**POLICY GUIDELINE**

**IMPORT ON FOREIGN SUPPLIER’S ACCOUNT**

**THROUGH CUSTOM BONDED STORAGE FACILITIES**

1. In view of limited local refinery supplies, Pakistan is heavily dependent on import of deficit petroleum products. In order to enhance supply access to the local OMCs, diversify the sources of supply and to avail freight economies of scale, international oil suppliers would be facilitated/ encouraged to make investments in storage and trade of crude oil and petroleum products under the following policy guidelines:

1. Foreign supplier or its registered subsidiary will be allowed to maintain inventory of crude oil and petroleum products in bulk form, in their own Private Bonded Warehouses or Customs Public Bonded Warehouse located anywhere in Pakistan (without foreign exchange remittances), pending its sale to local purchasers or its re-export therefrom to other foreign countries.
2. Foreign supplier shall have the option to establish its own registered business or operate through a subsidiary company (referred hereinafter as **“The Consignee”**), registered in Pakistan, having bank accounts in the country, to act under the relevant Pakistani laws/rules for undertaking operational/ business activities on behalf of foreign supplier.
3. The Consignee shall have the options to develop their own dedicated storage infrastructure and utilize the customs public bonded warehouse facility on rent basis located around port premises or anywhere in Pakistan for storing crude oil and petroleum products, duly licensed by the OGRA, under the Pakistan Oil (Refining, Blending, Transportation, Storage and Marketing) Rules 2016.
4. The Consignee’s Customs Bonded Warehouse shall be licensed by the Customs after fulfilment of requirements for operating as Public Bonded Warehouse for storage of crude oil and petroleum products under Section 12 & 13 of the Customs Act. 1969.
5. The Consignee shall be registered with the Inland Revenue, Federal Board of Revenue (FBR), under the Sales Tax Act, 1990, as an importer and exporter.
6. At the time of storing the goods, received under the scheme, the Consignee shall not be required to file Electronic Import Form (EIF) with his Goods Declaration (GD) for In-bonding (IB).
7. The Consignee shall then sell the goods to licensed purchasers (Refineries or OMCs) in US Dollars or Pak Rupees against opening of Letter of Credit through scheduled banks without requiring LC confirmation by international banks or advance payment, as per applicable foreign exchange regulations. Sale and purchase of goods between foreign supplier and Pakistani purchasers will be on purely commercial basis without any liability on the part of the Government of Pakistan.
8. For selling the bonded goods to the local purchasers, the Consignee shall file Electronic Import Form (EIF) with his Goods Declaration (GD) for Ex-bonding (EB), to clear the bonded goods for custody transfer to local purchasers for subsequent home consumption, on payment of all applicable duties and taxes by Consignee on behalf of purchasers. FBR shall allow movement of duty paid product through pipeline or any other mode of transportation and facilitate local purchasers for input/output tax adjustments.
9. The crude oil and regulated petroleum products stored in the Bonded Warehouse shall only be sold/ supplied to Oil Refineries and Oil Marketing Companies (OMCs) respectively, which possess valid license from OGRA and have prior permission of OGRA for each consignment.
10. For sale of petroleum products in the country from Bonded Storage, the pricing mechanism, as approved by the government/ OGRA from time to time, shall be applicable.
11. The Consignee will pay the port dues, payable on the imported products, and Customs clearing charges etc.
12. No product, falling under Appendix - A (Negative List) of Import Policy Order in vogue, shall be supplied under this scheme. The Consignee would provide a Certificate of Origin of the product and an undertaking to the relevant regulators (FBR) that neither sanctioned product is imported into Pakistan nor any sanctioned entity has supplied such products.
13. The Consignee shall be required to fulfill the conditions mentioned against crude oil and petroleum products falling under Appendix B (Restricted Items) of Import Policy Order for the purpose of import of crude oil and petroleum products.
14. Since the petroleum products procured under this scheme will be meant primarily for local purchasers, the product so supplied shall conform to the specifications approved/notified by the Government of Pakistan and vessels arranged for the purpose shall only be allowed to discharge, when the quality is cleared by Hydrocarbon Development Institute of Pakistan (HDIP) under the approved policy guidelines of sampling and testing of petroleum products issued by Federal Government and notified by OGRA.
15. OGRA shall ensure that allocation/ lifting of petroleum products from refineries is not compromised by local purchasers and that product available through this arrangement is not included in mandatory days’ coverage until such time it is purchased and transferred out of the Consignee’s Bonded Storage.
16. FBR, SBP (if required), OGRA and Ministry of Commerce shall prescribe and notify their respective procedures/ regulations for regulating and monitoring of imports and exports under this arrangement.

2. Re-export of crude oil and petroleum products, received into the country, for storage in Customs Pubic Bonded Warehouse shall be allowed from the Customs Bonded Warehouse, without Letter of Credit or Advance payment and Electronic Export Form (EEF) subject to fulfillment of following terms and conditions:

i. The crude oil and/ or petroleum products have been imported and stored in compliance with above mentioned conditions.

ii. Prior to export of crude oil and/ or petroleum products, the Consignee will give 15 days’ advance notice to OGRA and Oil Industry.

iii. The FBR will allow access to its MIS systems to OGRA for visibility of the petroleum products in the customs bonded storages on supplier account and OMC account whichever the case may be.

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