

Foreign buyers, Exporters can send shipping documents directly: SBP

KARACHI: In its efforts to facilitate exporters, the State Bank of Pakistan (SBP) has allowed exporters to directly dispatch shipping documents of their export consignment to their foreign buyers without any limit.

However, as per SBP directives, this facility is subject to condition that the export over dues are less than one percent and the exporter has at least \$5 million exports during last three years.

Earlier, exporters could dispatch shipping documents directly to their foreign buyers for export consignments of up to \$100,000, or equivalent in other currencies. This limit was in place since 2017.

The SBP believed that its measures are in continuation of facilitating export-oriented industries and manufacturing concerns in the backdrop of ease of doing business and promoting exports' growth and will further contribute in improving economic outlook of the country.

According to a circular SBP, Authorized Dealers (ADs) may allow making of shipping documents in the name of the foreign importers and dispatch of the same by the exporters directly to the foreign consignees or their agents in the country of final destination by issuing a certificate to the carriers' ships, airlines, trucks, railways etc.

However, exporters can avail this facility with some terms and conditions and the export over dues of an exporter should not be more than 5 percent of the previous year's exports.

In case exporters over dues are one percent of previous financial year's exports proceeds realized with \$5 million minimum export proceeds realized during the last three years in USD or equivalent in other currencies, the exporters can send shipping documents without any limit of value of export consignment.

In case of more than 1 percent and up to 3 percent over dues with \$2.5 realization, exporter can send shipping documents up to Up to one million dollar, while if over dues are more than 3 percent and up to 5 percent with \$250,000 minimum export proceeds realized during the last three years, exporter can send shipping documents directly for export of up to \$ 500,000.

In case of unsatisfactory behavior of the exporter or export over dues exceeding the prescribed limit, the AD will discontinue extending this facility to the exporter.

The exporter availing this facility will have to provide a certificate to the AD on the prescribed format showing bank-wise consolidated position of outstanding overdue export bills, as of quarter end, as a percentage of the total exports proceeds realized during the preceding financial year. This certificate will be used by the ADs for determining the value of export consignment, during the quarter subsequent to the quarter end date to which the certificate relates.

The AD may accept export performance certificates of other ADs showing export proceeds realized through them during the last three financial years in order to determine the export performance of the exporter.

The AD will obtain an undertaking from the exporter that export proceeds against such exports will be realized as per the prescribed time period. Further, the AD, at its discretion, may obtain personal guarantees of the Directors/Sponsors of the firm/company to ensure realization of export proceeds against such shipments.

Before certification of Form-E/EFE, the AD will obtain a valid contract/proforma invoice and satisfy itself about the bona fides of the importers/consignees abroad. Further, the AD will also obtain copies of shipping documents (electronically or manually) within 10 working days from the date of the shipment.

The SBP has directed ADs for monitoring of shipment(s) made by the exporter and ensure realization of export proceeds there against within the prescribed time. In case of non-realization within the prescribed period, the matter will be reported to the Foreign Exchange Operations Department, SBP-BSC as per applicable instructions.

SBP has advised all Authorized Dealers are advised to bring the above instructions to the knowledge of all their constituents and ensure meticulous compliance of the above and other relevant instructions on the subject.

In January 2020, the SBP had taken certain measures to facilitate export-oriented industries and manufacturing concerns. These included allowing Authorized Dealers to effect import advance payment against irrevocable letter of credit, up to 100 percent of the value of letter of credit, for import of plant, machinery, spare parts and raw material etc. on behalf of manufacturing concerns for their own use only.

In addition, extending the facility allowed to manufacturing & industrial concerns for import of raw materials and spare parts on open account basis to commercial importers as well.