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SBP requires exporters to bring export proceeds within 120 days from date of shipment

With an objective to improve the timely inflow of foreign exchange from exports proceeds in the market, State Bank of Pakistan (SBP) has amended foreign exchange regulations requiring exporters to bring export proceeds within a maximum period of 120 days from date of shipment. Earlier the exporters were required to bring their export proceeds within a maximum period of 180 days. This move also brings in Pakistan's regulations closer to international best practices.

It is pertinent to mention here that in recent past, SBP has introduced a number of policy measures in its foreign exchange regulations to facilitate exporters. These include (i) allowing up to 10% of exporters' annual exports for equity investment abroad to establish overseas subsidiary/branch office (ii) allowing exporters who are eligible to retain part of their export proceeds to make payments abroad from their export retention account for a number of additional purposes including marketing & promotions, purchase of design/ patterns, warehousing, consultancy service etc. (iii) facilitating e-Commerce by allowing exporters to sell their products directly through their own websites as well as through international digital marketplaces including Amazon, e-Bay, Ali Baba and (iv) allowing exports by way of dispatch of shipping documents directly to the foreign buyer, to make exporters competitive in the international market.

The new measure is expected to positively impact foreign exchange inflows in the market. SBP is of the view that flexible exchange rate has appropriately played its role as a shock-absorber and it is important that its role be complemented by strong exports proceed realization.

The circular can be accessed at the following link:

https://www.sbp.org.pk/epd/2022/FEC1.htm

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