



PRESS RELEASE

PAKISTAN AFGHANISTAN JOINT CHAMBER OF COMMERCE & INDUSTRY

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PAJCCI urged to devise comprehensive policy for application of detention by international shipping lines

Pakistan Afghanistan transit and bilateral trade have faced several challenges amid COVID 19 including procedural delays and enhanced time taken to cross border further aggravated by unavailability of trackers, ineffective scanners at the borders, extensive quarantine procedures that not only increased time taken but also cost of doing business. Chairman PAJCCI, Zubair Motiwala while acknowledging Prime Minister Pakistan's vision to facilitate Afghanistan in these distressing times, mentioned that the procedural hindrances, the speed of clearance, shortage & delay in issuance of trackers, exorbitant demurrage and detention charges and load of stuck consignments have limited reaping of the benefits and reinstated that such delays and lack of facilitation drains the effect and poses a grave situation that is not only financially devastating but also deteriorates the socioeconomic ties for the future.

Keeping the situation in view, PAJCCI persistently followed up for waiver / refund of detention / demurrage charges (especially for the period of 25th March to 30th April) where applicable, to safeguard importers from incurring extensive losses due to border closure and delayed release amid COVID 19. In line with the same, Federal Secretary - Ministry of Maritime Affairs (MoMA) called an urgent meeting whereby issues of security charges, detention & demurrage charges and need to devise the exhaustive framework to deal with these issues came under discussion.

In the previous meeting, all stakeholders agreed that the security deposits by shipping lines, which are not only on the higher side but also are variable in the context of different shipping lines, should not be collected in cash as that restricts the cash flow of importers and as disbursement of these are made by shipping lines after 2 months, despite their agreement to do so in 7 days, creates a deplorable situation. It was suggested that alternative of insurance guarantee as is applicable in case of bonded carriers and is executed well by Directorate of Transit Trade can be replicated in this case as well. Rizwan Ahmed, Federal Secretary MoMA urged Directorate of Transit Trade to urgently hold the meeting on this subject in the upcoming week to finalize the mechanism in this relation in presence of shipping line, customs and PAJCCI representatives so that it can be presented to National Cabinet's standing committee for finalization.

Upon several deliberations and follow up by PAJCCI, a notification was issued by the Ministry of Maritimes Affairs to shipping lines for considering the waiver / refund of detention charges due to COVID 19 effects, but it was not materialized, rather it was brought to the notice that specific shipping lines have been extending the waivers to individual entities on case to case basis. It was highlighted that variable and excessive security deposits and detention charges demanded by Foreign shipping lines is not in congruence with the risk regime applicable in Pakistan, whereby it was agreed that during the course of at least three years not a single container was lost or damaged and the quantum of business has always been appealing. Secretary PAJCCI requested honorable Federal Secretary to consider regional dynamics utilized by these shipping lines where waivers on general basis have been extended in India and Dubai, additionally handling such matters on case to case basis does not provide bonafide businesses who are members of chamber access to the facility and cause further distress. Director PAJCCI, Junaid Makda advocated to devise a comprehensive mechanism in such situations which is applied on all rather than on a case to case basis without depriving the right of entities involved.

Federal Secretary while acknowledging the arguments, sought association of shipping lines to conduct a regional analysis of charges and waivers applied by shipping lines during both COVID and Non-COVID times so that comparative strategy can be devised for the benefit of the wider audience. He further established that a comprehensive policy needs to be developed to handle and apply detention charges (and waivers where applicable) on the basis of regional analysis applicable generally and instructed Directorate of Transit Trade to include the same as another important agenda item while convening the meeting in the upcoming week.

