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# State Bank Announces Measures to Facilitate Export–Oriented Sectors and Manufacturing Concerns

State Bank of Pakistan (SBP) has extended the scope of Long Term Financing Facility (LTFF) to cover all permissible export oriented sectors. This step is aimed at setting up of diverse export oriented projects in Pakistan and to boost exports in multiple sectors. Further, to accommodate enhanced financing requirements of exporters for setting up long term export oriented projects, maximum limit of Rs. 2.5 billion has been enhanced to Rs. 5 billion per project under LTFF.

In line with the above measure, SBP has also provided additional concessional financing of Rs.200 billion to banks including Rs. 100 billion under Long Term Financing Facility (LTFF) and Rs. 100 billion under Export Refinance Scheme (EFS), to be utilized by 30th June 2020.

Going forward, to further promote SME exporters, SBP in consultation with the relevant stakeholders, is in the process of devising an elaborate mechanism for the allocation of LTFF and EFS to SME exporters. These changes are likely to be announced in March 2020.

Furthermore, with a view to facilitate importers, SBP has allowed banks to make advance payment up to USD 10,000/-, or equivalent thereof, per invoice on behalf of commercial importers for import of raw material, spare parts and machinery. Besides, SBP has also allowed banks to make payments on behalf of commercial importers for imports of raw materials and spare parts on Open Account. In addition, SBP has also enhanced the existing limit of 50% advance payment, allowed to manufacturing concerns, for import of plant, machinery, spare parts and raw materials etc. against letter of credit, to 100%. In December 2019, SBP allowed advance payment of up to 50% of the value of imports against letter of credit to manufacturing concerns for import of plant, machinery, spare parts and raw material etc.

After the implementation of a market based exchange rate system, the balance of payments has witnessed significant improvement. In the first six months of the current fiscal year, the current account deficit has contracted by 75 percent to US$ 2.15 billion. This improvement is helping to further relax some of the restrictions on imports by SBP. The latest measures, taken today, are in continuation of facilitating export-oriented industries and manufacturing concerns in the backdrop of ease of doing business and promoting exports' growth. These measures will further contribute in improving economic outlook of the country.

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