



External Relations Department

January 5, 2015

State Bank issues mechanism for sugar export

State Bank of Pakistan has issued a mechanism for the processing of sugar export cases. Accordingly authorized dealers (Ads) in foreign exchange will forward the requests of Sugar Mills to the Exchange Policy Department, State Bank of Pakistan, Karachi for approval. This was stated in the EPD Circular Letter No.01, issued today to of all authorized Dealers in Foreign Exchange.

ADs are advised to process the export of sugar cases as per following mechanism:

- a. SBP will allow permission against each E-Form on first come first served basis.
- b. ADs will ensure receipt of a minimum 15% of total contract value as advance payment or obtain an irrevocable L/C from the buyer.
- c. Exporter must ship the sugar within 45 days from the date of SBP approval or by May 15, 2015, whichever comes earlier.
- d. ADs shall ensure to forfeit 15% advance payment in favour of Government of Pakistan in case of non-performance within the stipulated time.
- e. ADs will submit sugar export shipment update to the Exchange Policy Department, State Bank of Pakistan, Karachi on weekly basis as per the enclosed reporting format at sugar.epd@sbp.org.pk, failing which SBP will initiate action under related rules and regulations.

Incomplete requests shall not be considered and ADs are advised to bring the same to the notice of all their constituents.

ADs are required to furnish authenticated copies of Clearance issued by the concerned Cane Commissioner to the effect that concerned sugar mill has cleared outstanding arrears of the growers, Sugar export contract, E-Form, irrevocable L/C or advance payment voucher, swift message and reporting schedule/credit advice.

It must be recalled that Government of Pakistan, in supersession of its earlier decision, has recently allowed sugar mills to export 650,000 MT of sugar.