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Circulars/Notifications

FE Circular No. 06 of 2006

May 15, 2006

The Head/ Principal Offices of all Authorized Dealers in Foreign Exchange and Shipping Companies/ Airlines/Agents/ Freight Forwarders

Dear Sir / Madam,

Remittance of Freight Charges by Freight Forwarder/ Consolidators

As declared under the Trade Policy 2005-06, freight forwarders were allowed remittance of locally collected freight charges to their principals abroad. However, such remittances would require SBP's prior approval. In order to further facilitate the industry, it has been decided to allow Authorized Dealers to affect such remittances directly on behalf of concerned freight forwarder/consolidators.

Authorised Dealers are, therefore, being allowed to remit on a monthly basis, the surplus freight by the Freight Forwarder/ Consolidators, after verification of documentary evidence in support of the remittance. In order to mitigate inherent risks and establish genuineness of the transactions, Authorised Dealer will require verification through the following documents at the time of allowing monthly remittances:

- a) Clients letter, indicating purpose of remittance, particulars of the beneficiary and beneficiary's bank
- b) Agency Agreement with counterpart abroad (Annually)
- c) NTN and PIFFA Membership Certificates (Annually)
- d) Certificate from a practicing Chartered Accountancy firm to the effect that the amount of remittance applied for has been verified with reference to authenticated copies of prepaid Master Airway Bill / Master Bill of Lading with the related House Airway Bill / House Bill of Lading, cargo manifests and billed invoices from counterparts abroad, and had been found correct.
- e) M - Form
- f) Statement of Freight Collected and/or Payable Abroad Against Shipments Made During the Month (Annexure - I)
- g) Statement of Freight Payable against Imports on Consolidated Basis by Air/ Sea during the month (Annexure - II)
- h) Monthly Statement of Air/Sea Cargo Consolidation (Annexure - III)

Authorised Dealers will report all such transactions to Foreign Exchange Operation Department (FEOD), SBP-Banking Services Corporation, Karachi with copies of supporting documents obtained from the Freight Forwarders/Consolidators by the 15th of the following month. They will also retain copies of all such supporting documents at their remitting branches for SBP inspection as and when required or called for.

It is further advised that the Shipping Companies/Air lines or their authorized agents may issue Master Bill of Lading (MBL) /Master Airway Bills (MAWB) in the name of the Freight Forwarders (as shippers) only if the same conforms to the following:

1. Name of the Freight Forwarders/ Consolidators is mentioned followed by the wording "for and on behalf of beneficial ownership of the actual exporters" along with their names, related House Bill of Ladings/Airway Bills' numbers and dates. The above information may either be provided on the face of the MBL/MAWB or as an attachment with the notation on the MBL/ MAWB as per the "attachment which constitutes an integral part of the MBL/MAWB".
2. A clause must appear on the original transport document to the effect that the covered cargo will only be released /delivered to Freight Forwarders/agent at the port of discharge on presentation of a bank endorsed original House Bill of Lading. (Accordingly, HBLs/ HAWBs may only be drawn to the order of an Authorized Dealer.)
3. Under no circumstances, the freight forwarders/consolidator/their agents or agents of shipping Company/ airline may surrender MBL/MAWB to the carrier/ agent in Pa kistan and must instead be presented alongwith related HBLs/ HAWBs to the carrier by the Overseas Freight Forwarder/Agents at the destination/port of discharge.

Authorized Dealers and all concerned may be guided accordingly and ensure meticulous compliance thereof.

Encl as above.

Yours faithfully,

Sd/-

(Azhar Kureshi)
Director

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