

Foreign Funds Ceiling - Foreign companies in Pakistan are controlled through the following corporate laws for foreign investors:

a) **Borrowing for fixed investment:**

Foreign-controlled manufacturing companies have been allowed rupee loans from banks, development finance institutions and other financial institutions or by the issuing of a Participation Term Certificate, etc. without any limit and without prior approval of the State Bank of Pakistan.

b) **Borrowing by foreign-controlled and Pakistani companies:**

Loan for working capital:

- i) In the case of manufacturing, a foreign-controlled company can borrow working capital requirements up to 100 percent of the aggregate of its paid up capital, reserves, undistributed profits/unremitted dividends. There is no limit on borrowing for the purpose of meeting working capital requirements, if 50 percent or more of the products of foreign-controlled company are exported.
- ii) In the case of semi-manufacturing and trading, a foreign-controlled company incorporated in Pakistan can borrow up to 33 1/3 percent and 25 percent of its total equity, respectively. Branch office of foreign companies can borrow up to 33 1/3 percent for semi-manufacturing and 25 percent for trading concerns.

Export Subsidies - The government has withdrawn most subsidies on the traditional exports such as carpets, textiles and finished goods.