Early Warning System

MIGA-3612

Hyundai Motor Pakistan Project

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Quick Facts

Countries	Pakistan
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Active
Bank Risk Rating	B
Voting Date	2018-01-10
Borrower	Sojitz Corporation
Sectors	Agriculture and Forestry
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 103.00 million

Project Description

Project description

Sojitz Corporation of Japan has applied for MIGA guarantees of up to JPY12.3 billion (US$103 million) for its equity investments in Hyundai Nishat Motor Private Limited project in the Islamic Republic of Pakistan and its loan guarantees to commercial lenders to the project. The guarantees are available for up to 15 years, and will provide coverage against the risks of currency inconvertibility and transfer restriction, expropriation, war and civil disturbance and breach of contract.

The project involves the design, construction, and operation of a greenfield motor vehicle assembly plant with a maximum annual production capacity of 30,000 units, located within the M3 industrial City in Faisalabad of Punjab province. The project will establish flagship dealerships, bring new technologies to improve production efficiencies, as well as increase competition within the domestic automobile sector.

Information on this project is being disclosed under the early disclosure procedures outlined in MIGA's Access to Information Policy.

Environmental Categorization

The project is a category B under MIGA's Policy on Environmental and Social Sustainability. Click here to view the Environmental and Social Review Summary.

Development Impact

The project is expected to support over 500 sustainable jobs once the assembly plant is fully operational, in addition to short term jobs created during the construction phase. The project will raise domestic production standards by bringing in international expertise, yet also support local businesses by utilizing and further developing existing network of suppliers for localized automotive components. Significant contribution to government revenues can be expected in the form of payments for sales taxes and import duties.

MIGA's proposed support for the investment is aligned with the World Bank Group's Country Partnership Strategy to support private sector development, as well as MIGA's mid-term strategy FY18-20 to support investments to countries eligible for financing from the International Development Association (IDA). Pakistan is an IDA-blend country as it is also creditworthy for borrowing from the International Bank for Reconstruction and Development (IBRD).

Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Sojitz Corporation	Client	-

Contact Information

ACCOUNTABILITY MECHANISM OF MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/