

Foreign Exchange Policy Department
Bangladesh Bank
Head Office
Dhaka.

Web site: www.bangladeshbank.org.bd

F.E. Circular No. 05

Date: August 12, 2008

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Advance payment against imports

Attention of the Authorized Dealers (ADs) is drawn to paragraph 1(ii), Chapter 20 of the Guidelines for Foreign Exchange Transactions (GFET) Vol-I delineating the specific purposes for which the balance of Exporter's Retention Quota (ERQ) can be used. It has now been decided to allow the ADs to effect advance payment not exceeding USD 5,000.00 or its equivalent from the ERQ against bonafide purposes provided the relevant contract/proforma invoice stipulates for such payment subject to following terms and conditions:

- (a) The ADs shall have to satisfy themselves that repayment guarantee is not obtainable from the supplier against the remittance to be made in advance;
- (b) Import Policy Order (IPO) in force shall have to be meticulously followed;
- (c) The ADs shall, at their own responsibility, have to arrange for repatriation of the remittance made in advance in case the entry of goods into the country is not effected within the stipulated time;
- (d) While opening the back to back L/C, the ADs should adjust the value of the advance payment to ensure that the value addition requirement as stipulated in the IPO is not breached; and
- (e) Before effecting the advance payment, the ADs must obtain Form of Undertaking (Appendix 5/12 of the GFET, Vol-I as revised by F.E. Circular 11/2004) duly signed by the importer.

02. Please bring these instructions to the notice of all concerned. Meanwhile please acknowledge receipt of it.

Yours faithfully,

(Ahmed Ehteshamul Haider)
Deputy General Manager
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