

SENATE OF PAKISTAN

House of the Federation



REPORT NO. 05 OF 2020

REPORT OF THE SENATE STANDING COMMITTEE ON MARITIME AFFAIRS

**ON POINT OF PUBLIC IMPORTANCE REGARDING "RENT/DEMURRAGE CHARGES
ON GOODS IMPORTED DURING LOCK-DOWN/CORONA PANDEMIC" RAISED BY
SENATOR MIRZA MUHAMMAD AFRIDI DURING SITTING OF THE SENATE HELD ON
27TH JULY, 2020 UNDER RULE 195 OF THE RULES OF PROCEDURE AND CONDUCT OF
BUSINESS IN THE SENATE, 2012**

PRESENTED BY

**SENATOR NUZHAT SADIQ
CHAIRPERSON (COMMITTEE)**

SENATE SECRETARIAT

REPORT OF THE SENATE STANDING COMMITTEE ON MARITIME AFFAIRS UNDER RULE 195 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN THE SENATE, 2012

1. Senator Nuzhat Sadiq, Chairperson Senate Standing Committee on Maritime Affairs, have the honour to present the report, on behalf of the Committee, on Point of Public Importance regarding "Rent/demurrage charges on goods imported during lock-down/Corona Pandemic" raised by Senator Mirza Muhammad Afridi during sitting of the Senate held on 27th July, 2020, under Rule 195 of the Rules of Procedure and Conduct of Business in the Senate, 2012.

2. The Composition of the Standing Committee is as under:-

1.	Senator Nuzhat Sadiq	Chairperson
2.	Senator Samina Saeed	Member
3.	Senator Sitara Ayaz	Member
4.	Senator Sassui Palijo	Member
5.	Senator Khushbakht Shujat	Member
6.	Senator Aurangzeb Khan	Member
7.	Senator Kauda Babar	Member
8.	Senator Shammim Afridi	Member
9.	Senator Rana Mahmoodul Hassan	Member
10.	Senator Saleem Zia	Member
11.	Senator Moula Bux Chandio	Member
12.	Senator Mustafa Nawaz Khokhar	Member
13.	Senator Muhammad Akram	Member

3. The Committee considered the Point of Public Importance regarding "Rent/demurrage Charges on goods imported during lock-down/Corona Pandemic" in its meeting held on 17th September, 2020. The meeting of the Committee was attended by the following members:-

i)	Senator Nuzhat Sadiq	Chairperson
ii)	Senator Sassui Palijo	Member
iii)	Senator Sitara Ayaz	Member
iv)	Senator Samina Saeed	Member
v)	Senator Aurangzeb Khan	Member
vi)	Senator Mustafa Nawaz Khokhar	Member
vii)	Senator Muhammad Akram	Member
viii)	Senator Kauda Babar	Member
ix)	Senator Mirza Muhammad Afridi	Mover

4. Senator Mirza Muhammad Afridi, Mover of the Point of Public Importance said that the cargo/containers remain stuck at the ports because Customs take too much time in clearing the goods, resultantly, the importers pay heavy rent/demurrage charges without any fault on their part. He said ports in other countries had better cargo clearance systems, while there were many difficulties at Pakistani ports. He said that the importers had to pay extra rent/demurrage charges during lock-down/Corona Pandemic, while they were themselves short of money during the pandemic. Senator Samina Saeed said that Customs were the main cause of delay in cargo clearance due to which importers usually pay extra charges. Senator Kauda Babar also expressed similar views. Senator Sitara Ayaz said that it was necessary to find out the reasons for delay in clearance of cargo at ports and steps should be taken to improve the connectivity and quality of services at ports. The Secretary said that the issue was related to Customs who regulate the shipping lines and issue licenses to them and the controlling authority was the FBR. He said the Ministry had no role in it.

5. The Chairman Karachi Port Trust (KPT) said that the KPT in coordination with Government of Sindh and Inspector General Motorways ensured continuity of port operations and undertook measures for availability of essential staff for 24/7 in order to have smooth port operations. He informed the Committee that in compliance of ECC decision, KPT granted extension of free period from 05 days (existing) to 15 days from 25-3-2020 to 31-5-2020 for cargo/container clearance, in order to facilitate port users/trade. He added that three private Container Terminals namely Pakistan International Container Terminal, Karachi International Container Terminal and South Asia Pakistan Terminals also extended free period from 05 to 10 days in order to facilitate the importers. He clarified that demurrage was charged by the terminal operators for keeping the goods/cargo beyond the free period, whereas rent/detention charges were paid to shipping lines for rent of containers. He further clarified that private terminals had their own tariff, rules and regulations and were not bound by the Government regulations. He added that the Ministry and port authorities were not in a position to interfere in the private businesses of terminal operators and shipping lines. Senator Mirza Muhammad Afridi acknowledged the efforts of the Ministry and relief extended by the Government.

6. The Secretary said that due to lock-down/Corona Pandemic, the Ministry had moved a summary and with the approval of ECC, the free time was extended at the ports and the private terminals were also asked to extend the free period which they did. He further said that port authorities also allowed private terminals to use port's land for storage of cargo/containers


without any charges and provided relief to the port users. Senator Mirza Muhammad Afridi said that the terminal operators and shipping lines charged full rent/demurrage and committed that the relief amount would be reimbursed later, but the same has not been done by the terminal operators so far.


7. Senator Mustafa Nawaz Khokhar said that the importers should be given relief, but the Government could not dictate the private businesses. He said that ECC, which was the forum for any waiver in the case, had already granted the relief. He suggested that importers should file Civil Suit for recovery against the private terminals. Senator Kauda Babar said that Government could not force the private terminal operators. The Secretary said that the Ministry was trying to give relief to the importers through negotiations with terminal operators, but the Ministry could not exceed the limits of Law.

8. Senator Nuzhat Sadiq, Chairperson of the Committee said that the Ministry, with the approval of ECC, provided relief to the importers during lock-down/Corona Pandemic and was still trying to give more relief through negotiations with private terminal operators.

Recommendations:

- i) The Committee directed the Ministry to continue negotiations with terminal operators for providing relief to the importers on goods imported during lock-down/Corona Pandemic.
- ii) The Committee recommended that the Ministry of Maritime Affairs, Customs and FBR should streamline and upgrade the cargo/container clearance system at ports so as to make it at par with developed ports.


(AMJAD ALI)
Secretary Committee


(SENATOR NUZHAT SADIQ)
Chairperson (Committee)