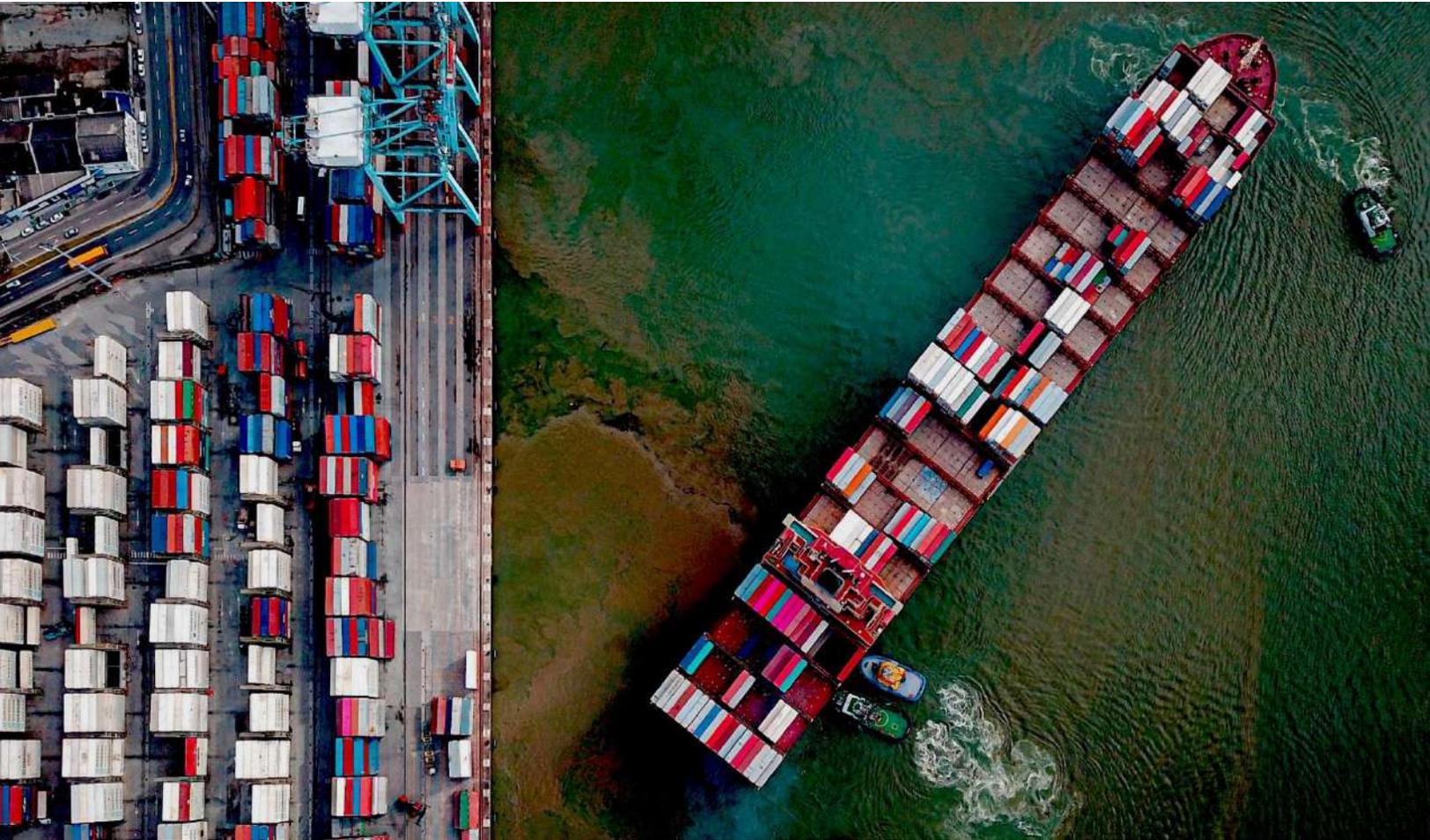




TRADE DEVELOPMENT AUTHORITY OF PAKISTAN
Ministry of Commerce



STEP-BY-STEP GUIDE FOR NEW EXPORTERS

Part A: Export Procedures

November 2020

DISCLAIMER

The purpose of this Handbook is to bring together in a convenient place a summary of the conventional export procedures for the assistance of existing, new, and potential exporters, businessmen, manufactures and SMEs. Every individual making the decision to export should read this handbook and become familiar with the basics of export procedures, incoterms, and documentation required: starting from registering a company/ firm to the final realization of export proceeds. This handbook is an effort to consolidate the export procedures. If the document does not address your specific query, the readers are advised to visit the official website/ office of the relevant authorities for detailed consultation/ guidance on the matter.

The information in this document has been furnished and consolidated until **30th October, 2020**. The readers are advised to keep track of the latest developments. However, TDAP also expects to revise and update this handbook from time to time.

For any query or feedback regarding this document, please contact at:

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3 STEP BY STEP GUIDE FOR NEW EXPORTERS: EXPORT PROCEDURES

You got a product! Make the decision to export.



STEP 1: REGISTRATIONS

Register Your Company	<ol style="list-style-type: none">1. It can be Sole Proprietorship or a Partnership firm or a Company.2. Name and logo to be decided.3. A company account with an authorized bank.4. Open an office with all required facilities:<ul style="list-style-type: none">• Valid postal address• Landline telephone connection and fax number• Office furniture and equipment
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Register your company with Federal Board of Revenue (FBR) <small>National Tax Number (NTN) Sales Tax Registration Number (STRN)</small>	<p>Apply for a National Tax Number (NTN) and Sales Tax Registration Number (STRN) at the nearby Regional Tax Office (RTO) of FBR. You can also apply online through FBR website¹.</p> <p><u>Documents required to apply for NTN are:</u></p> <ul style="list-style-type: none">• NTN form.• Registration Proof.• Memorandum² and Articles³ of Association.• Bank account number.• Copies of National Identity Cards of companies' Directors.• Evidence of business address. <p><i>* Commercial exporters are not required to register for STRN. But if you pay the sale tax on the goods from local market, it will be better for you to get yourself registered with sales tax department. So that, you may claim your input tax deducted on your purchases.</i></p> <p><i>* Once registered in sales tax department, you will be obligated to file the monthly sales tax return whether you have been involved in any sales tax activity or not.</i></p>
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Register with Chambers of Commerce and Association	Registration with Chamber of Commerce & Industry and concerned Association for obtaining certificate/ membership.
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WEBOC registration necessary for exports & imports	Since 2011, issuance of WEBOC ID ⁴ is required for end to end customs clearance. You can hire a clearing agent to process your WEBOC ID and all export documents required by customs authorities for export.
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¹ For NTN Registration <https://iris.fbr.gov.pk/public/txplogin.xhtml>

² Memorandum of Association explains your company relationship with the outside world and under which business sector your company will work e.g. Institution, Travel agency etc.

³ Articles of Association is about the day-to-day proceedings within the company. It tells about the role of the CEO and directors. In short, it tells about how the company will run.

⁴ Web Based One Customs (WEBOC) [https://www.weboc.gov.pk/\(S\(ak5wnegwco2m2djinl4hd2bbh\)\)/Login.aspx](https://www.weboc.gov.pk/(S(ak5wnegwco2m2djinl4hd2bbh))/Login.aspx)

<p>Register your company with Securities and Exchange Commission of Pakistan (SECP)</p>	<p>Online registration process:</p> <ul style="list-style-type: none"> • Visit the SECP e-services web page⁵ • Check the availability of name on SECP website. Upon availability, create an account and reserve the name. • Avoid using prohibited names for your company. Check it from SECP website’s prohibited words list. • You will need a valid CNIC in case of Pakistani National and a valid passport if you are a foreigner. • Select ‘fast track registration services’ (FTRS) for same-day registration. • Fill out the online form and submit user registration. • Validate security codes received via SMS or email to generate PIN. • Pay the user registration fee online through your credit/debit card, or through challan in any of the selected branches of MCB or UBL. • You will receive a confirmation email from SECP within a day.
	<p><i>* Reservation of company name and company incorporation can be done using the offline system. Submit your application in SECP registrar office with three proposed names in the application. The registrar will take 3 to 5 working days and will license you to use the proposed name in the company documents for company incorporation.</i></p>
	<p>Documents required to register a company in Pakistan:</p> <ul style="list-style-type: none"> • Memorandum of Association and Articles of Association (Samples available on the SECP website). • CNIC Copies of Directors, CEO, and Nominee (for the single-member company) or copies of passport in case of a foreigner. • NOC or letter of intent/ license from concerned authorities if you want to register some specialized business. • In the case of foreign company incorporation, details such as List and details of Directors and their nationality, company profile, Company charter’s certified copy, Memorandum of Association and Articles of Association. • Authorization of Subscribers for filing of documents. • Registration/ Filing fee. • The total company incorporation fee is Rs. 1,800 for online and Rs. 3,500/- for offline submission if the nominal share capital is not more than Rs 100,000.
<p>Registration with REX</p>	<p>For export to EU, register in REX system⁶ through TDAP⁷</p>
<p>Certification of Incorporation and Company Seal</p> <ul style="list-style-type: none"> • SECP will evaluate and validate all the submitted documents. National Institutional Facilitation Center (NIFC) – SECP will then grant a digital signature or company seal. • All company directors’ signatures are needed to receive this company seal. You will get a certificate of incorporation from SECP if all your documents are valid. It will be issued to you in the physical form or electronically, you can now start your business. 	

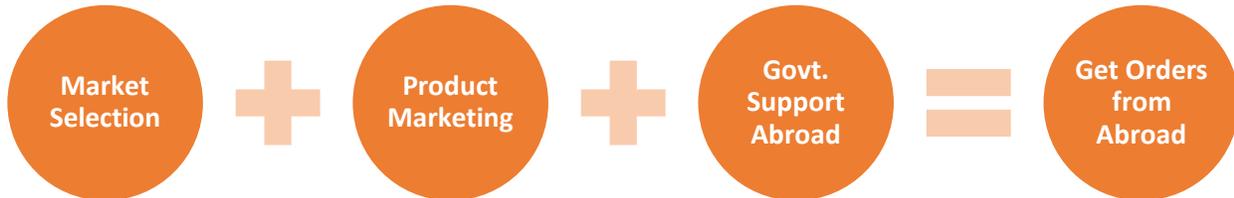
⁵ SECP e-services <https://eservices.secp.gov.pk/eServices/>

⁶ The Registered Exporter system (the REX system) is a system of certification of origin of goods based on a principle of self-certification developed by European Commission.

⁷ Rex System support from TDAP <https://tdap.gov.pk/rex-system-implementation/>



STEP 2: FIND BUYERS ABROAD



Market Selection	<ul style="list-style-type: none"> • Conduct extensive product research for potential markets. • Make use of Market Insights & Analysis reports prepared by TDAP⁸. • Review online trade directories for data analytics (i.e. American Association of Exporters and Importers, International Trade Centre (ITC), UNCTAD, World Integrated Trade System (WITS), Pakistan Bureau of Statistics (PBS), and TDAP trade data etc.). • ITC market intelligence Trade Tools: The International Trade Centre (ITC) has developed a suite of online tools to make global trade more transparent and facilitate access to new markets: <ul style="list-style-type: none"> ○ Trade Map, ○ Market Access Map, ○ Investment Map, ○ Export Potential Map, ○ Sustainability Map, ○ Procurement Map and ○ Trade Competitiveness Map. <p><i>* Based on businesses' responses to ITC's 2016 annual survey, ITC market intelligence tools helped generate around \$300 million in trade transactions. They are deemed particularly instrumental to users in least developed countries, where local sources of trade intelligence are often unavailable.</i></p> <p>Some key indicators to consider for selecting potential markets are:</p> <ul style="list-style-type: none"> ○ The economic position of the country ○ Size of the Market and whether it is expanding or shrinking. ○ Market growth in a given product. ○ Unit price of the product. Whether it is more or less than other countries. ○ Trade barriers ○ Non-Tariff Barriers ○ Tariff Barriers ○ Location of the market etc.
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⁸ Access Market Insight reports & analysis from TDAP website (www.tdap.gov.pk).

<p>Product Marketing</p>	<ul style="list-style-type: none"> • Effective marketing requires preparations in advance. <ul style="list-style-type: none"> ○ Develop a business plan for export operations. ○ Make company’s website before marketing. Ensure digital presence. ○ Prepare promotional material (i.e. company profile, brochure, products/ services for exports, highlight success, market your existing clients, and boast about your expertise etc. (Ensure material availability in importing country language). • Actively participate in International Exhibitions. • Ensure participation in International Delegations. • Utilize different online/e-commerce platforms to efficiently display your products and attract new buyers with minimal cost. • Few prominent E-commerce platforms are: <ul style="list-style-type: none"> ○ Alibaba Group ○ DHgate ○ Global sources ○ eWorldTrade ○ TradeKey ○ GlobalSpec ○ Kinnek ○ eBay Inc. ○ AliExpress ○ Amazon.com etc. • Social media marketing tools like Canva, Klaviyo, google ads, Facebook, and Instagram can be used for targeted marketing.
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<p>Govt support abroad</p>	<ul style="list-style-type: none"> • TDAP supports Pakistani exporters with limited subsidy to encourage their participation in International Exhibitions⁹. Guidelines for participation are available at TDAP website¹⁰. • Approaching Pakistan Missions abroad¹¹ for potential importers/ trade leads and other trade related assistance.
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⁹ TDAP Calendar of Int’l Exhibitions - <https://tdap.gov.pk/wp-content/uploads/2020/09/Copy-of-eXHIBITION-CALENDAR-ONLY-FINAL-v1.1.pdf>

¹⁰ Guidelines for participation in Int’l trade fairs/ exhibitions - <https://tdap.gov.pk/wp-content/uploads/2020/10/Guidelines-for-Participation-in-International-Trade-Fairs-Exhibitions-converted.pdf>

¹¹ Trade Missions Abroad <http://www.commerce.gov.pk/mission-abroad/pakistans-trade-missions-abroad/>

Benefits of Participating in International Exhibition

Fairs and exhibitions generate considerable amount of business enquiries and trade leads for many participants. They are beneficial in the following ways:

- International fairs bring potential buyers and exporters together at a convenient place from all over the world and facilitate broader communication and information dissemination.
- Fairs and exhibitions provide the sellers with an opportunity to promote their products and connect with both existing and potential customers. They get an opportunity for direct interaction and feedback.
- Fairs and exhibitions provide an opportunity to know the developments and trends in the industry concerned. In trade fairs/exhibitions, participants include not only the manufacturers/ sellers of the final products but also the suppliers of machinery and technology, raw materials & intermediates, packaging devices, and materials.
- They also often enable participants and visitors to know about business opportunities, government policies, and assistance packages etc.
- For instance, at the TEXPO, the textile Associations, TDAP, and MOC widely publicize government policies and assistance for the development of Pakistan's Textile industry, including the scope for foreign participation.
- Fairs and exhibitions facilitate collection of competitive information.
- Fairs and exhibitions also help the manufacturers in improving the sourcing of supplies, technology upgradation, and in meeting new buyers.



STEP 3: GETTING ORDERS & DOING AGREEMENT



Trade Query/ Price Quotation	<ul style="list-style-type: none"> All trade starts with a query/ inquiry for a product requesting quotation (RfQ)¹². It is highly recommended to give due weightage to each query and then quote a price. For this, one has to examine several things including the following: <ul style="list-style-type: none"> What price should be charged to remain competitive abroad.? While calculating prices, one must inculcate all costs including, packing, insurance, credit, agent’s commission, octroi duties¹³, documentation fee, marking charges¹⁴, transportation charges, and export duties etc. For securing good price one should explore prices of the same product abroad. If there is a good mark up in price abroad, utilize the gap to your benefit. In an international transaction, your quote serves as a Proforma Invoice. It helps potential buyers to arrange for financing, open a letter of credit, and apply for the proper import licenses etc. A proforma invoice specifies the following: <ul style="list-style-type: none"> The buyer and seller in this transaction. A detailed description of the goods. The Harmonized System classification of those goods. The price quoted. The payment term of the sale, which would typically be expressed as one of the 11 current Incoterms¹⁵. The delivery details including how and where the goods will be delivered and how much that will cost. The currency used in the quote, whether it’s U.S. dollars or else. Be sure to date your proforma invoice and include an expiration date. There can be a lot of volatility in the export process, so minimize your risk by setting a specific time frame for your quote.
Purchase Order/ Export Order	<ul style="list-style-type: none"> Once trade query is addressed and the buyer proceeds with the order, the exporters must ensure few things:

¹² A request for quotation (RfQ) is a business process in which a company or public entity requests a quote from a supplier for the purchase of specific products or services.

¹³ Octroi charges are levied by state governments when product enters the state. It is a charge for allowing transit of good through the jurisdiction. Any Octroi charges asked by the Courier company is payable by the Customer.

¹⁴ The main purpose of marking on exported goods is to identify cargo for destination and origin. Markings are of two types (Leading & Subsidiary Marks).

¹⁵ Incoterms, a widely-used terms of sale, are a set of 11 internationally recognized rules which define the responsibilities of sellers and buyers.

<p>9</p>	<ul style="list-style-type: none"> ○ Verifications regarding the import license of buyer, company registration documents, any other docs required for vendor registration and authentication. Proforma Invoice are mostly checked before finalizing any agreement. ○ Send samples to the foreign buyer or get detailed specifications of the required product from them. ○ Depending upon the customer demand, some certification or third-party inspections may also be needed. Make sure that the final product meets the specifications agreed upon in the beginning. ○ In case of no advance payment, make sure that you are dealing with a genuine buyer and that the payment is going to be received without hassle once the order is delivered. ○ After complete understanding of the required order, if the deal is confirmed against the price quotation; a 'proforma invoice' is generated which lists down all the details of the order, the quoted price on CIF¹⁶ or FOB¹⁷ basis and the delivery terms. Proforma invoice can also be used to open L.C¹⁸. ○ Obtain the following documents as per requirement of buyers: <ul style="list-style-type: none"> ✓ Product related certificates if any, ✓ Certificate of Origin¹⁹ i.e. Preferential or Non-preferential, ✓ E-form, Commercial Invoice²⁰, Packing List (PL), and Goods Declaration (GD) etc. ○ Obtain Fumigation Certificate & Phytosanitary Certificates if required.
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<p>Negotiate Terms & Conditions of the Contract</p>	<ul style="list-style-type: none"> ● The terms and conditions of the contract shall depend upon the nature of goods exported. The buyers usually try to ensure that the quality and quantity of the goods delivered must be according to specifications required. In turn, the seller must ensure the timely payment against delivery of shipment. ● Though the goods are mostly exported according to the terms specified in proforma invoice/ price quotation but exporters are advised to use written and legal export contracts. The essential elements of an export contract include: <ol style="list-style-type: none"> ii. Names & addresses of the parties: State clear and full names of the parties. iii. Products, standards and specifications. iv. Units of measure in both figures and words. v. Total value: The total contract value in words and figures, and in a specific currency. vi. Terms of delivery: Delivery terms, based on the Incoterms. vii. Terms of payment: Amount, mode and currency.
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¹⁶ Under CIF (short for "Cost, Insurance and Freight"), the seller delivers the goods, cleared for export, onboard the vessel at the port of shipment, pays for the transport of the goods to the port of destination, and also obtains and pays for minimum insurance coverage on the goods through their journey to the named port of destination.

¹⁷ Under the terms of FOB (short for "Free on Board"), the seller clears the goods for export and ensures they are delivered to and loaded onto the vessel for transport at the named port of departure. The buyer takes over risk and costs, including import clearance and duties, as soon as the goods are loaded onto the transport vessel at the port of departure.

¹⁸ A Letter of Credit (LC) is a payment term generally used for international sales transactions. LC is a payment undertaking issued on behalf of the applicant (buyer) by a bank to the seller. The Buyer is the Applicant and the Seller is the Beneficiary.

¹⁹ A certificate of origin (CO) is a document declaring in which country a commodity or good was manufactured. The certificate of origin contains information regarding the product, its destination, and the country of export.

²⁰ The commercial invoice is the primary documentation used for import control, valuation and duty determination when shipping internationally. It is required for all international shipments, except documents of no commercial value.

	<ul style="list-style-type: none"> viii. Inspection: State the nature, manner and focus of the envisaged inspection, as well as the inspection agency. A number of goods are now subject to pre-shipment inspection by designated agencies, and foreign buyers may stipulate their own inspection agencies and conditions for inspection. ix. Documentary requirements for international trade transactions. x. Delay in delivery: Damages due to the importer from the exporter in the event of late delivery owing to reasons other than force majeure. xi. A contract should provide for the insurance of goods against loss, damage or destruction during transportation. xii. Force majeure: Provisions in the contract defining circumstances that would relieve partners of their liability for non-performance of the contract. xiii. Applicable law: The law of the country that is to govern the contract. xiv. Arbitration clause to facilitate amicable and quick settlement of disputes or differences that may arise between the parties.
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Sign the Contract with the buyer	<ul style="list-style-type: none"> • When prices are accepted then a contract is signed with the firm/company/ buyer for the supply of goods which becomes binding on both the buyer & seller. Contract is a document which normally contains; <ul style="list-style-type: none"> ○ Name of exporter ○ Name of Importer ○ Item of sale ○ Unit price ○ Total quantity ○ Terms of delivery (FOB, C& F, CIF etc.) ○ Terms of payment (Consignment, deferred LC irrevocable, LC confirmed, revolving LC) ○ Mode of shipment (Sea, Air, Road) ○ Currency in which transaction will be made. ○ Validity period of a contract & delivery period. ○ Shipping marks if any. ○ Arbitration clause. ○ The responsibility of dealing with the NTB's of the destination country should rest with the buying firm/company/entity.
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Packaging and transporting goods to the port	<ul style="list-style-type: none"> • Details of packaging is decided in consultation with the foreign buyer • Exporter has to make sure that packaging layers of cargo are resilient enough to bear the kind of journey the cargo will be taking. • Containers can broadly be divided into: <ul style="list-style-type: none"> ○ Standard, ○ High Cube, ○ Open Top, ○ Flat Rack, and ○ Special types. • The container has to be thoroughly inspected for damages before it is picked from the shipping line yard. • Weight mentioned in the packing list and bill of lading must match with the actual weight. • Once the cargo is packed in the container, the truck carries the cargo to the port for custom clearance and onward loading onto the transportation carrier.
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FIVE DON'TS OF CONTRACT NEGOTIATION

- **DON'T NEGLECT TO INVESTIGATE** whether the foreign market in which you are exporting your product has any Import Controls related to the sale of your product. Import Controls breakdown into import prohibitions, import restrictions (quotas) and import licensing requirements. They may be based on country of origin, product type, or product characteristics.
- **DON'T NEGLECT TO EVALUATE** country's risk, in addition to buyer's risk in selecting the proper payment method for your export transactions. Countries frequently experience political and economic problems. Exporters that ship to such countries without having investigated the country's political and economic situation and without having selected a payment method appropriate run the risk of not receiving payments against their export sale.
- **DON'T FORGET TO ANALYZE** the adequacy of insurance coverage on your export transactions, given the transfer points for title, risk of loss, and given the payment method selected. Determine the type and extent of insurance coverage required and assign responsibility for procurement and payment.
- **DON'T THINK** that your use of a letter of credit is a substitute for a valid, enforceable export sales contract. A letter of credit deals only with payment and the documents required to be presented to obtain payment. It does not deal with many other equally important issues, such as product acceptance, product warranties or dispute resolution procedures etc. These issues are typically dealt with in an export sales contract. An export sales contract should prescribe and incorporate the selected payment method and deal with any issue deemed significant to the exporter and the importer. Without having an export sales contract, exporter remain exposed to significant transaction risk which in most of the circumstances is beyond their control.
- **DON'T RANDOMLY ASSIGN** your product a harmonized code number. Most countries in the world subscribe to the Harmonized Tariff Schedule to classify products for duty purposes. There is, however, often some room to maneuver with regard to the applicable harmonized code for a particular product, i.e. there is generally not one absolutely correct product code. Since the choice of a harmonized code impacts the duty rate to be applied to a product and since duty rates vary country by country, it does not make sense to select one harmonized code over another, without also considering the applicable duty rates.



STEP 4: EXPORT PROCEDURES / DOCUMENTS REQUIRED



Export Procedures

- Pakistan Customs mainly examines ‘Goods Declaration (GD)’ and ‘Packing List (PL)’ and then compares it with the physical goods packaged for export.
- There are three types of Custom channels Red, Yellow, and Green
 - Goods going through the red channel are required to be thoroughly inspected and its GD and PL are to be examined in detail.
 - Goods going through the yellow channel are not examined in physical and normally their documents are inspected for compliance.
 - Goods going through the green channel are not inspected and their documents are considered error free.
- After the automation of the current system through WeBOC, the decision of which channel to choose for a certain shipment is totally computer-based. The system decides it by analyzing the history of the exporter.
- WeBOC or Web Based One Customs now integrates most of the stakeholders involved in the process of exporting and had made processes quicker:
 - Preparation of invoice, Packing list and other documents as per contract.
 - E-form (Through authorized Commercial Bank).
 - Filling of good declaration and customs clearance by exporter himself or by clearing agent.
 - Agreement with freight forwarders for shipment.
 - Loading on cargo ship
 - Issuance of Bill of landing by shipping company/freight forwarder.
 - Certificate Country of origin (Through Chamber) or (Through TDAP)
 - Inspection Certification by 3rd-Party Inspectors (if required)
 - Sanitary/ Phyto-Sanitary Certificates issued by Department of Plant Protection
 - Insurance Certificate
- 4th copy of shipping (through customs) bill to be used for rebates on bank/sales tax refund. Refunds and rebates are processed by the State Bank of Pakistan.
- BCA (Bank Credit Advice) to be received from commercial Banks after foreign exchange is received. The BCA is considered proof for the purpose of rebates, refinance scheme etc.

Export Documents

Goods Declaration (GD) Form

- GD stands for Goods Declaration, it's a custom online declaration form which uses to mention complete details (i.e. Quantity, Unit Price, Payment Terms etc.) of Goods that we want to import or export from Pakistan. The latest customs clearing system in Pakistan is Weboc (Web Based One Customs) which is used for import / export customs clearance. In Weboc we need to fill declaration form online which is called GD (Goods Declaration), Once declared form filled in the customs system (Weboc) and your clearing agent successfully cleared your cargo from customs examination then customs allow you to load your container on the vessel and release your GD which will use for B/L issue.

Packing List (PL)

- Your freight forwarder may use the information on the packing list to create the bills of lading for the shipment. A bank may require that a detailed packing list be included in the set of documents you present to get paid under a letter of credit.
- Customs officials in Pakistan and the destination country may use the packing list to identify the location of certain packed items they want to examine. It's much better that they know which box to open or pallet to unwrap rather than have them search the entire shipment.
- The packing list identifies items in the shipment and includes the net and gross weight and dimensions of the packages. It identifies any markings that appear on the packages, and any special instructions for ensuring safe delivery of the goods to their final destination
- An export packing list may also include more details than a packing slip firm created for your domestic shipments.
 - Freight forwarder may use the information to create the necessary bills of lading.
 - Bank may require a detailed packing list to fulfill the requirements for a letter of credit.
 - Customs officials in Pakistan and the destination country may need to review certain items in the shipment.

Certificate of Origin

- Some countries require a certificate of origin for your shipments in order to identify from which country the goods have originated. The certificate of origin is issued by the Chamber of Commerce in your area. A certificate of origin may be required even if you've provided the country of origin details on your commercial invoice.
- Usually the Chamber of Commerce will charge you a fee to stamp and sign your certificate or may require you to be a member of the chamber.
- Countries require a certificate of origin to identify the appropriate duty rates for the goods upon import clearance. These certificates of origin usually require a seal from TDAP or authorized chamber of commerce in Pakistan.
- However, an electronic certificate of origin (eCO) is recommended to avoid delay and costs attached to by-hand submissions. An eCO is faster and less expensive to obtain, allows for the option of delivering them electronically to the importer, and are registered with the TDAP which provides added credibility with numerous customs authorities.

Country Specific Certificate

- In addition to the generic certificate of origin form, there are also country-specific certificates of origin. Pakistan currently has signed 4 Free Trade Agreements (FTAs), 3 PTAs, and is eligible for 10 GSP schemes under which Pakistani goods either face reduced or zero duty rates when imported into those countries. To be eligible for these reduced tariff rates, in most cases the importer must be able to verify that the goods they are importing qualify under their specific free trade agreement.

Bill of Lading

- There are three common bill of lading documents: inland, ocean, and airways.
- **An inland bill of lading** is often the first transportation document required for international shipping created for your export. It can be prepared by the inland carrier or you can create it yourself. It's a contract of carriage between the exporter and the shipper of the goods that states where the goods are going; it also serves as your receipt that the goods have been picked up.
- In an international shipment, the inland bill of lading is not typically consigned to the buyer. Instead, it is consigned to the carrier moving the goods internationally or, if not directly to the carrier, to a forwarder, warehouse or some other third party who will consign your goods to the carrier when ready.
- If your goods are shipping by ocean vessel, you'll need an **ocean bill of lading**. An ocean bill of lading can serve as both a contract of carriage and a document of title for the cargo. There are two types:
 - A straight bill of lading is consigned to a specific consignee and is not negotiable. The consignee takes possession of the goods by presenting a signed, original bill of lading to the carrier.
 - A negotiable bill of lading is consigned "to order" or "to order of shipper" and is signed by the shipper and sent to a bank in the buyer's country. The bank holds onto the original bill of lading until the requirements of a documentary collection or a letter of credit have been satisfied.
- **The airway bill** is required for shipments by air. It is a contract of carriage between the shipper and the carrier, and it is always non-negotiable.

Documents for Clearing Agent

Once the consignment, to be exported arrives at the port, usually a clearing agent services are sought. The following documents are required to provide to clearing agent to clear the consignment:

- Packing List,
- Commercial Invoice,
- Goods Declaration: GD Form mentions complete details (i.e. Quantity, Unit Price, Payment Terms etc.) of Goods that are being exported from Pakistan.
- Letter of Credit (L/C),
- Certificate of Origin: issued by Chamber of Commerce.

Inspections

As per the requirement of the contract and the destination country commercial inspection company can be hired to inspect the shipment to meet any Sanitary and Phytosanitary /regulatory requirements.

Transportation/ Shipping

After all the above matters have been cleared depending on the terms of delivery, you may hire a freight forwarding agent to deal with matter related to transport. A transporter may be hired to arrange and transport goods to the port (from upcountry if applicable) and the procurement of the container (either by the buyer or seller as per

TOT) for loading the goods. At port, container is registered and a serial number is allotted to it. After registration, examination of documents (weight/value/quarantine/grading/invoice etc) are conducted by examination officer, appraiser officer (A.O) and principal appraiser. Principle officer after his satisfaction allows shipment. The bill of lading is stamped and handed over to the freight forwarding agent to be forwarded to the buyer for release of payment.

Dangerous Goods Forms

If products are considered dangerous goods by either the International Air Transport Association (IATA) or the International Maritime Organization (IMO), exporter needs to include the appropriate dangerous goods forms with the shipment. These forms need to be completed by someone who has been trained to handle dangerous good shipping.

Bank Draft

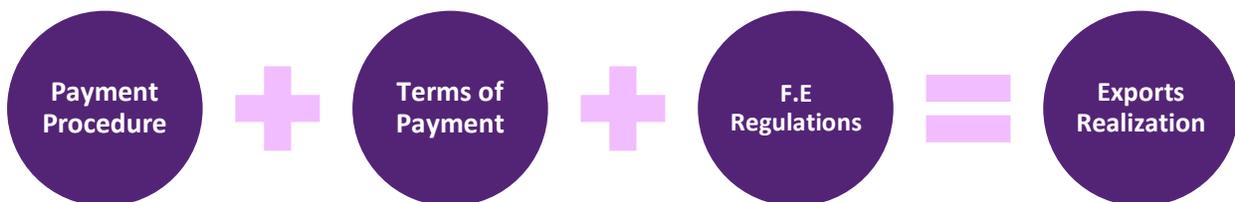
A bank draft is an important part of getting paid for the exports under a documentary collection. The seller attaches the various required documents to the bank draft and presents it to the bank to get paid. Usually the seller's bank will send the bank draft and related documents via the freight forwarder to the buyer's bank. When the buyer authorizes payment for the goods, the bank releases the documents to the buyer and transfers the funds to the seller's bank.

Quality Checks

If any international quality check agencies are involved as per the terms and conditions between buyer and exporter, such inspection is arranged. After completing necessary quality check (QC) formalities, the goods for export are arranged for proper packing to meet export quality. Palletization or Crating is arranged for safety of cargo.



STEP 5: PAYMENT PROCEDURE



Payment Procedure	<ul style="list-style-type: none"> • After completion of export customs clearance procedures and collection of AWB or Bill of Lading, necessary documents for bank and overseas buyer are prepared to receive the payments. • The export bill can be discounted, arrange for collection of payment on credit basis or can be negotiated if shipment is exported on the basis of Letter of Credit. If you have availed packing credit from bank, the amount of discounted/ negotiated export bill amount will be adjusted once bank receives export proceeds from your overseas buyer. • If bank does not receive such export proceeds from your overseas buyer, your bank may crystalize • such export bills. Exporter/bank can approach credit insurance company for claim, if such cover is ensured by the exporter/ the bank.
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Terms of Payment	<p>Cash-in-Advance</p> <ul style="list-style-type: none"> • With cash-in-advance payment terms, an exporter can avoid credit risk because payment is received before the ownership of the goods is transferred.
	<p>Letters of Credit (LC)</p> <ul style="list-style-type: none"> • LCs are one of the most secure instruments available to international traders. An LC is a commitment by a bank on behalf of the buyer that payment will be made to the exporter, provided that once the terms and conditions stated in the LC have been met, as verified through the presentation of all required documents. <ul style="list-style-type: none"> ○ Confirmed (LC): The opening bank confirms payment even if there are exchange difficulties. ○ Unconfirmed LC: Payment is not guaranteed but it is cheaper. ○ Irrevocable Letter of Credit: Cannot be revoked within the period, of its validity.
	<p>Documentary Collections</p> <ul style="list-style-type: none"> • A documentary collection (D/C) is a transaction whereby the exporter entrusts the collection of the payment for a sale to its bank (remitting bank), which sends the documents needed by the buyer to the importer's bank (collecting bank), with instructions to release the documents to the buyer for payment. • Funds are received from the importer and remitted to the exporter through the banks involved in the collection in exchange for those documents.

	<ul style="list-style-type: none"> • D/Cs involve using a draft that requires the importer to pay the face amount either at sight (document against payment) or on a specified date (document against acceptance). • The collection letter gives instructions that specify the documents required for the transfer of title to the goods. • Although banks do act as facilitators for their clients, D/Cs offer no verification process and limited recourse in the event of non-payment. D/Cs are generally less expensive than LCs. <p>Open Account</p> <ul style="list-style-type: none"> • An open account transaction is a sale where the goods are shipped and delivered before payment is due, which in international sales is typically in 30, 60 or 90 days. • Obviously, this is one of the most advantageous options to the importer in terms of cash flow and cost, but it is consequently one of the highest risk options for an exporter. Because of intense competition in export markets, foreign buyers often press exporters for open account terms since the extension of credit by the seller to the buyer is more common abroad. Therefore, exporters who are reluctant to extend credit may lose a sale to their competitors. • Exporters can offer competitive open account terms while substantially mitigating the risk of non-payment by using one or more of the appropriate trade finance techniques. When offering open account terms, the exporter can also seek extra protection using export credit insurance. <p>Consignment</p> <ul style="list-style-type: none"> • Consignment in international trade is a variation of open account in which payment is sent to the exporter only after the goods have been sold by the foreign distributor to the end customer. • An international consignment transaction is based on a contractual arrangement in which the foreign distributor receives, manages, and sells the goods for the exporter who retains title to the goods until they are sold. <p>Revolving Credit</p> <ul style="list-style-type: none"> • Sometime a regular buyer does not like to waste time in opening LCs again and again. The buyer orders his bank to arrange credit in favor of exporter which should remain in force but at no time to exceed certain limit. The amount reverts to the original amount after each shipment and negotiation of the documentary bill.
Foreign Exchange Regulations	<p>Form ‘E’</p> <ul style="list-style-type: none"> • Obtaining Form-E for every shipment from Commercial Bank is essential to meeting the Foreign Exchange Regulations of Pakistan. Form-E is issued by commercial banks to the exporters on request. • All exports from Pakistan which are subject to Foreign Exchange Regulations are required to be declared on form “E” which is in sets of four copies each. • The exporter must submit the full set of Form “E” to the bank after it has been completed and signed by the exporter himself or his authorized agent. • While certifying Form “E”, bank should ensure that exporters give only one address in Form “E”. • After the form is certified by the bank, it should be submitted to the Customs authorities at the time of shipment along with the shipping bill. The Customs authorities will detach the original copy and after filling in the portion relating to them and affixing their seal and signature thereon will forward it to the State Bank. The Customs authorities will return the duplicate, triplicate and quadruplicate copies to the exporter or his authorized agent who will retain the quadruplicate for

his own record and submit the duplicate and triplicate copies to the authorized dealer along with the shipping documents within 14 days from the date of shipment.

- It incorporates information on:
 - The description,
 - Quantity and value of goods,
 - Terms of sales,
 - Country of destination,
 - Name and address of importer,
 - Port of shipment and name of the carrying vessel. (Air co/Truck co etc.)

Submission of Export Documents to the bank

- All shipping documents covering goods exported from Pakistan and declared on form “E” must be passed through the medium of bank within 14 days from the date of shipment.
- The exporter must submit the duplicate (bearing Customs seal and signature of Customs Officials with Code number) and triplicate copies of form “E” along with the shipping documents, invoices etc., to the bank who had certified the form “E”. An extra copy of the shipper’s invoice must be attached to the triplicate copy of the form “E”.



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