



**IL-SBP-GoP/09-22**

Dated: 1<sup>st</sup> September 2022

**Syed Shahzad Safdar Zaidi**  
Director FEOD  
State Bank of Pakistan  
I.I. Chundrigar Road, Karachi

**Subject: Import Approval of Critical Cases of Telecom Industry**

Dear Sir,

We represent the bulk of the Telecom Industry in Pakistan (which brings in the largest FDI in the country) and we are writing this letter to bring to your kind attention to an existential issue being currently faced by the Telecom Industry. This issue may result in serious consequences for the operation and maintenance of existing Telecom Network infrastructure as well as further expansions in the form of Network modernization and expansion/deployment. The State Bank of Pakistan (SBP) issued a circular dated 05 July 2022, stating that banks/companies are required to seek prior approval from Foreign Exchange Operations Department (FEOD), for initiating an import transaction.

Annexure of this circular includes Customs Tariff Chapter 84 & 85, which covers 100% of telecom imports. Because of the said circular, all our new L/C & I/C cases are under approval with SBP. The telecom sector is totally import dependent for its equipment to fulfil its Quality of Service (QoS) and Network Coverage expansion /Rollout obligations, as mandated by our Regulator, Pakistan Telecom Authority (PTA),

Based on that, we therefore would like to request for the following for earliest possible consideration at SBP end:

- 1) Due to the latest restriction in import policy and restriction on HS Code 84 & 85 all our imports are getting affected. Now for every LC & IC case related to HS code 84 & 85, prior SBP approval is required through a lengthy process of form submission on banks portal. These cases are very critical as we are short of required SIMs and Telecom Equipment.
- 2) To diversify the FX exposure, we have converted most of our import on CNY and mostly LCs are on deferred terms. We also assume that payment in CNY will have neutral impact on the Dollar account.
- 3) With longer payment terms, approval against the above critical cases will have neutral impact on current level of foreign reserve of the country.
- 4) SBP may allow the Authorized dealers to proceed for the deferred payment LCs beyond 91 days without any prior approval from SBP. Since the FX outflow will not happen on immediate basis which is the requirement in the current scenario.

- 5) Moreover, the Authorized dealers may please be advised to accommodate the Forward booking requests in Chinese Yuan against deferred payment LCs.

Currently there are hundreds of such business cases submitted with SBP for approval, which if delayed any further would lead to Digital Emergency in the country, since non availability of below equipment will hinder the provision and maintenance of telecom infrastructure, hence connectivity nationwide.

It is further reiterated that telecom equipment is not a luxury item and is not manufactured locally, therefore telecom companies (Telcos) do not have any option other than to import all such equipment for their network up-gradation and expansion as well as to maintain the quality of service requirements mandated on us through the licenses given by PTA. Moreover, Connectivity is the key to the Relief efforts underway for the Flood affected people across Pakistan by the respective Governments and public, which won't be possible for Telcos to ensure if they don't have requisite supply chain of the telecom equipment to maintain their network infrastructure.

Such rigorous compliance and approval process not only adversely impact the telecom industry but also defies the 'Ease of doing Business' goal of the government, creating hurdle for the Digital Pakistan agenda.

Our humble request is to provide approval of these critical infrastructure related import cases to banks on priority basis so to avoid network closure and facilitate their modernization/expansions.

Yours sincerely,



**Syed Fakhar Ahmed**

CCAO, Jazz



**Kamal Ahmad**

CCAO, Telenor



**Naveed Khalid Butt**

GCRO, PTCL & Ufone

Cc:

- 1) **Mr. Miftah Ismail**, Minister for Finance, Govt. of Pakistan, Islamabad.
- 2) **Syed Amin ul Haque**, Minister for IT & Telecom, Govt. of Pakistan, Islamabad.
- 3) **Mr. Jameel Ahmad**, Governor, State Bank of Pakistan, SBP HQs, Karachi.
- 4) **Mr. Mohsin Mushtaq**, Add Secretary In-charge, Ministry of IT & Telecom, Govt. of Pakistan, Islamabad.
- 5) **Maj. Gen. Amir Azeem Bajwa (retd.)** Chairman, Pakistan Telecom Authority, PTA HQs, Islamabad.
- 6) **Mr. Ahmad Mujtaba Memon**, Sp. Secretary, Ministry of Commerce, Govt. of Pakistan, Islamabad.