

GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE

F. No. 7(2)/2012-Exp.III

Islamabad, the 3rd October, 2017

OFFICE MEMORANDUM

SUBJECT: **EXPORT OF SUGAR (CROP YEAR 2016-17)**

The undersigned is directed to refer to the subject noted above and to state that the Economic Coordination Committee (ECC) of the Cabinet in Case No. ECC-96/19/2017 dated 14th September, 2017 has allowed export of 0.5 MMT of sugar, subject to the following conditions:

- i. A Committee constituted by the Prime Minister will meet during first week of every month to review the sugar stock, export and price situation;
 - ii. In case of any abnormal increase in the domestic price of sugar from the level of 7th September, 2017 (Rs 54.87/kg), the Committee would recommend to the ECC for the stoppage of further exports;
 - iii. The export quota will be approved and monitored by the State Bank of Pakistan (SBP) on first come first serve basis;
 - iv. Only those mills would be allowed to export which have cleared outstanding dues of farmers relating to last season.
 - v. Exports will be completed within 60 days of quota allocation by the SBP. In case of non-shipment within the said period, a non-performance penalty of 15% will be imposed on the respective miller.
 - vi. After November 2017, it will also be necessary for the mills to start crushing at full capacity throughout the crushing season to become eligible for exports.
2. The ECC further decided as under:-
- i. As recommended by Sugar Advisory Board (SAB) of Ministry of Industries and Production (MoIP), a cash freight support of Rs 10.70/kg may be given to the sugar millers on export of sugar subject to the condition that the said amount of freight support will be given on a sliding scale between the international price of US\$376/MT (as on 08.09.2017) and \$499/MT (the international sugar price which equals with the cost of production as calculated by the MoIP) i.e. once the price reaches at the level of \$499/MT in

international market, the State Bank of Pakistan would effect the stoppage of the freight support. On issuance of any export quota, the State Bank of Pakistan shall record the prevalent international price on the date of issuance of quota and calculate the amount of freight support that the exporter would become eligible to on utilization of export quota.

- ii. The provision of freight support will not be available for already utilized sugar export quota from the SBP allowed vide ECC's decision dated 18.07.2017. The rest of the unutilized quantity (including quota issued but not executed) out of 300,000 MT shall be considered withdrawn.
- iii. Freight support will be shared by the federal and provincial governments on 50:50 basis.

3. Copy of the ECC's decision in Case No. ECC- ECC-96/19/2017, dated 14th September, 2017 is enclosed.

4. It is requested that actions to implement the said decision of the ECC may kindly be initiated forthwith under intimation to the Ministry of Commerce. Moreover, State Bank of Pakistan (SBP) may arrange via its website full disclosure of the record of sugar export quota allocation as well as the subsidy claims and their disbursement details.

Encl: **As above**



(Muhammad Umer Saleem Bhatti)

Section Officer (Exp-III)

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1. The Secretary,
Ministry of Finance, Islamabad.
2. The Governor,
State Bank of Pakistan, Karachi
3. The Secretary,
Ministry of Industries & Production, Islamabad.
4. The Secretary,
Ministry of National Food Security & Research, Islamabad.
5. The Chairman,
Federal Board of Revenue, Islamabad.
6. The Chairman,,
Pakistan Sugar Mills Association, Islamabad.