

GOVERNMENT OF PAKISTAN
MINISTRY OF MARITIME AFFAIRS
8TH FLOOR, KOHSAR BLOCK, PAK SECRETARIAT

Islamabad, the 15th November, 2019

NOTIFICATION

S.R.O.No.2(5)/2017-Estt. In pursuance of Federal Cabinet decision dated 05.11.2019, the following amendments shall be made in the Pakistan Merchant Marine Policy, 2001, namely:-

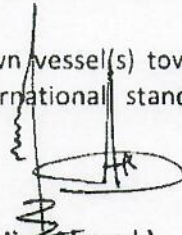
- (1) in para-3, for the figure "2020", the figure "2030" shall be substituted.
- (2) in Para 4:-
 - (a) in sub para (i), for the figure "2020", the figure "2030" shall be substituted.
 - (b) in sub-para (ii), after full stop at the end, the expression "Shipping sector shall be classified as a Strategic Industry" shall be added.
 - (c) in Sub-para (iii), for the figure "2020", the figure "2030" shall be substituted.
 - (d) in Sub-para (iii), for clause (a), the following shall be substituted, namely:-
 - "(a) PNSC will continue to pay tonnage tax of US\$ 1.00 per GRT annually on its shipping income. New Pakistan Resident Ship Owning companies will be incentivized and pay tonnage tax of US\$ 0.75 per GRT annually for the first five years of the shipping operations of each individual vessel inducted by them subject to the cut-off period i.e. till 2030. After five years, the Pakistan Resident Ship Owning companies shall pay US\$ 1.00 per GRT annually on the said vessels' shipping operations income.
 - (aa) No Federal Taxes (direct and indirect) shall be levied to the detriment of Pakistan Resident Ship Owning companies during the exemption period."
 - (e) in sub-para (viii), after full stop at the end, the expression "Pakistan flag vessels to be provided priority berthing at all Pakistani ports".
- (3) in para 6, in sub-para (iv), after clause (d), the following new clause shall be added, namely:-
 - "(e) Pakistan Resident Ship Owning Company shall be defined as a company registered with the Securities and Exchange Commission of Pakistan and having its own seaworthy vessel(s) registered under Pakistan Flag."
- (4) in para 8:-
 - (a) in sub-para (i), after clause (e), the following new clause shall be added, namely:-
 - "(f) No preference shall be given to PNSC in private sector cargo."
 - (b) after sub-para (ii), the following new sub-paragraphs shall be added, namely:-
 - "(iii) Government Organizations and State Controlled Enterprises shall be directed to strictly abide by the cargo preference requirements laid down in Section 77 of the Merchant Shipping Ordinance 2001, Para 8 of the Pakistan Merchant Marine Policy 2001 and in light of the Cabinet and ECC decisions made from time to time.

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- (iv) Hydrocarbon cargoes imported by Government Organizations and State Controlled Enterprises, including Mogas, HSFO, LSFO, HSD, LPG, Crude Oil and Coal shall be imported on FOB basis through PNSC owned vessels or PNSC chartered vessels and freight shall be paid in Pakistani Rupees as per the present mechanism, subject to changes with mutual consent.
- (v) In all G2G bilateral oil import agreements on C&F basis, at least 40 percent of the cargo to be shipped through PNSC owned or PNSC chartered vessels and freight to be paid in Pakistani Rupees.
- (vi) Henceforth, all renewed and new G2G bilateral LNG imports to be negotiated on FOB basis and shipments to be made through PNSC owned or PNSC chartered vessels with freight to be paid in Pakistani Rupees as soon as PNSC is able to do so as per the mechanism mentioned below:-

Mechanism

- a) PNSC shall enter into a Joint Venture (JV) arrangement for upto 5 years with international LNG shipping company(ies) when awarded long term contract(s).
- b) During this period, PNSC shall develop internal expertise and capacity for LNG shipping.
- c) By the end of this period, PNSC shall acquire its own vessel(s) towards self-sufficiency in this trade in accordance with international standards and commercial requirements."


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