457 billion in FDI between July and June of FY25, up from \$2.347 billion in the corresponding period of FY24. This \$110 million uptick signals sustained investor confidence, with China playing a leading role in driving these inflows.

The uptick in FDI is driven by improving macroeconomic indicators, government-backed structural reforms, and enhanced bilateral relations particularly with Beijing. During the reviewed period, total FDI inflows jumped 27% to \$4.026 billion, reflecting growing investor appetite across sectors such as energy, infrastructure, and digital technology. However, the country also witnessed a sharp rise in FDI outflows, which soared by 92% to \$1.569 billion, underlining the importance of regulatory certainty and profit repatriation mechanisms to retain capital over the long term.

The role of Chinese capital under the China-Pakistan Economic Corridor (CPEC), a flagship project of China's Belt and Road Initiative (BRI), has remained critical in supporting Pakistan's long-term development strategy. These inflows not only bridge Pakistan's capital deficit but also create jobs, enhance technological transfer, and build physical infrastructure. Nonetheless, to expand the benefits of such investments, there is a growing need for transparent governance, streamlined regulation, and better facilitation for investors particularly in emerging sectors like renewable energy and information technology.



While the increase in FDI is encouraging, the jump in capital outflows highlights lingering investor concerns about political stability and economic policy continuity. Pakistan must now focus on deepening economic reforms, reinforcing the rule of law, and diversifying its investor base to mitigate dependence on any single country. In the face of global economic uncertainty, maintaining a stable business climate and ensuring timely policy implementation will be crucial. With the right reforms and market-friendly leadership, Pakistan is well positioned to transform modest FDI gains into a robust and resilient investment landscape that fuels long-term national growth.