

ICMA DIAGNOSIS OF MULTINATIONAL EXITS FROM PAKISTAN

Why Multinationals Left, Why Pakistan Still Matters
and the Road to Reinvestment



Message from the Chairman Research and Publications Committee

I am pleased to present this research report, prepared by the ICMA Research & Publications Department, which provides a clear and practical analysis of multinational companies in Pakistan, their recent exits, operational adjustments, and emerging market trends. While some perceive these exits as a result of Pakistan's economic conditions, in reality, many are part of global restructuring strategies followed by companies in multiple countries. Pakistan's potential remains strong, and these global trends should not be seen as a weakness.



This report offers valuable insights for policymakers, investors, and business leaders. It includes detailed case studies, such as Procter & Gamble, examines changing consumer behavior, and draws lessons from neighboring South Asian countries. It highlights sectors that continue to attract investment, including automotive, energy, technology, digital services, and Special Economic Zones, showing that real opportunities for growth remain.

The report also provides practical recommendations under the Revive, Reform, Reinvest framework. These are designed to restore investor confidence, simplify regulatory processes, and encourage reinvestment. They offer actionable guidance for SIFC, BOI, and other key stakeholders to create a more predictable, efficient, and investor-friendly environment that supports long-term engagement and growth.

I congratulate the ICMA Research and Publications Department for producing this timely and insightful report. I am confident it will serve as a roadmap for turning challenges into opportunities and strengthening Pakistan's position as a resilient, competitive, and investment-ready market.

Muhammad Yasin, FCMA

Vice President, ICMA and Chairman Research & Publications Committee

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EXECUTIVE SUMMARY

Pakistan remains a dynamic and evolving market that continues to attract global attention, even as some multinational companies (MNCs) restructure or adjust their operations. While headlines often suggest declining investment attractiveness, these moves are part of a broader global trend of corporate realignment, cost optimization, and strategic focus on high return markets. Far from signaling market failure, these adjustments reflect deliberate strategies to stay competitive, flexible, and resilient.

This report, prepared by the ICMA Research and Publications Department, examines recent MNC exits and operational shifts in Pakistan, including Procter and Gamble's (P&G) transition to a distributor led model. It also analyzes broader market trends, regulatory and economic challenges, and evolving consumer behavior. Regional comparisons across South Asia, particularly Sri Lanka, Bangladesh, and Nepal, offer valuable lessons, showing how policy, strategy, and adaptability can sustain investor confidence.

Key Insights

1

Strategic nature of exits: MNC adjustments in Pakistan are largely strategic rather than reactive. Companies are streamlining operations, focusing on high performing sectors, and adopting asset light models. For example, P&G's shift to a distributor led approach allows it to maintain market presence while optimizing costs. Similar patterns in Sri Lanka and Bangladesh demonstrate that companies often restructure rather than fully exit, highlighting the strategic dimension of such moves.

2

Consumer and market dynamics: Pakistan's consumers are increasingly price conscious, and local competition is strong. Premium focused MNCs have adapted by partnering with distributors, selectively divesting, or tailoring product portfolios to meet affordability and demand. FMCG, retail, and digital services companies are innovating to capture market share while remaining competitive in a value driven environment.

3

Economic and regulatory pressures: Inflation, currency volatility, rising energy costs, complex taxation, and administrative delays create operational hurdles. While common in emerging markets, these challenges are heightened in Pakistan, influencing corporate decision making. Companies now emphasize flexibility, risk management, and strategic planning to navigate these conditions successfully.



4

Continuing investment opportunities: Despite some operational downsizing, Pakistan continues to attract foreign investment across automotive, energy, finance, IT, e-commerce, and mining sectors. Government initiatives such as Special Economic Zones (SEZs), digitalization efforts, and sector specific incentives enhance the country's appeal. Emerging areas like electric vehicles, renewable energy, artificial intelligence, and logistics offer high growth opportunities for forward looking investors.

5

Global and regional lessons: South Asian countries emphasize the importance of predictable policies, investor protection, and targeted incentives. Markets that offer clarity, reduce red tape, and actively support strategic sectors are better able to retain and attract multinationals—lessons Pakistan can apply to strengthen its business environment.

6

Actionable recommendations: To capitalize on opportunities and address challenges, the report proposes 20 practical measures under the Revive, Reform, Reinvest framework. These measures, formulated by ICMA's Research and Publications Department, focus on simplifying business processes, improving regulatory clarity, offering sector specific incentives, and creating investor friendly reforms. They provide a clear roadmap to restore confidence, retain current investors, attract new entrants, and foster sustainable growth, innovation, and local capacity building.

Conclusion

MNC exits and operational shifts in Pakistan are part of broader global corporate evolution and changing consumer behavior, not a reflection of market failure. While some adjustments respond to short term economic pressures, Pakistan continues to offer significant investment potential. By implementing strategic reforms, promoting policy predictability, and facilitating business operations, the country can retain existing investors, attract new ones, and leverage foreign investment to drive economic growth, job creation, and innovation.

In short, Pakistan is resilient, evolving, and brimming with investment potential. With decisive policy action, investor friendly initiatives, and adaptive corporate strategies, operational challenges can be transformed into opportunities, positioning Pakistan as a preferred destination for multinational investment in South Asia.

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Chapter 1

PAKISTAN'S BUSINESS LANDSCAPE AND MNCs TRENDS

Pakistan's business environment is undergoing notable shifts as multinational companies (MNCs) reassess their operations amid global restructuring and local economic pressures. While some MNCs have scaled back or exited, the country continues to offer opportunities driven by its large, growing population, strategic location, and emerging industrial and digital sectors.

In recent years, companies across sectors such as FMCG, pharmaceuticals, technology, energy, and automotive have adjusted operations. Some, like Procter & Gamble (P&G), have transitioned from direct operations to distributor-led models, winding down certain divisions while keeping major brands accessible to consumers. In 2025, P&G sold its soap plant in Hub, Balochistan to Nimir Industrial Chemicals, and closed the Gillette Pakistan division, yet products like Pampers, Ariel, and Safeguard remain widely available through third-party distribution.

Case Study: Procter & Gamble (P&G)



Procter & Gamble, a household name in Pakistan's FMCG sector, took a strategic step in 2025 by shifting from direct operations to a distributor-led model. This move included winding down its razors division, Gillette Pakistan Ltd., and exploring delisting from the Pakistan Stock Exchange (PSX), signaling a major operational restructuring.

Earlier, in April 2024, P&G sold its soap manufacturing plant in Hub, Balochistan, to Nimir Industrial Chemicals, which assumed full control by September 2024. Employees affected by these changes were either relocated to other international assignments or fairly compensated under local labor regulations.

Despite reducing direct operations, P&G has successfully retained its market footprint. Brands like Ariel, Pampers, Safeguard, and Gillette continue to reach consumers nationwide through third-party distributors. This strategy highlights how multinational companies can remain competitive in a challenging market by adopting an asset-light approach, maintaining brand presence while minimizing operational overheads.

P&G's experience reflects a broader trend among global companies operating in Pakistan: navigating economic pressures, regulatory complexities, and market uncertainties without abandoning the market. It illustrates a practical model for sustaining growth and consumer engagement, even amid restructuring.

Major MNC Exits and Restructuring (2023—2025)

S.No	Company	Sector	Year	Status	Primary Driver	Key Reason / Action
1	Akzo Nobel	Paints & Chemicals	2025	● Exited	Strategic Divestment	As part of its global portfolio realignment, with IGI Holdings in talks to acquire local operations.
1	P&G	FMCG	2025	● Exited	Global Restructuring	Discontinued direct operations; sold Hub plant; distributor model
2	Microsoft	Technology	2025	● Exited	Global Restructuring	Closed local offices; partner-led regional model
3	Careem	Ride-Hailing	2025	● Exited	Local Market Conditions	Suspended operations
4	Siemens (Pakistan)	Engineering	2025	● Restructured	Global Restructuring	Discontinued motor repair division
5	Yamaha	Automotive	2025	● Restructured	Local Market Conditions	Temporarily scaled down manufacturing
6	Philip Morris (Pak)	Tobacco	2025	● Restructured	Global Restructuring	Delisted from PSX; parent company acquiring minority shares
7	Shell Pakistan	Energy	2024	● Exited	Global Restructuring	Sold 77% stake to Wafi Energy; ceased operations
8	TotalEnergies	Energy	2024	● Exited	Global Restructuring	Sold 50% stake in Total PARCO Pakistan
9	Pfizer	Pharmaceuticals	2024	● Exited	Global Restructuring	Sold Karachi manufacturing unit to Lucky Core Industries
10	Telenor	Telecom	2023	● Exited	Global Restructuring	Sold Pakistan operations to PTCL/Ufone

● Exited – Complete withdrawal from Pakistan

● Restructured – Reduced or modified operations

Profitability Analysis of Selected MNCs

Declining profitability has emerged as a key factor influencing MNCs' decisions to exit or restructure operations in Pakistan. Rising input costs, inflationary pressures, and intense local competition have squeezed profit margins, making direct operations increasingly unsustainable. Many multinational companies are now adopting distributor-led or local partnership models to maintain market presence while limiting operational risks and financial exposure. The table below illustrates this trend through the audited net profits of selected MNCs.

Net Profit of Selected MNCs (Rs million)

Company	2023	2024	Source
Shell Pakistan Ltd.	5,851.4	3,297.3	PSX – Audited Financial Statements
Lotte Chemical Pakistan Ltd.	5,077.7	2,642.5	PSX / Annual Report 2024
Gillette Pakistan Ltd.	379.8	254.7	PSX – Financial Results
Philip Morris (Pakistan) Ltd.	113.9	101.2	PSX / Board Filings

Note: Figures represent audited annual Profit After Tax (PAT) as reported in company financial statements. Data sourced from the Pakistan Stock Exchange (PSX) and official company disclosures. All values have been converted from PKR '000 to Rs million for consistency.

Trends in MNC Operations and Market Presence

Multinational companies in Pakistan are reconfiguring operations due to rising costs, regulatory uncertainty, and evolving market dynamics. These changes are not temporary—they represent a structural transformation in how MNCs operate. Firms are increasingly adopting agile, scalable, and technology-enabled models to protect competitiveness and market share. Supporting these shifts is crucial for policymakers and industry stakeholders seeking to attract and retain foreign investment.

Trends at a Glance

1) By Sector

- **Manufacturing:** Downsizing or relocating production to regional hubs.
- **FMCG & Retail:** Outsourcing non-core functions, partnering with local distributors, expanding digital channels.
- **Services & IT:** Focus on tech-driven, export-oriented, and remote delivery services.
- **Pharmaceutical:** Unstable regulations, restrictive price controls, high taxes, and rising local competition.

2) Flexible Operations

- Asset-light models and local partnerships to sustain presence without heavy investment.
- Digital tools like e-commerce, online marketing, modern distribution networks—for faster, data-driven decisions.

3) Investment & Exits

- Partial exits and restructuring common in high-cost, regulated sectors.
- FDI concentrated in resilient sectors: IT, energy, essential consumer goods.
- Decisions now prioritize efficiency, scalability, and market access over physical presence.

Strategic Responses of MNCs in Pakistan

To cope with these trends, MNCs in Pakistan are actively reshaping their strategies. These adjustments reflect a move toward flexible, technology-driven, and scalable operations that reduce risk while maintaining market presence.

1. **Operational Adjustments:** Multinational companies in Pakistan are downsizing capital-intensive operations and outsourcing non-core functions to reduce risk and maintain market presence. As part of this approach, P&G stopped local manufacturing and now distributes products through third-party partners, while Shell sold its retail fuel business to Saudi Wafi Energy to streamline operations.
2. **Portfolio Focus:** MNCs are prioritizing high-margin products and phasing out underperforming lines to improve profitability. In line with this strategy, Pfizer sold its Karachi plant to Lucky Core Industries to focus on more profitable markets.
3. **Digital Integration:** Expanding online sales, leveraging digital marketing, and adopting advanced supply chain tools have become central to sustaining operations. These initiatives help companies maintain efficiency and reach. For example, Unilever increased online sales to offset declining retail, while Daraz uses AI-driven logistics to serve more customers at lower cost.
4. **Strategic Partnerships:** Collaborating with local firms and distributors allows MNCs to operate with lower risk while ensuring continuity. Through such partnerships, Sanofi sold most of its stake to a local consortium, and Merck KGaA transferred its Pakistan operations to Martin Dow Limited to secure smooth operations and regulatory compliance.
- 5) **Sector-Specific Adaptation:**
 - **FMCG:** Outsourcing non-core production and reinforcing distribution networks.
 - **Pharmaceuticals:** Focusing on high-margin drugs and local R&D to strengthen compliance.
 - **Energy & Manufacturing:** Emphasizing energy-efficient technology, lean operations, and joint ventures to stay competitive.
- 6) **Financial and Risk Management:** MNCs are using financial hedging to mitigate currency volatility and relying on local sourcing to control costs.

Policy and Investment Implications

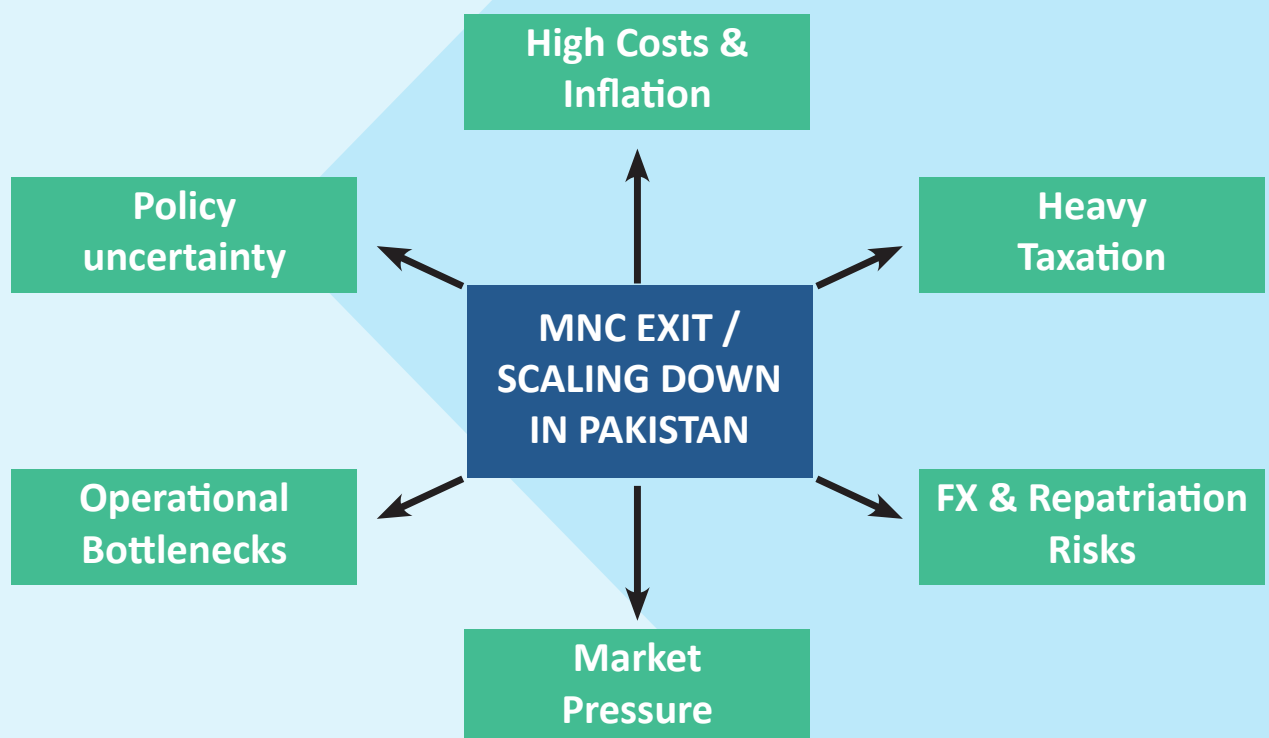
The changing strategies of multinational companies show that Pakistan's business environment is at a turning point. Exits and downsizing reflect rising costs and policy uncertainty, while the growing use of digital and asset-light models points to new ways of staying competitive. Though some sectors have seen reduced investment and jobs, others—like IT, energy, healthcare, and consumer goods—continue to attract interest. To sustain foreign investment and business confidence, Pakistan needs clear, consistent, and supportive policies that make it easier for companies to operate and grow.

Chapter 2

DRIVERS BEHIND MNC EXITS AND RESTRUCTURING

Multinational companies (MNCs) in Pakistan face a mix of opportunities and challenges. The country's large market and strategic location offer strong growth potential, but rising costs, unpredictable regulations, and weak infrastructure make operations difficult. These domestic issues, along with global business shifts, are pushing many MNCs to restructure, scale down, or even exit the market.

This chapter examines the key factors influencing MNCs' operations in Pakistan, exploring economic, regulatory, operational, and market dynamics, along with strategies adopted to sustain their presence.



1. Economic Pressures

(a) Rising Costs and Inflation

Rising inflation, currency depreciation, and escalating energy prices have significantly increased the cost of doing business in Pakistan. Inflation peaked at 38.5% in May 2023 and, although easing below 10% by 2025, continues to affect energy-intensive sectors such as FMCG, chemicals, and automotive manufacturing.

Sector	Key Cost Drivers	Impact on MNCs
FMCG	Raw material imports, energy, labor	Squeezed profit margins and pricing challenges
Chemicals	Electricity, fuel, imported inputs	Higher production costs and reduced competitiveness
Automotive	Taxes, energy, tariffs	Temporary production scale-downs and investment reconsiderations

Sources: Finance Division Pakistan (2025); State Bank of Pakistan (2024)

(b) High Tax Burden

Corporate taxes, sales taxes, and surcharges often exceed 50% in certain sectors, significantly reducing profitability. This fiscal burden discourages reinvestment, prompting some multinationals, especially in manufacturing and consumer goods, to reconsider or scale down local operations.

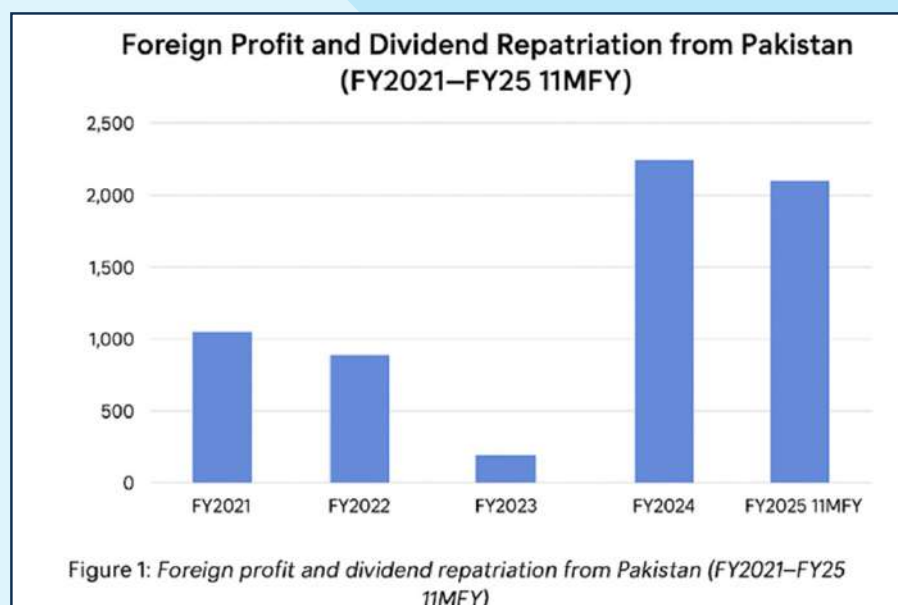
(c) Foreign Exchange and Profit Repatriation Risks

Restrictions on foreign exchange and delays in profit repatriation have historically deterred foreign investors. Profit repatriation declined sharply from USD 1.7 billion in FY2021 to USD 273 million in FY2023, limiting reinvestment potential. However, FY2024 witnessed a remarkable recovery to USD 2.215 billion, followed by USD 2.1 billion in FY25 (11MFY25), reflecting improved profitability in select sectors and strategic capital adjustments.

Profit & Dividend Repatriation (USD Million)

Fiscal Year	Profit Repatriation
2021	1,700
2022	980
2023	273
2024	2,215
FY25 (11MFY25)	2,100

Source: State Bank of Pakistan; Dawn (2025)



The rebound in repatriation highlights both sectoral resilience and the continued attractiveness of Pakistan for strategic investment.

2. Regulatory and Policy Challenges

(a) Policy Instability

Sudden tariff changes, retroactive taxation, and price controls create a volatile policy environment, complicating long-term planning. Many multinationals compare Pakistan's regulatory unpredictability unfavorably with more stable regional markets like Vietnam or Bangladesh, which offer clearer frameworks for investment.

(b) Administrative Delays

Lengthy processes for permits, tax clearances, and customs approvals remain a persistent barrier. While reforms have aimed to streamline investment procedures, bureaucratic inefficiencies continue to slow operations and increase compliance costs.

3. Operational Constraints

a) Infrastructure and Energy Bottlenecks

High electricity tariffs, inconsistent supply, and outdated logistics networks elevate production and transport costs. Export-oriented firms face additional delays at ports and limited road and rail connectivity, affecting delivery timelines and competitiveness in international markets.

b) Workforce and Talent Challenges

The migration of skilled professionals to regional markets for better pay leaves significant gaps in local expertise. Meanwhile, demand for digitally skilled labor, especially in automation, e-commerce, and supply chain management—far exceeds supply, increasing recruitment and training costs.

4. Market and Competitive Dynamics

Pakistan's market dynamics are evolving rapidly. Consumers are increasingly price-sensitive and often prefer local, affordable brands. Regional and domestic competitors, particularly in FMCG and telecom, are expanding aggressively with lower overheads and faster adaptability.

To stay competitive, MNCs are investing heavily in digital platforms, e-commerce, social media marketing, and advanced supply chain management systems. These shifts are prompting MNCs to adopt hybrid or asset-light strategies, outsource non-core functions, and form strategic partnerships to maintain presence while mitigating risks.

5. Impact of the Israel—Gaza Conflict

The Israel—Gaza conflict has created reputational and operational challenges for multinational companies in Pakistan, where nearly 91% of the population supports Palestine. This has fueled widespread consumer boycotts of brands perceived as linked to Israel or its allies.

Major FMCG players have also felt the impact. Nestlé Pakistan's sales for the nine months ending September 2024 fell 1.3% to Rs. 149.2 billion, while Unilever Pakistan Foods Ltd (UPFL) saw a 6.2% decline in sales to Rs. 24.8 billion, with profit after tax dropping to Rs. 5.43 billion from Rs. 7.5 billion.

Amid these shifts, MNCs face increasing brand risk, regulatory scrutiny, and consumer activism. To remain resilient, they must localize branding, enhance community engagement, and adopt culturally sensitive strategies that align with Pakistan's social and political sentiment.

6. Investor Perception and Exit Decisions

Despite targeted strategies, Pakistan is still perceived as a high-risk but high-potential market. Many MNCs adopt a **“selective presence”** approach—retaining profitable business segments, outsourcing non-core operations, or forming local partnerships instead of a complete exit.

Investor confidence is shaped not only by macroeconomic trends but also by the clarity, predictability, and ease of doing business in the country.

Conclusion

Multinational companies in Pakistan operate in a landscape marked by both promise and challenge. While global market dynamics influence investment strategies, it is the domestic environment—rising costs, inflation, regulatory uncertainty, infrastructure gaps, and competitive pressures—that largely determines operational choices.

High taxation, fluctuating energy costs, and administrative bottlenecks weigh heavily on profitability, compelling MNCs to rethink business models. Simultaneously, evolving consumer preferences and digitalization pressures drive innovation and strategic adaptation. The significant rebound in repatriated profits in FY2024, sustained into FY2025, highlights both the resilience of MNCs and the opportunities available in sectors that effectively adapt to these challenges.

Looking ahead, Pakistan's ability to attract and retain long-term foreign investment will depend on implementing consistent policies, simplifying taxation, improving infrastructure, and incentivizing digital adoption and local value addition. Addressing these structural challenges can transform Pakistan from a high-risk, opportunistic market into a hub for sustainable, strategic investment, allowing multinationals not just to survive, but to thrive while contributing meaningfully to economic growth.



Chapter 3

PAKISTAN'S PRICE-SENSITIVE CONSUMERS

Pakistan's consumer market has changed significantly in recent years. For decades, multinational companies (MNCs) operated under the assumption that a strong brand reputation and consistent global quality would guarantee sustained success. However, economic pressures—including high inflation, currency devaluation, and stagnant household income—have reshaped these assumptions.

Today, many consumers who once favored imported or international products for their prestige are increasingly guided by price and value. Affordability now outweighs brand loyalty, changing the competitive dynamics between global corporations and local producers.

Recent data highlights the intensity of these pressures. Over 40% of Pakistan's population now lives below the poverty line, a direct result of declining real incomes and high inflation (*World Bank, 2024*). Inflation peaked at 38.5% in May 2023 before easing slightly, yet its impact on household budgets remains profound. Daily purchases are now often shaped more by necessity than aspiration.

Evolving Consumer Priorities

Rising living costs have fundamentally altered household purchasing habits. Families are downsizing shopping lists, opting for smaller packs, and exploring more affordable local options. For example, Ariel detergent, once widely used in homes, is increasingly replaced by Brite (Waves Group), which offers similar cleaning performance at roughly 30% lower cost. Likewise, Treet razors have gained ground over Gillette (P&G), offering stable pricing even amid currency fluctuations.

This shift does not represent a wholesale rejection of international brands. Many households continue to value global products, but usage patterns have adapted. Premium items are often reserved for special occasions, while more affordable alternatives are used day-to-day. This dual approach reflects a balance between aspiration and practical budgeting.

NielsenIQ (2024) reports that over 65% of FMCG sales in Pakistan come from products priced below Rs. 100, highlighting the widespread preference for smaller, low-cost packs. Urban consumers, historically loyal to foreign brands, now behave similarly to rural buyers, with price becoming the overriding factor.

Youth, Urbanization, and Retail Evolution

Pakistan's youth- over 60% of the population- are digitally connected, trend-aware, and highly price-conscious. Social media influences purchasing decisions, and promotions or discounts can easily shift brand choices. Younger consumers are experimenting with local brands, comparing prices online, and shaping strategies across categories like personal care, snacks, and beverages.

Retail formats are also evolving. Kiryana stores (neighborhood stores) remain dominant for daily needs, particularly in peri-urban and rural areas, but supermarkets and hypermarkets are gaining popularity in urban centers. Shoppers appreciate the variety, promotions, and convenience offered by modern trade, while still relying on kiryana stores for affordability and familiarity. This duality requires brands to tailor strategies for both retail channels. Emotional loyalty still matters, especially for aspirational purchases, but practical considerations often guide everyday spending.

Local Brands Gaining Ground

Local companies have capitalized on these changes. They enjoy advantages like domestic sourcing, flexible production, and cultural familiarity, allowing them to quickly adjust pricing, packaging, and product offerings. MNCs, with global cost structures and brand guidelines, often lack this agility.

Local Brand	Segment	Competes With (MNC Brand)	Competitive Advantage
Brite (Waves Group)	Detergent	Ariel (P&G)	Comparable quality, ~30% cheaper
Treet Corporation	Razors	Gillette (P&G)	Local manufacturing, steady pricing
Tibet Soap (Saqib Group)	Bath Soap	Safeguard (P&G)	Herbal formulation, affordability
Shan Foods	Spices	Knorr (Unilever)	Local taste, small affordable packs
Tapal Tea	Beverage	Lipton (Unilever)	Flexible pricing, regional distribution

(Sources: NielsenIQ 2024; Treet Corporation Annual Report 2024; State Bank of Pakistan 2024)

Local brands have established strong grassroots distribution through informal markets, small shops, and family-run retailers- areas often underserved by multinational distributors. This direct access enables rapid innovation and margin retention even during downturns. Shan Foods' sachet strategy and Tapal Tea's region-specific pricing illustrate this adaptability.

Challenges for Multinationals

MNCs face significant hurdles. Heavy reliance on imported raw materials exposes them to currency fluctuations. Global cost structures limit pricing flexibility, and regulatory uncertainty adds further complexity. For instance, Gillette Pakistan's revenue dropped by nearly 50% between 2023 and 2024, while Treet Corporation's sales rose from Rs. 23 billion to Rs. 25 billion (*Treet Corporation Annual Report, 2024*). Similar patterns are observed in detergents, personal care, and household products, where local brands have taken market share through lower prices and faster adaptation.

Informal markets further disrupt MNC operations. Unbranded or repackaged items, though lacking formal quality checks, attract consumers seeking daily savings.

The Mini–Pack Trend

Smaller, low-cost packs now dominate the retail landscape. Shampoos, detergents, and spices are increasingly sold in single-use or small-size formats that fit daily budgets. NielsenIQ (2024) notes that low-unit packs- typically under Rs. 50 lead transactions in rural and peri-urban areas. Local producers, with leaner operations, are better positioned to supply this demand. MNCs face challenges competing without significant packaging or pricing adjustments.



Some global firms are responding. Unilever Pakistan introduced single-use sachets for Lifebuoy and Sunsilk shampoos, while Nestlé expanded affordable dairy and beverage packs for rural buyers. These moves show that MNCs can succeed in price-sensitive markets by adapting offerings and pricing.



Urban—Rural Convergence

The traditional urban-rural consumption divide is narrowing. Urban middle-class households in cities such as Karachi, Lahore, and Faisalabad now prioritize affordability over brand loyalty. NielsenIQ (2024) reports a 27% reduction in discretionary FMCG spending over the past two years, with a shift toward smaller and local alternatives. This structural change challenges conventional segmentation strategies, making premium-focused urban campaigns less effective.

Emerging Opportunities Beyond FMCG

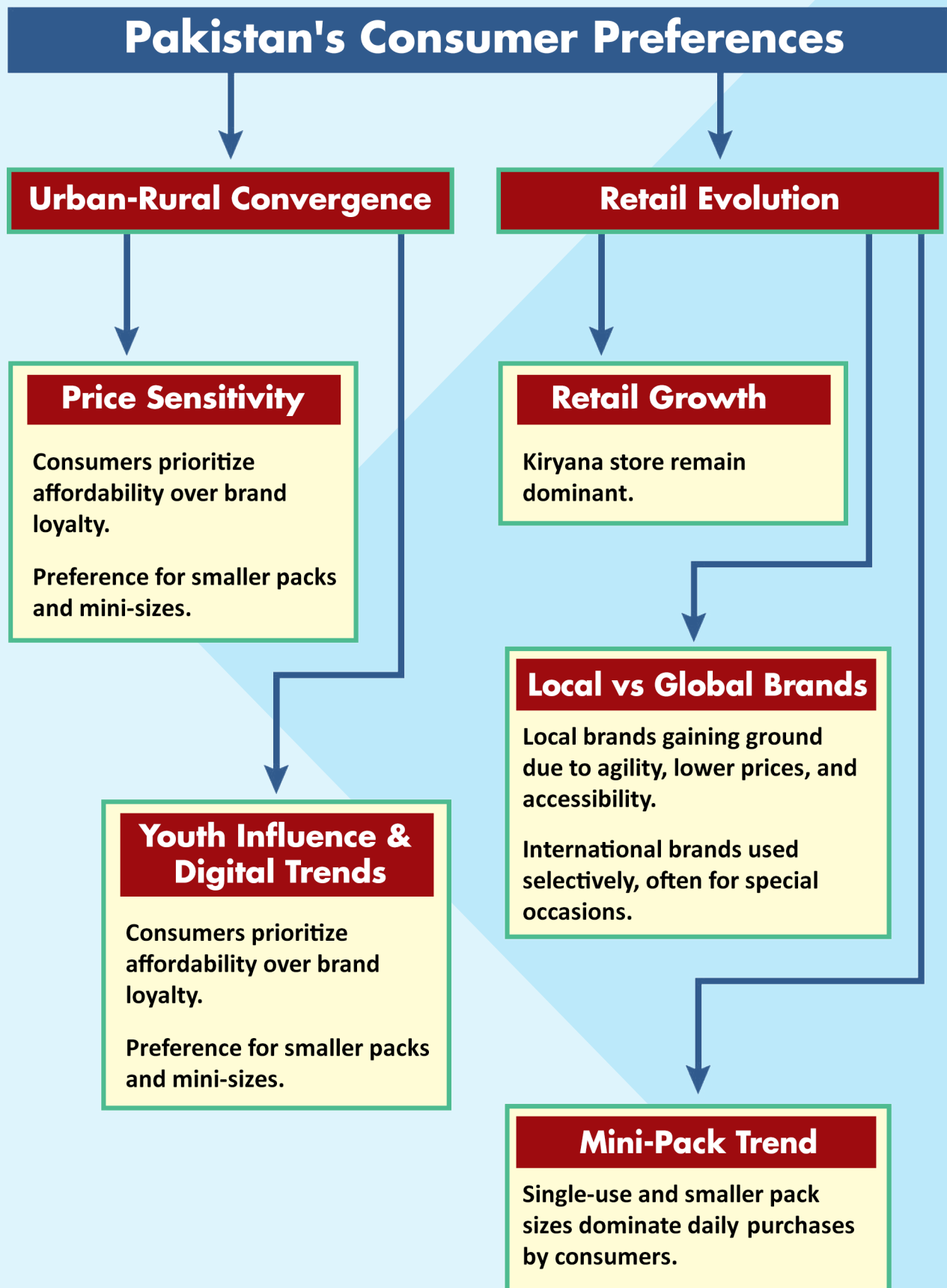
Despite pressures on traditional consumer goods, digital services, financial technology, and e-commerce are growing. Mashreq Bank entered Pakistan's digital banking sector in 2024, signaling long-term potential in financial inclusion. Mobile payment platforms like Easypaisa and JazzCash process millions of low-value transactions daily. Daraz, backed by Alibaba, continues to expand localized logistics and e-commerce reach. These sectors show that global investors can succeed by combining innovation with affordability and accessibility, rather than relying on premium imports.

Conclusion

Pakistan's consumer market is increasingly value-conscious, with affordability, accessibility, and practicality shaping choices. MNCs can no longer rely solely on brand prestige; they must adapt production, packaging, pricing, and engagement to local realities.

Local champions like Brite, Treet, and Tapal demonstrate that understanding consumers' financial constraints, habits, and aspirations- and adjusting business models accordingly- is essential. Opportunities remain, but the market rewards adaptability over prestige and value over visibility.

This environment sets the scene for looking at how Procter & Gamble operates in Pakistan and shows how global companies can manage and adapt in a tough, price-sensitive market.





Chapter 4

P&G IN PAKISTAN – A STRATEGIC CASE STUDY

For over thirty years, Procter & Gamble (P&G) has been a household name in Pakistan. Its brands such as Ariel, Tide, Pampers, Safeguard, Head & Shoulders, and Gillette are embedded in daily routines, trusted by millions of families for their quality and reliability. Yet, in 2025, P&G made a significant strategic decision that would redefine its presence in the country. Rather than continuing large-scale manufacturing and commercial operations, the company chose to transition to a distributor-led model, a move intended to keep its market presence while optimizing operational costs and aligning with global strategic priorities.

This shift marked the end of direct oversight of certain local divisions, most notably Gillette Pakistan Ltd., the company's well-known razors business, which faced potential delisting from the Pakistan Stock Exchange. Simultaneously, P&G sold its soap manufacturing facility in Hub, Balochistan, transferring full control to Nimir Industrial Chemicals by September 2024. These changes were carefully managed to minimize disruption. Employees affected by the transition were either relocated to P&G assignments in other countries or provided separation packages in line with local labor laws and company policies.

For consumers, these operational adjustments have been largely invisible. Ariel, Pampers, Safeguard, and Gillette continue to be available nationwide through third-party distributors. Families can still find Ariel detergent on their shelves and Pampers for their infants, demonstrating that while P&G is reducing direct investment and operational oversight, it is not abandoning the market. This strategic transition illustrates a deliberate move toward asset-light operations, enabling P&G to remain competitive, sustain brand loyalty, and maintain nationwide reach without the overhead of full-scale manufacturing and local offices.

Challenges for P&G in the Local Market

The rationale for this shift becomes evident when examining the complex environment in which P&G operates. Economic pressures have grown significantly over recent years. Inflation, currency depreciation, and volatile exchange rates have increased the cost of imported raw materials, chemicals, and packaging. Energy expenses, including electricity and fuel, have soared, further squeezing profit margins. Regulatory uncertainty, frequent policy changes, import restrictions, and limitations on profit repatriation add additional operational hurdles. Together, these challenges make traditional, full-scale manufacturing in Pakistan increasingly costly and operationally risky.

Consumer behavior further complicates the landscape. Households have become increasingly price-sensitive, adjusting spending patterns by favoring smaller pack sizes, affordable alternatives, and local brands. Even middle-income urban families, historically loyal to international products, now prioritize value and affordability. This trend has reshaped the market, requiring multinationals like P&G to rethink pricing, packaging, and distribution strategies.

Local competition also plays a major role. Domestic brands have demonstrated remarkable agility, offering products tailored to local tastes, flexible pricing, and smaller packs that meet the daily budgets of families. Informal retail channels- kiriyana stores, family-run shops, and open markets- provide rapid access to consumers, reaching areas that multinational supply chains struggle to cover efficiently.

Beyond Pakistan, the regional context offers similar lessons. In Bangladesh, P&G and other multinationals have faced raw material shortages, rising costs, import bottlenecks, and currency volatility. These parallels underscore the need for multinational companies to balance global efficiency goals with local market realities when operating in South Asia.

P&G Exit is a part of Global Restructuring Strategy

P&G's operational changes in Pakistan are part of a larger global restructuring strategy. Worldwide, the company has focused on streamlining product portfolios, simplifying operations, and concentrating resources on high-potential regions. Around the same period, P&G announced a reduction of 7,000 non-manufacturing roles globally, highlighting that these adjustments are strategic and deliberate rather than reactive responses to market distress.

The distributor-led model in Pakistan exemplifies asset-light operations. By leveraging third-party distribution networks, P&G continues to deliver products nationwide without bearing the full cost of manufacturing, local offices, and logistics.

While the shift to a distributor-led model allows P&G to reduce operational costs and maintain market presence, it is not without risks. Relying on third-party distributors makes the company dependent on their performance, efficiency, and reach. There is the potential for supply chain delays, stock shortages, or inconsistent brand presentation in some regions.

To address these challenges, P&G has established regional distribution hubs, strengthened monitoring systems, and maintained close partnerships with its distributors. These safeguards ensure that products remain widely available, delivery schedules are met, and brand quality is consistently upheld, allowing the company to balance operational efficiency with consumer trust.

Hub-and-spoke distribution ensures efficiency and reliability while freeing resources for product innovation, marketing, and regional market expansion. From a consumer perspective, the transition may appear subtle; the shelves remain stocked with familiar brands. Yet, for P&G, this represents a major philosophical shift.

The company demonstrates that multinationals can maintain visibility, brand equity, and market share even without directly controlling the entire supply chain. This approach highlights the growing importance of flexibility and adaptability in markets that are economically volatile and operationally challenging.

P&G Global Financial Performance

Despite these operational adjustments, P&G's global financial performance remained robust between 2021 and 2025. Net sales increased steadily from USD 76.1 billion in 2021 to USD 84.3 billion in 2025, while operating income and net earnings showed consistent growth. Earnings margins hovered around 18–19%, and core earnings per share and operating cash flows remained strong.

Fiscal Year	Net Sales (USD Bn)	Operating Income (USD Bn)	Net Earnings (USD Bn)	Earnings Margin	Core EPS	Operating Cash Flow (USD Bn)
2025	84.3	20.5	16.0	19.1%	6.83	17.8
2024	84.0	18.5	14.9	17.8%	6.59	19.8
2023	82.0	18.1	14.7	18.0%	5.90	16.8
2022	80.2	17.8	14.7	18.4%	5.81	16.7
2021	76.1	18.0	14.3	18.9%	5.66	18.4

Source: P&G Financial Highlights (2021–2025, Unaudited)

These figures reinforce that the decision to scale down direct operations in Pakistan was strategically motivated, aimed at optimizing costs and streamlining operations while maintaining market presence and consumer access.

P&G's Approach to Pakistan's Price – Sensitive Consumers

P&G's operational decisions closely mirror the trends observed in Pakistan's evolving consumer market. Households are increasingly price-conscious, favoring affordable packs, mini-packs, and sachets that fit daily budgets. By leveraging distributors, P&G ensures that these products remain accessible in both urban centers and rural markets.

The shift also addresses changing urban consumption patterns. Middle-income households in cities like Karachi, Lahore, and Islamabad now behave in ways that were once more typical of rural consumers, prioritizing value and affordability over brand prestige. P&G's flexible distribution strategies and smaller packaging formats allow the company to serve these segments effectively, sustaining brand loyalty even in a cost-sensitive environment.

Digital engagement complements these efforts. With younger consumers connected via mobile technology, social media campaigns and online retail platforms help maintain awareness and relevance. The company demonstrates that brand visibility and consumer connection do not depend solely on local manufacturing or commercial presence, but can be sustained through strategic partnerships and innovative distribution models.

Lessons for Multinationals

P&G's experience offers critical insights for multinational companies navigating complex and volatile markets. First, reducing direct manufacturing or office presence does not equate to leaving the market. Through distributors, P&G continues to reach millions of consumers daily, preserving market share and brand recognition.

Second, global strategy heavily shapes local operations. P&G's decisions were not solely reactions to Pakistan's economic challenges but were informed by broader global priorities, including cost optimization, operational efficiency, and portfolio management. Local decisions often reflect the interconnected nature of multinational operations, where global imperatives guide regional actions.

Third, asset-light strategies, regional distribution hubs, and third-party partnerships provide flexibility, enabling multinationals to remain competitive amid energy cost spikes, regulatory uncertainty, currency volatility, and other systemic pressures.

Finally, understanding consumer behavior is crucial. Aligning operations with local consumption patterns- price sensitivity, demand for smaller packs, and the need for accessibility- allows companies to sustain relevance and growth. For emerging South Asian markets, these lessons are invaluable, highlighting the importance of flexibility, adaptability, and consumer insight.

Conclusion

P&G's strategic shift in Pakistan illustrates that operational flexibility, global alignment, and consumer-focused strategies are key to sustaining multinational success in complex markets. By transitioning to a distributor-led model, P&G has maintained brand presence, ensured product availability, and aligned local operations with global restructuring goals.

The company's experience demonstrates that even in challenging environments, multinationals can thrive by understanding local realities, adapting operational models, and leveraging innovative distribution strategies. This case sets the stage for broader regional insights in South Asia, which are explored in the next chapter.



Chapter 5

P&G GLOBAL EXITS AND RESTRUCTURINGS

Picture a supermarket where every other product carries the same company logo. For years, this was Procter & Gamble's reality. Their products filled homes worldwide. Tide detergent, Pampers diapers, Crest toothpaste, and Gillette razors became daily essentials for billions. But by 2011, this success created a serious problem.

The company had grown too large to manage effectively. With more than 170 brands across numerous categories and countries, P&G was stretched too thin. Some brands succeeded while others struggled. Innovation slowed and costs rose sharply. New competitors emerged, and P&G's traditional approach stopped working. The company faced what analysts called "portfolio bloat," where the sheer scale of operations was hindering growth and efficiency across all markets (*P&G Annual Report, 2012*).

This is the story of how a global giant chose strategic simplification over endless expansion. P&G discovered that real strength often comes from knowing what to release, embarking on a 14-year transformation that would reshape its global footprint and redefine its core business strategy.

Case Study: Pampers Pakistan – A Global Giant's Struggle in a Local Market

The challenges that drove P&G's global restructuring in 2011 were also visible in markets like Pakistan, where its flagship product Pampers faced mounting competitive and operational pressures.

Background

Launched in 2000, Pampers quickly became a dominant player in Pakistan's baby care segment, leveraging P&G's global reputation for quality. Yet by 2013, the brand began losing ground to agile local and regional competitors such as Canbebe, Shield Diapers, Hapi Napi, Bebem, and Leo Baby, alongside the globally recognized Huggies.

Key Challenges

Despite its early lead, Pampers struggled with:

- High production and import costs due to taxes, rupee depreciation, and reliance on imported raw materials.

- Urban-focused distribution, which limited rural reach.
- Weak trade marketing and dependence on a single distributor.
- Price sensitivity, as inflation pushed consumers toward affordable local alternatives.
- Reduced innovation visibility, with declining advertising and consumer engagement.

Competitors' Success Factors

Local and regional brands succeeded by adopting localized production and marketing strategies.

- Shield Diapers and Hapi Napi used local manufacturing to control costs.
- Canbebe and Bebem, backed by Turkish producers, built efficient distribution networks and strong retail promotions.
- Huggies focused on innovation and availability, balancing quality with affordability.

These brands capitalized on P&G's slow response to local dynamics, proving that agility and localization often outperform global standardization in emerging markets.

Strategic Lessons

The Pampers Pakistan case mirrors the same organizational rigidity that P&G confronted globally in 2011. It demonstrates that over-diversification and centralized decision-making can limit responsiveness in local markets. To reclaim its position, P&G must:

- Localize production and pricing strategies to align with consumer realities.
- Strengthen distribution networks beyond major cities.
- Reinvest in digital and consumer engagement to rebuild brand trust.

The Pampers Pakistan case gives an important lesson for P&G. Growing globally without adapting to local needs can cause problems. When P&G started reshaping its global portfolio in 2011, countries like Pakistan felt the impact directly. The case shows that real and lasting success needs a global vision, local understanding, and flexibility to meet diverse market needs.

Early Signals: Initial Changes

1) United Kingdom (2011)

Change first appeared in Britain, where P&G had operated for generations. In 2011, P&G made the difficult decision to close some UK manufacturing plants and consolidate production into larger, more efficient European facilities. This strategic move affected multiple sites across the country and was part of a broader USD 10 billion cost cutting initiative.

The company maintained full ownership of its UK operations while fundamentally restructuring its manufacturing approach.

Current operations continue with a streamlined manufacturing system and centralized European supply chain management, allowing P&G to maintain its strong market position while achieving significant operational efficiencies (*P&G Manufacturing Optimization Report, 2011*).

2) Greece (2014)

The European sovereign debt crisis forced P&G's hand in Greece as the country's economic collapse dramatically reduced consumer spending power. In 2014, the company made the strategic decision to completely exit local manufacturing and transition to an import-based model. This involved closing manufacturing facilities that had operated for decades and establishing new supply routes from other European production hubs. No business units were sold, but the operational model underwent fundamental transformation.

The current operation model relies entirely on imports from other European manufacturing centers while maintaining full brand presence and distribution networks throughout the Greek market (*P&G European Operations Review, 2014*).

3) Romania (2014)

A significant early change came in Romania, where P&G executed a strategic sale of its detergent manufacturing facility to Germany's Dalli Group. The deal was noteworthy because while P&G divested the physical manufacturing assets, the company maintained all brand rights and market presence. This represented a fundamental shift in strategic thinking, demonstrating that market presence could be maintained without direct ownership of production facilities. The transaction included manufacturing equipment, facilities, and transfer of manufacturing staff to Dalli Group.

Current operations involve products being supplied through imports from Dalli Group's manufacturing network, establishing a new asset light approach to market presence that would later be replicated in other markets (*P&G Asset Divestiture Announcement, 2014*).

Major Shift: Focusing on Core Business

Between 2014 and 2016, P&G undertook one of the most dramatic corporate transformations in modern business history. Under returning CEO A.G. Lafley's leadership, the company executed a comprehensive USD 12 billion brand divestiture program that saw the sale, spin off, or discontinuation of over 100 brands representing approximately 60% of its product portfolio but only 35% of profits (*P&G Strategic Transformation Report, 2014*).

The scale of this unbundling was unprecedented in the consumer goods industry. P&G sold its entire pet care portfolio, including well established brands like Iams, Eukanuba and Natura, to Mars Incorporated in a multi-billion-dollar transaction. The company spun off the Duracell battery business to shareholders in a tax-free transaction valued at USD 4.7 billion.

Most significantly, P&G sold 43 beauty brands including CoverGirl, Clairol, and Wella to Coty Inc. for USD 12.5 billion, one of the largest beauty industry transactions in history (*P&G Investor Presentation, 2016*).

This comprehensive restructuring was not merely corporate downsizing but a fundamental strategic repositioning around core competencies. By releasing these non-core brands, P&G could concentrate management attention, research and development resources, and marketing investments on its strongest categories: fabric care, baby care, and grooming products.

The company embraced the philosophy that excellence in focused areas would deliver better results than average performance across many categories. The transformation affected operations across all major developed markets and resulted in significant workforce restructuring while generating substantial capital for reinvestment in core business areas (*P&G Annual Report, 2016*).

Managing Challenges: Market Exits

4) Venezuela (2015)

Venezuela presented one of P&G's most complex operational challenges as the country descended into economic chaos with hyperinflation reaching unprecedented levels and currency controls making business operations increasingly impossible. By 2015, after years of struggling to maintain operations amid growing losses, P&G made the difficult decision to deconsolidate its Venezuelan operations from its financial reporting and dramatically scale back local activities.

The company worked to protect employee interests while winding down direct operations, transitioning to a minimal presence through independent distributors who could navigate the challenging local conditions. No business units were formally sold due to the complex economic environment. The current operational model involves limited indirect presence through independent importers and distributors who source products through parallel import channels, maintaining some brand presence while minimizing P&G's direct exposure to the troubled market (*P&G Venezuela Market Statement, 2015*).

5) Argentina (2024)

Nearly a decade after the Venezuela exit, P&G faced similar macroeconomic challenges in Argentina, where hyperinflation, currency collapse, and strict capital controls created unsustainable business conditions. However, the company applied lessons learned from previous market exits, developing a more sophisticated approach to the Argentine situation. Rather than simply withdrawing, P&G negotiated the sale of its local manufacturing operations and business units to Argentine company Newsan S.A., a leading local manufacturer and distributor, while maintaining brand presence through a long-term licensing and distribution agreement. The comprehensive deal included transfer of manufacturing facilities, local workforce, and operational responsibilities to Newsan.

Current operations are managed entirely through Newsan under a comprehensive licensing and distribution agreement that allows P&G brands to remain available to Argentine consumers while transferring operational challenges to a local partner better equipped to handle the volatile economic conditions (*P&G Argentina Transition Announcement, 2024*).

6) Nigeria (2023)

Africa's largest economy presented P&G with significant operational challenges as chronic foreign exchange shortages, rising production costs, and general economic instability made local manufacturing increasingly unsustainable. In December 2023, after careful evaluation of the deteriorating business environment, P&G announced the cessation of local manufacturing operations in Nigeria, affecting its large production facility in Lagos. The decision was part of a broader strategic review of African operations and reflected the company's evolving approach to emerging markets. While no business units were sold, manufacturing assets were repurposed or closed, and the company implemented a structured transition plan for affected employees.

The current operational model has completely transitioned to a pure import-based system, allowing P&G to maintain its brand presence and market position while eliminating the risks and inefficiencies associated with local manufacturing in the challenging economic environment (*P&G Nigeria Manufacturing Update, 2023*).

7) Pakistan (2025)

The most recent example of P&G's strategic manufacturing optimization appeared in Pakistan, where the company announced in 2025 that it would exit on the ground manufacturing operations. This decision was consistent with P&G's global strategy of manufacturing footprint optimization rather than being driven solely by local economic conditions.

The transition plan involves a phased approach to ensure market supply continuity while manufacturing is relocated to more efficient regional hubs. No business sale is planned as part of this transition, with P&G maintaining full ownership of its brands and commercial operations. The future operational model will shift to import based distribution while maintaining P&G's complete brand portfolio in the market through established strategic partnerships and imported products from regional manufacturing centers, particularly from facilities in the Middle East and Southeast Asia (*P&G Pakistan Manufacturing Strategy, 2025*).

Ongoing Improvement: Global Adjustments

8) South Africa (2018)

In South Africa, P&G faced intense local competition from established players and encountered high operational costs that impacted profitability. Rather than pursuing a complete market exit, the company developed a sophisticated hybrid approach, transferring selected product categories to local manufacturing partners while maintaining direct control over its core strategic brands. This balanced strategy allowed P&G to maintain market presence and brand visibility while reducing exposure to the most challenging aspects of the local competitive landscape. The business transfer involved specific product categories and manufacturing arrangements rather than entire business units.

Current operations continue with a mixed model where some premium products are managed directly by P&G while other categories are manufactured and distributed through local partners, optimizing costs while maintaining market coverage (*P&G South Africa Partnership Model, 2018*).

9) Chile (2018)

The Chilean market presented P&G with scale challenges, as the market size was insufficient to justify the continued operation of dedicated local manufacturing facilities in a cost-effective manner. In 2018, after comprehensive market analysis, P&G made the strategic decision to transition from local production to a regional import model, leveraging the company's larger manufacturing hubs in other South American markets. This move demonstrated P&G's evolving capability to match operational scale to market potential and characteristics. No business units were sold in this transition, with the company maintaining full control over commercial operations and brand management.

The current operational model relies on regional imports, primarily from Brazilian manufacturing hubs, while P&G maintains full control over marketing, sales, and distribution activities in the Chilean market (*P&G Chile Market Optimization, 2018*).

10) Brazil (2019)

Brazil represented a major manufacturing optimization opportunity within P&G's Latin American operations, where the company maintained multiple production facilities that had evolved through various acquisitions and expansions over decades. In 2019, P&G initiated a comprehensive manufacturing consolidation program, closing older, less efficient plants and concentrating production into modern regional mega hubs that could serve not only the Brazilian market but also export to neighboring countries. This approach allowed P&G to maintain its significant presence in Latin America's largest economy while achieving substantial cost efficiencies through scale and modernization. Selected manufacturing plants were sold or repurposed as part of this consolidation effort.

Current operations continue with P&G maintaining a strong manufacturing presence through optimized, larger scale facilities that now serve as regional export hubs for multiple South American markets, improving overall supply chain efficiency (*P&G Brazil Manufacturing Consolidation, 2019*).

11) Kenya (2021)

In East Africa, P&G implemented another variation of its manufacturing optimization strategy, addressing the challenges of operating in multiple smaller African markets. The company scaled back local manufacturing operations in Kenya and transitioned to a third-party distribution model that leveraged more efficient production facilities elsewhere in Africa. This strategic shift was part of P&G's broader African manufacturing consolidation initiative aimed at creating regional scale advantages. Manufacturing assets were repurposed rather than sold, with some facilities converted to distribution centers.

The current operational model utilizes third-party distributors who import products from P&G's regional manufacturing centers in South Africa and Egypt, allowing the company to maintain market presence while optimizing its overall African manufacturing footprint and achieving better economies of scale (*P&G East Africa Strategy Update, 2021*).

Additional Changes: Further Restructuring

12) Egypt (2011)

During the Arab Spring political upheaval, P&G temporarily closed its manufacturing plants in Egypt as the country experienced significant instability and security concerns. However, unlike other market adjustments, P&G recognized the strategic importance of the Egyptian market and resumed operations after stability returned, ultimately expanding Egypt's role to become a strategic MENA regional hub. This demonstrated P&G's ability to distinguish between temporary political instability and long-term strategic market value. No businesses were sold during this period, with the company maintaining all assets and workforce throughout the temporary closure.

Current operations have significantly expanded to make Egypt a key regional manufacturing and distribution hub, producing products for export throughout the Middle East and North Africa region and serving as a strategic base for P&G's African operations (*P&G Egypt Operations Report, 2012*).

13) Poland (2015)

As part of P&G's comprehensive European supply chain optimization program, the company closed older manufacturing facilities in Poland and consolidated production into more modern, efficient plants elsewhere in Europe. This move was part of the broader European restructuring that began with the UK consolidation in 2011 and represented the continuing evolution of P&G's European manufacturing strategy. The Polish facility closure affected multiple production lines and involved careful workforce transition planning. Manufacturing facilities were sold or repurposed for other industrial uses.

Current operations continue with P&G maintaining a strong market presence through imports from other European manufacturing centers, particularly from Western European facilities that benefited from recent investments in automation and efficiency improvements (*P&G European Supply Chain Review, 2015*).

14) Indonesia (2015)

In Southeast Asia, P&G implemented a targeted portfolio optimization strategy, scaling down non-core product lines while maintaining manufacturing operations for strategic core brands. This approach reflected the company's more sophisticated understanding of different Asian markets' potential and the varying profitability across product categories. Selected non-core business lines were divested or discontinued as part of this market specific optimization effort.

Current operations continue with a focused product portfolio and maintained manufacturing presence for core brands, serving both domestic Indonesian market needs and functioning as a regional export hub for certain product categories within Southeast Asia, demonstrating P&G's balanced approach to portfolio management in growth markets (*P&G Southeast Asia Portfolio Review, 2015*).

Recent Developments: New Challenges

15) Russia (2022)

Russia's invasion of Ukraine created unprecedented challenges for P&G that extended far beyond normal business considerations. Facing international sanctions, significant reputation risks, and moral imperatives, P&G made the difficult decision to dramatically reduce its Russian operations while maintaining supply of essential health and hygiene products. The company suspended all new investments, stopped all advertising and promotional activities, and withdrew non-essential products from the market while maintaining a minimal presence for basic health and hygiene items. This caretaker mode approach represented a new type of strategic response to geopolitical crises, balancing limited business continuity with ethical responsibilities. No business has been sold due to the complex operational and legal environment.

Current operations are severely constrained and limited to essential products with minimal staffing and no marketing support, reflecting the company's commitment to responsible business practices in exceptionally challenging circumstances (*P&G Russia Operations Statement, 2022*).

16) Philippines (2025)

P&G's planned 2025 exit from the laundry bars business in the Philippines demonstrates the company's increasingly precise and surgical approach to portfolio management. Rather than exiting the country entirely, P&G is making a targeted exit from a specific, low margin product category while maintaining and even strengthening its focus on higher growth segments.

This careful, category specific approach reflects P&G's evolved capability in portfolio management and its understanding of different profitability dynamics within product categories. The laundry bars business line will be completely discontinued rather than sold, with the company implementing a transition plan for affected customers and channels.

Future operations will continue with a refined product portfolio focusing on premium fabric care and other growth categories, allowing P&G to optimize its resource allocation and improve overall market profitability (*P&G Philippines Portfolio Optimization, 2025*).

17) Bangladesh (2025)

Similarly, the planned 2025 manufacturing exit from Bangladesh after thirty years of operation represents another evolution in P&G's strategic thinking and global manufacturing optimization. Rather than maintaining legacy operations for sentimental or historical reasons, the company is making clear eyed decisions based on current economic realities and strategic fit within its global manufacturing network. The transition involves a comprehensive plan to ensure continued market supply while local manufacturing is phased out. Manufacturing assets will be sold or repurposed for other industrial uses.

Future operations will transition to import based distribution while maintaining P&G's full brand portfolio presence in the market, demonstrating the company's commitment to serving the Bangladeshi market through the most efficient operational model available within its global network (*P&G Bangladesh Manufacturing Transition, 2025*).

Conclusion

P&G's comprehensive 14-year transformation offers crucial lessons for global businesses operating in increasingly complex market environments. The company systematically demonstrated that strategic withdrawal from non-core areas can be as valuable as expansion, and that intense focus on core competencies often delivers superior results compared to broad diversification across multiple categories and markets.

The transformation journey required significant courage at every stage the courage to sell beloved heritage brands, the courage to exit long established markets, and perhaps most importantly, the courage to admit that previously successful strategies needed fundamental rethinking in a changing global landscape. This courage has been rewarded with a stronger, more focused, and more competitive company that has consistently improved its profit margins and market positions in core categories while navigating unprecedented global challenges (*P&G Annual Report, 2023*).

Perhaps the most crucial lesson from P&G's experience is that sustainable business success in the 21st century demands constant adaptation and strategic agility. Strategies that delivered success in previous eras may become obstacles in new market realities. The willingness and capability to change strategic direction while maintaining operational excellence may be the most valuable capability for modern global corporations.

As P&G continues to evolve and refine its global approach, the company's story serves as a powerful reminder that business growth doesn't always mean continuous accumulation and expansion. Sometimes, the path to becoming stronger and more competitive requires the strategic wisdom to release what no longer works and the clarity to concentrate resources on what truly matters for long term success. The company's systematic, disciplined approach from the early European manufacturing consolidations to the recent strategic adjustments in Pakistan and Bangladesh demonstrates a consistent commitment to this fundamental principle, proving that strategic simplification and focus can represent the ultimate form of business sophistication in an increasingly complex world.

P&G Global Restructuring Summary (2011 – 2025)

Country Exit Timeline

Year	Country	Action	Reason	Current Model
2025	Pakistan	Manufacturing exit	Global strategy alignment	Import-based
2025	Bangladesh	Manufacturing exit	30-year operations review	Import/distribution
2025	Philippines	Category exit (laundry bars)	Low profitability	Focus on premium products
2024	Argentina	Business sale to Newsan	Economic crisis	Licensing agreement
2023	Nigeria	Manufacturing exit	Economic challenges	Import-only
2022	Russia	Operations scale-back	Geopolitical sanctions	Essential products only
2021	Kenya	Manufacturing reduction	African consolidation	Third-party distribution
2019	Brazil	Plant consolidation	Cost optimization	Regional hubs
2018	Chile	Manufacturing exit	Small market size	Regional imports
2018	South Africa	Partial exit	High competition	Partner model
2015	Venezuela	Market exit	Hyperinflation	Distributor model
2015	Indonesia & Poland	Brand sales*	Portfolio focus	Core brands only
2014	Romania	Factory sale	Operations optimization	Import supply
2014	Greece	Manufacturing exit	Economic crisis	Import-based
2011	UK	Plant consolidation	EU optimization	Centralized supply

**2015 brand sale countries: USA, Canada, UK, France, Germany, Italy, Spain, Netherlands, Sweden, Poland, Japan, South Korea, Australia, New Zealand*

Chapter 6

MNCs TRENDS IN SOUTH ASIA

Between 2023 and 2025, multinational corporations (MNCs) operating in South Asia navigated a landscape marked by economic volatility, regulatory challenges, and shifting consumer behaviors. While the region continued to offer growth opportunities, the complexities of doing business prompted several MNCs to reassess their strategies, leading to selective exits, operational restructuring, and strategic realignments. This chapter delves into these trends across India, Bangladesh, Sri Lanka, Nepal, and the Maldives, examining the factors influencing MNC decisions and the broader implications for the region's economic landscape.

India



India's large and growing market, with its expanding middle class and rising consumer demand, has long attracted multinational companies (MNCs). Between 2023 and 2025, several MNCs adjusted or restructured their operations to counter rising compliance costs, regulatory complexities, and intensified competition.

- 1. Unilever:** Hindustan Unilever Limited (HUL) streamlined its portfolio by selling underperforming brands and businesses. In India, it divested its water purification business, Pureit, to A. O. Smith India Water Products Private Limited. Globally, the company focused on its 30 key 'Power Brands,' which now generate around 75% of total turnover (*Unilever Annual Report, 2024*).
- 2. Nestlé:** Nestlé India restructured operations by closing less profitable plants and focusing on high-margin products. This effort is part of a global strategy to improve efficiency, reduce costs, and strengthen market competitiveness. The company also signed a Memorandum of Understanding (MoU) with the Ministry of Food Processing Industries to expedite investments across new and existing sites, supporting employment and production capacity (*Nestlé House, 2025*).
- 3. Coca-Cola:** Coca-Cola rationalized its bottling and distribution networks in India to lower operational costs and enhance supply chain efficiency. The company also considered a potential initial public offering (IPO) for its Indian bottling unit, Hindustan Coca-Cola Beverages Pvt. Ltd., as part of a strategic focus on unlocking local value (*Reuters, 2025*).

These strategic moves led to some workforce reductions, particularly in manufacturing and operational roles. However, many employees were redeployed within the organizations or absorbed by local businesses acquiring divested operations, helping to mitigate the overall impact on employment.

MNC Restructuring Trends in India

MNC Name	Sector	Year	Status	Key Highlights
Unilever	FMCG	2024	Portfolio Adjustment	Sold Pureit in India; focused on top 'Power Brands'
Nestlé	FMCG / Manufacturing	2024	Restructuring	Closed low-profit plants; prioritized high-margin products
Coca-Cola	Beverages	2023	Restructuring	Streamlined bottling & distribution; explored IPO for Indian unit

Bangladesh



Bangladesh's burgeoning market presents opportunities, particularly in pharmaceuticals and banking. However, regulatory hurdles and pricing controls have led several MNCs to pursue selective exits.

- 1) GlaxoSmithKline (GSK):** In 2018, GSK reduced its manufacturing footprint in Bangladesh by closing its drug manufacturing operations in Fouzderhat, Chattogram. The company cited the inability of its Fouzderhat plant to compete with newer manufacturing facilities as a key reason for the closure (*Reuters, 2018*).
- 2) Novartis AG:** In December 2024, Novartis AG agreed to sell its 60% stake in Novartis Bangladesh Limited to Radiant Pharmaceuticals Limited. This decision was influenced by global strategic priorities and local pressures, including regulatory requirements and competitive market conditions (*The Daily Star, 2024*).
- 3) HSBC:** In July 2025, HSBC announced plans to exit its International Wealth and Premier Banking (Retail Banking) operations in Bangladesh, with a phased wind-down starting in the second half of 2025. The bank's decision was based on a thorough review of its operations and strategic focus (*HSBC News Release, 2025*).

These exits resulted in job losses, particularly in manufacturing and retail banking sectors. Affected employees were often provided with severance packages, and some found employment with local companies acquiring the divested operations.

MNC Restructuring Trends in Bangladesh

MNC Name	Sector	Year	Status	Key Highlights
HSBC	Banking	2025	Partial Exit	Exited retail banking; retained corporate banking
Novartis	Pharmaceuticals	2024	Partial Exit	Sold 60% stake to local partner; global strategic realignment
GSK	Pharmaceuticals	2018	Full Exit	Closed Fouzderhat plant; streamlined operations

Sri Lanka



Sri Lanka's economic challenges and policy uncertainties have prompted several MNCs to exit or restructure their operations in the country.

- 1. Mitsubishi Corporation:** In February 2023, Mitsubishi Corporation announced its decision to wind up operations in Sri Lanka by March 31, 2023. This move came after nearly 60 years of involvement in key infrastructure projects. The decision was influenced by Sri Lanka's sovereign debt default, the abrupt cancellation of major projects like the Light Rail Transit (LRT) and Liquefied Natural Gas (LNG) initiatives, and a bleak economic outlook (*Japan Forward, 2023*).
- 2. Adani Green Energy:** In February 2025, Adani Green Energy withdrew from two proposed wind power projects in Sri Lanka due to tariff disputes that made the projects financially unviable. The Sri Lankan government had sought to renegotiate the terms of the projects, leading to the withdrawal (*Reuters, 2025*).
- 3. NEXT:** In May 2025, NEXT closed its only unionized factory in Katunayake, Sri Lanka, affecting over 1,400 workers. The closure was attributed to economic challenges and labor disputes. Workers were reportedly dismissed via a WhatsApp message without proper notice or consultation, drawing criticism from labor unions (*Fashion Network, 2025*).
- 4. HSBC:** In September 2025, HSBC announced plans to sell its retail banking operations in Sri Lanka to Nations Trust Bank, a local financial institution. The sale includes approximately 200,000 customer accounts, credit cards, and retail loans, while HSBC's corporate and institutional banking services remain unaffected (*Reuters, 2025*).

These exits resulted in job losses, particularly in manufacturing and infrastructure sectors. Affected employees were often provided with severance packages, and some found employment with local companies acquiring the divested operations.

MNC Restructuring Trends in Bangladesh

MNC Name	Sector	Year	Status	Key Highlights
Adani Green Energy	Energy	2025	Project Exit	Withdrew from wind projects over tariffs and financial unviability
NEXT	Retail/Apparel	2025	Full Exit	Closed unionized factory affecting 1,400+ workers due to unprofitability and labor issues
HSBC	Banking	2025	Partial Exit	Exited retail banking; retained corporate operations
Mitsubishi Corp	Infrastructure	2023	Project Exit	Cancelled key infrastructure projects due to economic & regulatory challenges

Nepal



Nepal's smaller market size, regulatory uncertainties, and limited foreign investment protections have led to isolated MNC exits. These cases reflect the challenges of operating in a market with high taxation, bureaucratic hurdles, and strong domestic competition.

- 1) **Axiata Group:** Axiata Group divested its 80% stake in Ncell Axiata in December 2023 due to persistent taxation issues and regulatory uncertainties. The decision followed a careful evaluation of Nepal's market environment, highlighting inconsistent enforcement of rules, high operating costs, and limited growth potential. The divestment allowed the company to realign its global priorities while ensuring a smooth transition for local operations (*Axiata Media, 2023*).

This exit underscores the difficulty for large-scale foreign investment in Nepal. While some MNCs such as Surya Nepal, Unilever Nepal, and Dabur Nepal operate successfully, foreign companies often face high barriers to entry due to bureaucratic delays, political instability, and regulatory complexities.

MNC Restructuring Trends in Nepal

MNC Name	Sector	Year	Status	Key Highlights
Axiata Group	Telecom	2023	Full Exit	Sold Ncell stake due to taxation and regulatory uncertainty

Maldives



The Maldives' small market size, high operational costs, and regulatory complexities have prompted several MNCs to selectively exit or scale down operations. These strategic decisions mainly affected the banking and aviation sectors.

1. **HSBC:** HSBC closed its retail banking operations in the Maldives, retaining only select corporate banking services. The decision was driven by the country's limited market size and unprofitable operations, reflecting HSBC's broader global strategy to focus on more profitable segments (*Corporate Maldives, 2024*).
2. **Wizz Air:** Wizz Air suspended specific flight routes to the Maldives due to rising taxes and operational cost pressures. The airline's decision highlights the challenges faced by international carriers operating in small island nations with limited demand and high costs (*Sun Siyam Media, 2025*).
3. **Malaysia Airports Holdings Berhad (MAHB):** MAHB divested underperforming aviation assets in the Maldives to focus on more profitable markets. The move was influenced by operational cost pressures and limited growth potential within the Maldivian aviation sector (*The Edge Malaysia, 2018*).

MNC Restructuring Trends in the Maldives

MNC Name	Sector	Status	Key Reason / Action
HSBC	Banking	Full Exit	Exited retail banking due to market size and profitability concerns
Wizz Air	Aviation	Route Exit	Suspended specific routes due to high taxes and operational costs
Malaysia Airports Holdings Bhd	Aviation	Partial Exit	Divested underperforming assets; focused on profitable markets

Summary

South Asia offers significant opportunities for multinational companies, but challenges in regulation, costs, and market dynamics have led to selective exits and operational restructuring.

In India, companies focused on portfolio optimization and streamlining operations. Unilever divested underperforming brands, Nestlé closed less profitable plants, and Coca-Cola rationalized its bottling networks.

Bangladesh experienced targeted exits driven by regulatory pressures, taxation, and compliance costs. Novartis sold its local stake, GSK closed its Fozderhat plant, and HSBC exited retail banking while retaining corporate services.

In Sri Lanka, economic instability and currency fluctuations prompted sector-specific withdrawals in manufacturing, energy, and infrastructure. NEXT closed its factory, Adani Green Energy withdrew from wind projects, Mitsubishi Corp exited infrastructure projects, HSBC scaled down retail banking, and Nestlé reduced exposure to low-performing segments.

Nepal saw isolated exits in banking, telecom, and FMCG due to regulatory challenges and small market size. Axiata divested its Ncell operations, Standard Chartered reduced its branch network, and Nestlé adjusted its product lines to focus on profitable segments.

In the Maldives, exits were project-specific, influenced by market size and operational costs. HSBC closed retail banking operations, Wizz Air suspended specific flight routes, and Malaysia Airports Holdings divested underperforming aviation assets.

Across the region, banking, pharmaceuticals, energy, and infrastructure were the most affected sectors, while FMCG and tourism faced selective adjustments. Human impact ranges from minor disruption in smaller markets like Nepal and the Maldives to significant workforce effects in India and Sri Lanka.

Overall, South Asia presents high growth potential but also considerable operational and regulatory challenges. Companies that plan carefully, act decisively, and invest selectively can thrive, while those that fail to adapt risk restructuring, downsizing, or exit.

Chapter 7

WHY PAKISTAN STILL MATTERS: SECTOR OPPORTUNITIES

Although some multinational companies have restructured or exited Pakistan in recent years, the country continues to offer strong opportunities for both new and existing foreign investors. With a population exceeding 240 million, a rapidly growing middle class, and a large, digitally savvy youth population, Pakistan remains one of South Asia's most promising emerging markets. Reforms in energy, manufacturing, and technology, supported by the Special Investment Facilitation Council (SIFC) and the Board of Investment (BOI), have further strengthened investor confidence and improved the efficiency of project implementation.

Between 2023 and 2025, a growing number of international firms have entered or expanded their operations across sectors such as automotive, renewable energy, hospitality, logistics, and industrial manufacturing. Their presence underscores the resilience of Pakistan's economic fundamentals and the country's continued appeal for long-term global investment. This chapter complements earlier analyses of MNC exits by highlighting the parallel trend of fresh investment inflows and the emerging opportunities across key sectors.

Key Foreign Entrants (2023—2025)

Between 2023 and 2025, a diverse set of multinational corporations committed new capital, technology, and partnerships in Pakistan. Their investments span critical sectors including energy, automotive, renewable energy, digital services, logistics, and industrial manufacturing. These entries illustrate growing investor confidence and underscore Pakistan's potential as a long-term investment destination.

1) New Entrants (2023—2025)

(First-time entry and operational presence established in Pakistan)

TPAO (Turkey)



Turkish Petroleum Corporation (TPAO) entered Pakistan in 2025 through joint bidding agreements with Mari Energies, OGDCL, and PPL for exploration and development projects. This includes initiatives in Reko Diq and Offshore Block-5. TPAO brings international technical expertise and operational capacity to Pakistan's oil and gas sector, supporting exploration, development, and future renewable energy expansion. This partnership strengthens Pakistan's hydrocarbon exploration capabilities and signals Turkey's strategic interest in regional energy cooperation (TPAO Official Release, 2025; Dawn, 2025; BOI Pakistan, 2025).

U.S. Strategic Metals (USA)



US Strategic Metals, a Missouri-based company, began operations in Pakistan in 2025 to explore and develop critical mineral resources, particularly lithium and rare earth elements in Balochistan and Gilgit-Baltistan. The company signed a USD 500 million memorandum of understanding to establish local processing facilities and undertake feasibility studies. The initiative focuses on modern extraction technology, environmental sustainability, and skill development for local workers. This project integrates Pakistan into the global supply chain for clean energy materials and reflects increasing U.S. interest in Pakistan's natural resources sector (*Reuters, 2025; BOI Pakistan, 2025; U.S. Department of State Investment Report, 2025*).

BYD Auto (China)



BYD Auto, China's leading EV manufacturer, announced its entry into Pakistan in mid-2024, planning to establish an assembly plant with an annual capacity of 25,000 electric vehicles. Initially, operations will rely on imported components, with gradual localization of battery and parts assembly. The plant will produce both passenger and commercial EVs for domestic demand and potential export markets. BYD is also collaborating on infrastructure development, including EV charging networks and after-sales services. This investment supports Pakistan's industrial diversification and the government's EV policy goals (*Global Times, 2024; BOI Pakistan, 2024; Ministry of Industries & Production Pakistan, 2024*).

Yango Group (UAE)



Yango, launched operations in Pakistan in May 2023, providing ride-hailing, delivery, and logistics solutions. Initially operating in Karachi, Lahore, and Islamabad, Yango partnered with local drivers and small transport companies to offer affordable and tech-enabled commuting options. By mid-2025, Yango established Yango Tech, a data and logistics innovation hub, and engaged with local startups such as DealCart to strengthen Pakistan's digital economy ecosystem (*Gulf News, 2023; Yango Official Statement, 2023; BOI Pakistan, 2023*).

GO AI Hub (Saudi Arabia)



GO AI Hub entered Pakistan in 2025 to promote artificial intelligence development, digital infrastructure, and innovation. The hub partners with universities, research centers, and technology institutions to build local expertise and co-develop AI solutions, strengthening Pakistan's digital economy (*Saudi Press Agency, 2025; BOI Pakistan, 2025; Dawn, 2025*).

KSB SE & Co. KGaA (Germany)



KSB SE & Co. KGaA, a German industrial solutions provider, entered Pakistan in 2024–25, supplying pumps, valves, and industrial infrastructure solutions. Partnerships with local firms expand service networks in water, energy, and manufacturing sectors (*KSB Press Release, 2024; BOI Pakistan, 2025; German Emirati Joint Council for Industry & Commerce-AHK, 2025*).

2) Expanded Portfolio

(Existing firms in Pakistan expanding investment, capacity, or business scope)

Chevron Corporation (USA)



Chevron expanded its downstream oil and lubricants operations in Pakistan in 2024, investing approximately USD 30 million to upgrade and automate blending and distribution facilities in Karachi and Lahore. The expansion targets growing domestic demand from industrial, transportation, and agricultural sectors while ensuring advanced technological standards in production. The investment also aligns with global energy trends, as Chevron integrates renewable and low-carbon solutions, such as solar-powered fuel stations and carbon offset initiatives. By doing so, Chevron reinforces Pakistan's role in the energy market and demonstrates confidence in the country's industrial and automotive demand growth (*Chevron Press Release, 2024; Business Recorder, 2024; BOI Pakistan, 2024*).

Master Changan Motors Limited (China)



Master Changan Motors, a joint venture between Pakistan's Master Group and China's Changan Automobile, invested USD 50 million in 2024 to expand assembly of hybrid and electric vehicles, including the Deepal L07 sedan and S07 SUV. The Karachi plant plans to roll out three to four locally assembled models over the next two to three years. The initiative aligns with Pakistan's National EV Policy and promotes technology transfer, local vendor development, and affordable EV solutions (*Changan Pakistan Press Release, 2024; BOI Pakistan, 2024; The Express Tribune, 2024*).

CK Hutchison Holdings (Hong Kong)



CK HUTCHISON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1)

CK Hutchison Holdings expanded its South Asia Pakistan Terminal (SAPT) in Karachi in 2025, installing advanced automated cranes and smart logistics systems. This investment, totaling nearly USD 1 billion over several years, improves container handling, throughput capacity, and regional connectivity. The expansion demonstrates Pakistan's strategic importance under the CPEC framework and reinforces the country's appeal for global logistics investors (*Hutchison Ports Press Release, 2024; The Maritime Executive, 2024; BOI Pakistan, 2024*).

IHG plc (UK)



IHG plc expanded into Pakistan in 2024 via a franchise with MGC Developments, introducing Holiday Inn & Suites Lahore. This mid-scale international brand aims to support business and leisure travel, upgrade hospitality standards, and encourage tourism-led economic activity. Plans include potential expansion in Karachi and Islamabad, reflecting confidence in Pakistan's urban hospitality sector (*IHG Press Release, 2024; Business Recorder, 2024; BOI Pakistan, 2024*).

BASF SE (Germany)



BASF SE expanded its presence in Pakistan between 2024–25, focusing on industrial chemicals, agricultural solutions, and construction materials. Collaborations with local partners enhance technology transfer, skills development, and sustainable manufacturing practices. This investment reinforces Pakistan's industrial modernization efforts and highlights opportunities for German investors in the manufacturing and agribusiness sectors (*German Emirati Joint Council for Industry & Commerce-AHK, 2024; BASF Pakistan Press Release, 2024; BOI Pakistan, 2025*).

3) Indirect Investments

(Foreign capital or partnerships without direct physical presence)

Saudi Aramco (Saudi Arabia)



Saudi Aramco, the world's largest integrated energy company, finalized the acquisition of a 40% stake in GO Pakistan Limited between late 2023 and mid-2024. This major downstream investment strengthened retail fuel distribution and introduced advanced fuel retailing technology. GO Pakistan operates a nationwide network of over 1,200 fuel outlets. Through this partnership, Aramco aimed to enhance supply chain efficiency, introduce quality assurance systems, and digitize the customer experience. Beyond retail fuels, Aramco is exploring collaborations in refining and storage infrastructure to further integrate its operations within the country. This move underscores Aramco's long-term commitment to Pakistan and highlights the growing attractiveness of the South Asian energy market for major global players (*Aramco Press Release, 2024; Reuters, 2024; Business Recorder, 2024*).

Burj Clean Energy Modaraba (UAE)



Burj Clean Energy Modaraba launched Pakistan's first Shariah-compliant green energy investment fund in 2024, targeting renewable energy projects including solar, wind, and small hydropower. The fund bridges international investors with local developers, accelerating Pakistan's clean energy transition. Burj has signed MoUs with local regulators and financial institutions to finance and technically support projects in Sindh, Punjab, and Khyber Pakhtunkhwa. By emphasizing Islamic finance, the fund attracts Shariah-compliant international investment, setting a model for regional climate-friendly financing initiatives (*Mashreq Bank Press Release, 2024; BOI Pakistan, 2024; Gulf Business, 2024*).

Overview of Key Foreign Investments and Market Entrants in Pakistan (2023—2025)

No	Company	Country	Sector	Year	Details
New Entrants					
1	Turkish Petroleum Corporation (TPAO)	Turkey	Oil & Gas Exploration	2025	Fast-tracking exploration to boost output; advancing Reko Diq and Offshore Block-5 projects; expanding renewable and geothermal initiatives; participation in Libya Bid Round
2	US Strategic Metals (USSM)	USA	Mining & Minerals	2025	Signed MoU with Pakistan to invest ~\$500 million to establish mineral processing and development facilities; dispatched first mineral samples to US
3	BYD Auto	China	Automotive / EV	2024–25	Capacity to produce 25,000 EV units/ year on double shift; start with assembling imported parts; some local production of non-electric components; vehicles for local and regional markets
4	Yango Group	UAE	Digital & Mobility	May 2023	Offer a seamless digital ecosystem of Mobility, Delivery, Shops and other everyday services
5	GO AI Hub	Saudi Arabia	AI & Digital Infrastructure	Oct 2025	Strengthening AI, digital infrastructure, and innovation; serves as platform for knowledge transfer, capacity building, and co-creation of digital solutions
6	KSB SE & Co. KGaA	Germany	Industrial Solutions	2024–25	Investing in pumps, valves, and industrial infrastructure; supports modernization of Pakistan's water, energy, and industrial systems; strengthens engineering and technical capacity
Expanded Portfolio					
7	Chevron Corporation	USA	Energy & Petroleum	2025	Selling ~70 million liters of high-quality lubricants per annum; invested \$30 million to set up automated lubricants blending plant
8	Master Changan Motors Limited	China	Automotive/ EV	2024	Launched imported EVs; two imported EV models — Deepal L07 (luxury sedan) and S07 (SUV); targeting \$50 million investment for 3–4 CKD models over next 2–3 years
9	CK Hutchison Holdings	Hong Kong	Ports & Logistics	March 2025	Plans \$1 billion investment to upgrade Karachi terminals; enhancing efficiency, connectivity, automation; expected to generate \$4 billion revenue over 25 years
10	IHG plc (Holiday Inn & Suites)	UK	Hospitality	2024	Designed for contemporary travelers; reimagines traditional hotel lobby into multi-functional hub
11	BASF SE	Germany	Industrial & Manufacturing	2024–25	Expanded footprint in chemicals, agriculture, and construction materials; strengthened local production and distribution networks; introduced advanced chemical solutions for sustainable growth
Indirect Investments					
12	Saudi Aramco	Saudi Arabia	Energy & Petroleum	2023	Aramco and GO Pakistan signed agreement to acquire 40% stake; involved in procurement, storage, sale, and marketing of petroleum products and lubricants
13	Burj Clean Energy Modaraba	UAE	Renewable Energy	2024	Pakistan's first green energy fund; serves as a bridge for clean energy projects between developers and investors and fosters growth of renewable energy initiatives

Sector-wise Analysis

Energy & Oil & Gas

Saudi Aramco, Chevron, TPAO

Mining & Minerals

US Strategic Metals

Renewable Energy

Burj Clean Energy Modaraba

Automotive & EVs

BYD Auto, Master Changan Motors

Digital & Mobility

Yango Group, GO AI Hub

Ports & Logistics

CK Hutchison Holdings

Hospitality & Tourism

IHG plc

Industrial & Manufacturing

BASF SE, KSB SE & Co. KGaA

Conclusion

Pakistan continues to attract new foreign investors, reflecting strong confidence in its market despite regional and global challenges. Between 2023 and 2025, companies such as Yango Group, Saudi Aramco, Burj Clean Energy Modaraba, Master Changan Motors, CK Hutchison Holdings, Chevron, BYD Auto, and IHG plc have made strategic investments across sectors including electric vehicles, renewable energy, digital services and AI, industrial manufacturing, logistics, ports, and hospitality. Flexible investment approaches through joint ventures, franchise agreements, and direct investments enable international firms to adapt to local conditions, while facilitation by the Special Investment Facilitation Council (SIFC) and Board of Investment (BOI) ensures smooth project implementation.

While there is a perception that MNCs are leaving Pakistan due to economic challenges, Hans Rosling in his book 'Factfulness' emphasizes that dramatic instincts often exaggerate problems and distort reality. Viewed objectively, Pakistan's fundamentals—rising incomes, a young and growing middle class, expanding digital consumer base, and improving infrastructure—demonstrate strong and sustainable market potential.

Coupled with ongoing policy reforms, targeted incentives, and infrastructure development, these factors make Pakistan a promising destination for long-term, diversified foreign investment. Far from a declining market, Pakistan offers MNCs opportunities to drive industrial growth, technological innovation, and sustainable development in South Asia, illustrating how a fact-based perspective, as advocated by Rosling, reveals both stability and opportunity.

POLICY RECOMMENDATIONS – REVIVE, REFORM, REINVEST

Pakistan stands at a critical stage in shaping its foreign investment landscape. While global companies still see strong potential in sectors such as energy, ICT, automotive, and manufacturing, the country faces deep challenges like inconsistent policies, slow approvals, complex taxes, and weak investor communication. Many multinational firms in Pakistan are not exiting because of low profits alone, but because they cannot plan long-term under unpredictable conditions. The government must therefore take immediate and visible actions to restore investor confidence, ensure policy stability, and improve ease of doing business.

The first part of this framework- Revive- focuses on rebuilding trust, signaling policy reliability, and stabilizing investor expectations.

Revive – Restore Investor Confidence

Investor confidence is the foundation of foreign investment growth. Many multinational firms still see Pakistan's potential but remain hesitant due to inconsistent policies, slow approvals, and unclear communication. The Revive pillar focuses on quick, visible actions that signal policy stability and partnership. The following measures, ranked by priority, aim to make investment decisions faster, safer, and more predictable, restoring trust among both existing and new investors.

1) Fast-Track Approvals through One-Stop Investor System

Investors face long delays in obtaining multiple approvals. Despite the creation of the Special Investment Facilitation Council (SIFC), many processes remain fragmented. A digital one-stop approval platform under the SIFC or the Board of Investment (BOI) should integrate all clearances such as tax, customs, land, and environmental within a fixed 30-day timeframe. This will cut bureaucracy, reduce costs, and improve Pakistan's global ease-of-doing-business image. *(Model: Singapore)*

2) Fiscal–Monetary Coordination Council

Conflicting fiscal and monetary actions such as expansionary budgets alongside high interest rates create uncertainty for investors. A Fiscal–Monetary Coordination Council, comprising the Ministry of Finance, the State Bank of Pakistan (SBP), and investment authorities, should meet quarterly to align tax incentives, credit policies, and macroeconomic targets. Coordinated policy signals will enhance predictability and reduce investor risk perception. *(Model: Nigeria, Vietnam)*

3) Quarterly Government–Investor Roundtables

Foreign investors often feel excluded from policy discussions. Regular quarterly roundtables, led by the Prime Minister or Finance Minister, can institutionalize direct dialogue with leading multinational firms and business chambers. These meetings will allow early resolution of bottlenecks and ensure investor feedback is considered before policy changes. **(Model: Singapore)**

4) Investor Continuity Agreements

Sudden policy reversals such as tariff or tax changes discourage long-term planning. Investor Continuity Agreements can provide legal assurance that key policies, taxes, and incentives will remain unchanged for a fixed period (five to seven years). This stability will encourage reinvestment and expansion by major investors in priority sectors. **(Model: Peru)**

5) Public–Private Risk Pools

Frequent shocks e.g. currency fluctuations, political changes, or energy shortages discourage investment continuity. Creating Public–Private Risk Pools will allow government and industry to share selected operational risks through joint funds or insurance mechanisms. Such arrangements will help companies maintain operations during crises and demonstrate state support for investor resilience. **(Model: Global Best Practice)**

6) Enterprise Development Grants (EDG)

Many firms want to modernize but lack capital for technology and training. Enterprise Development Grants can co-finance up to a set share of cost of new machinery, automation, or skill development programs. This will upgrade local capabilities, encourage technology transfer, and attract efficiency-seeking investors. **(Model: Poland / Global Best Practice)**

7) Sector-Specific Flexibility Hubs

High-growth sectors such as EVs, renewables, and consumer goods require flexibility to scale operations. Developing Sector-Specific Flexibility Hubs like special zones combining assembly, packaging, and warehousing will allow companies to expand or downsize efficiently. These hubs reduce fixed costs and attract export-oriented manufacturers. **(Model: East Asia Industrial Parks)**

8) Exit-to-Scale Options for Investors

Some firms prefer downsizing instead of full exit. Pakistan can retain them by offering Exit-to-Scale Options, enabling transition to franchising, distributorship, or joint ventures rather than complete closure. This approach preserves jobs, skills, and market continuity while keeping foreign brands engaged. **(Model: Global Best Practice)**

The Revive pillar delivers immediate confidence-building results. By ensuring fast approvals, policy coordination, and clear continuity, Pakistan can send a strong message of predictability and partnership. These actions require more coordination than capital and can quickly re-energize investor sentiment, setting the stage for the next phase: Reform- Making Investment Predictable.

Reform – Make Investment Predictable

Reviving investor confidence must be followed by deep structural reforms that make Pakistan's investment framework predictable, transparent, and competitive. Foreign investors need assurance that laws, taxes, and administrative processes will remain stable and easy to navigate. The Reform pillar introduces key legal, regulatory, and procedural changes that will institutionalize transparency, reduce compliance costs, and attract high-quality, long-term investments.

1) Investors Tax Facilitation System

Pakistan's tax regime remains complex, with overlapping federal and provincial authorities. A unified National Tax Facilitation System (NTFS) for foreign investors should be established, integrating all taxes i.e. income, sales, and provincial levies into a single digital interface. Investors would be able to file returns, track payments, and resolve disputes through one portal, cutting compliance costs and uncertainty. India's GST Network provides a practical regional example, where integration increased compliance and reduced litigation. **(Model: India – GSTN System)**

2) Fast and Fully Digitized Business Registration

Lengthy registration and approval procedures discourage new entrants. Pakistan should adopt a five-day business registration guarantee, supported by a fully digital system covering incorporation, land allotment, and environmental clearance. This reform can drastically improve Pakistan's global ease-of-doing-business ranking, enhance entrepreneurship, and reduce opportunities for corruption. **(Model: Rwanda – Digitized Start-Up System)**

3) Reform Foreign Ownership Laws

Rigid ownership caps deter strategic investors in key sectors. Allowing 100% foreign ownership in priority areas such as electric vehicles, renewable energy, AI, logistics, and digital services would send a clear signal that Pakistan welcomes global capital and expertise. To protect national interests, sectoral guidelines and screening mechanisms can be maintained for sensitive industries. **(Model: UAE – 100% Ownership Policy)**

4) Sector-Specific Performance Incentives

Generic tax holidays and subsidies often fail to achieve targeted results. Pakistan should move toward performance-linked sectoral incentives rewarding firms for achieving measurable outcomes such as local employment creation, technology transfer, or export growth. This ensures that fiscal support generates national economic value rather than short-term gains. **(Model: Vietnam / Global Best Practice)**

5) Centralized Intellectual Property (IP) Portal Linked to WIPO

Weak IP protection discourages technology-intensive investment. A centralized IP portal integrated with the World Intellectual Property Organization (WIPO) should be developed for fast registration, licensing, and dispute resolution. This would give confidence to pharmaceutical, ICT, and R&D-driven investors that their innovations are secure and enforceable. **(Model: Global Best Practice / WIPO)**

6) Special Investment Regions (SIRs)

Designating Special Investment Regions in high-potential sectors such as renewable energy, EV manufacturing, and agri-tech can create world-class investment clusters. These regions should offer administrative autonomy, efficient infrastructure, and single-window clearance. The Peenya Industrial Area in India is a strong model of how sector-focused regions attract consistent foreign inflows and local employment. **(Model: India – Peenya Industrial Area)**

7) Strengthen Bankruptcy and Insolvency Framework

A transparent and predictable bankruptcy law ensures protection for both investors and creditors. By streamlining business exit, asset restructuring, and debt settlement, Pakistan can reduce investment risk and encourage lenders and equity partners to commit capital with confidence. **(Model: Global Best Practice)**

8) Simplify Investment Dispute Resolution

Lengthy legal processes are a major deterrent to FDI. Establishing specialized investment benches or fast-track commercial courts can expedite resolution of tax, regulatory, and contract-related disputes. This reform can substantially improve investor trust and reduce the cost of doing business. **(Model: Malaysia / Singapore)**

The Reform pillar focuses on stability through structure. Once implemented, these measures particularly the tax integration system, digitized registration, and foreign ownership reforms will lay a strong foundation for sustained investor trust. They will also reduce administrative burdens, improve transparency, and align Pakistan's investment regime with leading regional economies. With predictability secured, Pakistan can confidently move to the final pillar- Reinvest: Encouraging Growth and Expansion.

Reinvest– Encourage Growth & Expansion

Pakistan must now focus on retaining and expanding the investment that already exists within its borders. While new entrants bring visibility, sustainable growth depends on how effectively the country enables reinvestment by firms that have survived despite economic volatility. For this purpose, nine high-impact measures are proposed under the “Reinvest” pillar, aimed at innovation, expansion, competitiveness, and integration into global supply chains.

1) Establish Reinvest Pakistan Desk under BOI

A dedicated Reinvest Desk within the Board of Investment should serve existing investors exclusively. It will provide aftercare services, support for expansion, and a one-window channel for policy coordination and approvals. Regular interaction with investors will signal that Pakistan values long-term partnerships and supports reinvestment decisions. **(Model: Singapore, Vietnam)**

2) Develop Technology and Industrial Corridors

Dedicated corridors linking industrial clusters, logistics hubs, and universities along the Karachi–Lahore–Islamabad belt can become powerful growth engines. Each corridor should offer plug-and-play facilities, customs clearance centers, and research collaboration zones. These corridors will attract both foreign and domestic investments, create jobs, and strengthen the export base. **(Model: Malaysia, China)**

3) Facilitate Technology Transfer and Localization

A structured framework should promote technology transfer through joint ventures, licensing incentives, and fiscal support for local sourcing. Multinational companies can be encouraged to mentor domestic suppliers and set up technology centers to strengthen local value chains. This approach will reduce import dependence and improve industrial competitiveness. **(Model: Malaysia, Thailand)**

4) Expansion Grants for Existing Investors

Co-financing grants or low-interest credit lines can help multinational companies upgrade production, diversify products, and enter new export markets. These incentives should be linked with job creation and technology adoption to ensure tangible national benefits. Such programs convert temporary investments into permanent industrial capacity. **(Model: Malaysia, South Korea)**

5) Innovation and R&D Grants

A national matching-grant program should encourage multinational firms to establish research labs or pilot testing facilities in Pakistan. Covering a portion of R&D costs will help attract technology-intensive industries, promote collaboration with universities, and generate high-value employment. **(Model: South Korea)**

6) Focus on Strategic High-Growth Sectors

Pakistan should prioritize high-potential sectors such as renewable energy, electric vehicles, pharmaceuticals, IT, and agro-processing for targeted incentives and export facilitation. Each priority sector should have a clear, medium-term roadmap with measurable outcomes. *(Model: India, Indonesia)*

7) Incentivize ESG Practices

Encouraging companies to adopt Environmental, Social, and Governance (ESG) standards will align Pakistan with global sustainability goals. Fiscal rebates, concessional financing, and recognition for compliant firms will attract responsible investors and improve Pakistan's reputation as a sustainable market. *(Model: EU, Singapore)*

8) Launch Investor Legacy Programs

Investors that have operated successfully in Pakistan for more than five years should be recognized through incentives such as priority land allocation, faster expansion approvals, and access to public procurement schemes. This will encourage long-term commitment and reduce investor exits. *(Model: Turkey, UAE)*

9) Promote Pakistan Internationally

A coordinated global campaign under the brand "Invest in Pakistan" should highlight key sectors, ongoing reforms, and investor success stories. Pakistan's embassies and trade missions can play a central role in projecting a stable, business-friendly image and building investor confidence. *(Model: Vietnam, Saudi Arabia)*

These measures focus on converting existing foreign investments into long-term economic roots through reinvestment, innovation, and sustainability. By prioritizing investor aftercare, technology transfer, R&D collaboration, ESG adoption, and global visibility, Pakistan can strengthen investor confidence, expand industrial capacity, and position itself as a stable and competitive regional hub for multinational businesses.

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