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**AGREEMENT AMONGST THE FEDERAL GOVERNMENT,  
GOVERNMENT OF GILGIT BALTISTAN AND AUTHORISED  
REPRESENTATIVES OF LOCAL TRADERS SUPREME COUNCIL FOR  
SMOOTH OPERATIONS OF SLIK ROUTE DRY PORT AT SOST.**

This Agreement is made and entered into on 23<sup>rd</sup> September, 2025 by and between:

**## PARTIES**

- The Federal Government of Pakistan, through the Federal Minister for Power Division, Chairman Federal Board of Revenue (hereinafter referred to as "the Federal Government")
- The Government of Gilgit-Baltistan (hereinafter referred to as "the GB Government")
- The local Traders' Representatives (hereinafter referred to as "the Traders")

**## RECITALS**

WHEREAS, all parties desire smooth operations of the Silk Route Dry Port (SRDP) at Sost in order to enhance regional trade for accelerated economic development;

WHEREAS, the Traders desire early resolution of issues emanating from the implementation of Customs laws in respect of consignments imported at Sost Area prior to 28th February 2025;

WHEREAS, the Traders and GB Government desire putting in place a robust and transparent mechanism whereby the imported goods meant for local consumption are not subjected to levy of those Federal Taxes which are not extended to Gilgit Baltistan to benefit the indigenous population; and

WHEREAS, the Federal Government desires full compliances with all the Federal laws and regulations governing cross border trade as well as smooth operations of SRDP Sost and a robust mechanism to ensure that future tax exemption made available on goods imported via Sost for locals remain only available to the indigenous people in the jurisdiction of GB.



## ## TERMS AND CONDITIONS

### ## 1. TAX EXEMPTION

- a) The Federal Government shall not collect those taxes of FBR on imports via Sost, such as Sales Tax, Income Tax and Federal Excise Duty, whose applicability has not been extended to Gilgit Baltistan so far, subject to following conditions:
- The imported goods are meant only for local consumption, within the territorial jurisdiction of Gilgit Baltistan;
  - The goods are imported by local firms and companies owned by indigenous people, duly authorized by the Gilgit Baltistan Government;
  - The goods declaration is filed before Pakistan Customs without any mis-declaration; and
  - The goods upon appraisement by Pakistan Customs fall within the *positive agreed tariff lines* as prescribed in the enclosed list (**Annex-I**).
- b) The list of agreed *Positive tariff lines* cover imported goods needed by the indigenous people within Gilgit Baltistan without the risk of being sold in tariff area.
- c) The total amount of tax exemption shall not exceed Rs four billion per annum.
- d) The extent of quota for each tariff line has been worked out on the basis of assessed customs value of goods imported against respective tariff lines, on national per capita basis.
- e) In case of any shortage/requirement of any specific items the registered trade bodies will take up such cases through GB Government with the relevant authorities at Federal level to seek special concessions on regulatory duties.
- f) The tax exemption will be deducted in the Customs system against assessed value of imports for respective tariff lines on first come first serve basis as determined by GB Government. Any goods imported beyond exempted limit shall not be entitled to any tax exemption, even if authorized.
- g) The extent of tax exemption shall be reviewed after every two years or on need basis by the Federal Government upon recommendations of the GB Government and registered Trade bodies of Gilgit Baltistan.
- h) The Federal Government, in consultation with GB Government, may suspend the tax exemption in case port operations at Sost are adversely impacted by actions taken by locals in the Gilgit Baltistan.
- i) The Federal Government may, in consultation with GB government, partially or fully withdraw the tax relief on such items cleared with tax relief from Sost which are smuggled in commercial quantities outside the territorial jurisdiction of Gilgit Baltistan.
- j) Custom tribunal shall hear cases pertaining to SRDP Sost in Gilgit-Baltistan on need basis.
- k) Deputy Director Valuation shall visit Gilgit Baltistan once a year.



## ## 2. DISPOSAL OF STUCK-UP CONSIGNMENTS

- a) The Federal Government will prioritize early implementation of the orders given by the Customs Appellate Tribunals in the appeals already filed or to be filed by local importers in respect of the stuck-up consignments at Sost Dry Port.
- b) The Terminal operator will consider the request for waiver of delay, detention charges or demurrages in respect of the stuck-up consignments.
- c) Any goods imported in violation of Import Policy Order shall be confiscated after due process.

## ## 3. IMPLEMENTATION

- a) The Traders shall immediately wind up their protest after signing of this agreement.
- b) Within thirty days of signing of this Agreement, the Federal Government on best efforts will issue an SRO pertaining to the tax exemption after concurrence of all stakeholders.
- c) For timely implementation of the tax exemption SRO, the GB Government shall designate its focal entity to work with the Federal Government for developing on-line mechanism to handle authorization and quota allocation in the Customs WeBOC system.
- d) The GB Government in consultation with the registered Trade bodies will prepare a robust and transparent mechanism for managing the tax exemption related authorization, quota allocation and review.
- e) For the sake of transparency, complete details of the four-billion tax exemption allocated to individual importers of GB along with the item details shall be published by the GB government and shall be available on FBR website.
- f) In order to improve compliances at Sost Dry Port like other ports of the country, Customs shall continue to initiate required legal action in case any mis-declaration or violation is detected in any goods declaration.

## ## 4. Dispute Resolution

- a) Any disputes arising out of or in connection with this Agreement shall be resolved through mutual consultation and negotiations.
- b) If the disputes cannot be resolved through negotiation, they shall be referred to arbitration in accordance with the Arbitration Act, 1940.
- c) The Federal Government may consider extending Special facilities the people of Gilgit-Baltistan to enhance exports to China from the region

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- d) The GB Government shall devise a mechanism for development of border areas (Sub division Gojal) and provision of basic necessities through provincial annual budget.

## IN WITNESS WHEREOF

The parties have executed this Agreement as of the date first above written.

**REPRESENTATIVE OF THE FEDERAL GOVERNMENT**

1. Mr. Awais Laghari, Federal Minister for Energy (Power Division)
2. Mr. Sana Ullah Khan, Federal Minister for Inter Provincial Coordination/Advisor to PM on Political and Public Affairs.
3. Mr. Amir Muqam, Federal Minister for Kashmir Affairs & SAFRON
4. Mr. Saleem Mandviwalla, Senator, Chairman, Senate Standing Committee on Finance and Revenue.

**REPRESENTATIVE OF THE GOVERNMENT OF GILGIT-BALTISTAN**

1. Mr. GulBar Khan, Chief Minister Gilgit-Baltistan
2. Mr. Hafeez ur Rehman, Ex- Chief Minister Gilgit-Baltistan
3. Mr. Amjad Azhar Hussain Advocate, Member GB Assembly/President (PPP) GB

**REPRESENTATIVE OF THE TRADERS SUPREME COUNCIL**

1. Mr. Ashfaq Ahmed, President Gilgit Chamber
2. Mr. Kamran Ghazi
3. Mr. Gulsher Khan
4. Mr. Saleem ud Din
5. Mr. Ibad Ullah
6. Mr. Kausar Hussain
7. Mr. Abbas Ali
8. Hafiz Ati Ullah, Advocate