

## **I. INTRODUCTION**

- 1.1 The foreign exchange regime of the country, reflecting the economic setting, the economic management system, the economic policy of the different governments in power, the structure and level of the economic development of the country, the performance of the external trade sector and balance of payments position of the economy, etc has experienced gradual changes and openness over the past four decades.
- 1.2 Up to the early 70's, the size of the economy remaining very small and the then government pursuing a capitalist economic system, the country had a foreign exchange regime that was designed to serve the needs of a very small open economy and the simple managed foreign exchange regime stayed very static and unaltered for many years.
- 1.3 But later with the change in government in 1974 that adopted a command economic management, the fixed foreign exchange regime was continued and made to suit the pursued economic philosophy of the socialist military government where foreign exchange, like any other resource in a socialist economy, was channeled and directed to the various economic uses through an administrative mechanism.
- 1.4 And to effect control on the allocation and utilization of the foreign exchange resource of the country, the then government issued a foreign exchange control regulation in 1977, which remained in force up to 1991.
- 1.5 After the demise of this government and the advent of the EPRDF government, which by adopting a non-regulated economic system followed a market oriented economic management, the foreign exchange regime, over the past fourteen years, has been liberalized in gradual steps in line with the successive economic and external sector reform measures.
- 1.6 As a result, numerous foreign exchange transaction liberalization steps have been undertaken in the foreign exchange regime of the country, albeit on a piecemeal basis, which have necessitated the need to collate and compile these numerous amendments and produce consolidated foreign exchange transaction directives.
- 1.7 More importantly, as significant parts of the micro management and operations function of foreign exchange transactions have been transferred from National Bank of Ethiopia to commercial banks via directive No. FXD/07/1998 issued on August 31, 1998, it becomes

necessary and essential to put together all the amendments and newly issued ones in one document for ease of reference, use and knowledge of the rules of the foreign exchange regime of the country.

- 1.8 To this end, all foreign exchange transactions liberalization made so far and the several amendments made to the foreign exchange control regulation issued in 1977, which is not yet rescinded, have been collated and assembled to produce a consolidated set of foreign exchange transaction directives.
- 1.9 The consolidated directives have six parts and are organized as follows: Part I contains the foreign exchange control regulation issued in 1977 where significant provisions of the regulation, especially those related to capital account control, are still intact and in force. Part II indicates amendments made to the exchange control regulation. Part III covers the directives, which transferred a major part of the micro foreign exchange functions from National Bank of Ethiopia to commercial banks. Part IV shows the subsequent amendments made to directives No. FXD/07/1998 that shifted a considerable aspect of the micro management of foreign exchange to commercial banks. Part V provides directives issued on various foreign exchange operations and transaction aspects that are carried out by commercial banks. The last part, part VI, contains amendments of the various foreign exchange functions and transactions directives.
- 1.10 At last, these consolidated directives are believed to give detailed information on the foreign exchange transaction rules and procedures of the country, and provide a better understanding of what the country's exchange regime is like. The directives are also expected to serve better the commercial banks, the business community, importers, exporters, foreign exchange sellers and buyers, economic agents and individuals who hold foreign currency accounts in domestic banks, those economic agents and individuals who require foreign exchange for various current international payments or transactions, etc. by making it possible to refer to one consolidated set of directives instead of having to go through the several fragmented pieces of regulatory foreign exchange legislations made over the past fourteen years.

## **II. Highlights of the Current Foreign Exchange Regulations of the Country**

- 2.11 The current foreign exchange regulations fully liberalize current account international payments for various purposes. Accordingly, the regulations allow payments for all imports of goods, except goods that are believed to be detrimental to the health of the public and security of the nation. Payments for imports can be made by letter of credit, cash against documents, advance payment, etc. Imports of second hand or used goods are also allowed, more specifically various used vehicles, machinery and equipment, in which foreign exchange is availed to these items in relation to their service year after manufacture and the original FOB price.
- 2.12 Similarly, exports of goods and services are allowed through letter of credit, cash against document, advance payment, consignment, etc., and payments for services associated with these exports are also permitted. Small items of limited value and quantity are also allowed to be exported without foreign exchange repatriation requirements.
- 2.13 With a view to encouraging and supporting the export sector, the foreign exchange regime allows exporters to open a retention account to hold a specified amount of their export earnings for a defined period and use their forex holdings for their export business promotion. A credit guarantee scheme is also made available to exporters to back the export sector.
- 2.14 Furthermore, the exchange regulations permit transfers for various services, including money drawn from Non-Transferable Accounts, Non-Resident Foreign Currency NR Fcy, Non-Resident Transferable Birr (NRT), Non-Resident Non-Transferable (NRNT). Exchange transactions also allow salary remittance by foreign employees, insurance payment, re-transfer of unutilized foreign currency holdings, etc.
- 2.15 Non-resident Ethiopians and non-resident foreign nationals of Ethiopian origin are permitted to open a foreign currency account at any authorized commercial bank in four major international currencies with a limited amount that shall be deposited in current account. The deposits shall earn interest based on the arrangements made with commercial banks. On

the other hand, no Ethiopian national resident in Ethiopia or resident Ethiopian company is allowed to maintain a bank account abroad without National Bank of Ethiopia authorization. But, government offices, organizations and companies which have branches or offices abroad and which are permitted by a competent authority to operate these offices abroad are admitted to open the account they deem necessary. On winding up the business, they are, however, required to close the account and report to the National Bank of Ethiopia.

- 2.16 Payments through credit cards can be made for catering services and purchase of goods by travelers and tourists, and credit card holders can also obtain local currency from banks by making use of their credit cards. Foreign cash notes and travelers cheques are also acceptable for payments at hotels certified by the Ethiopian Tourism Commission, duty free shop operators, Immigration Office, Civil Aviation Authority and airline ticket offices.
- 2.17 Forex bureaus established at commercial banks are allowed to engage in the buying and selling of major convertible currencies, operate in spot transactions with immediate delivery of currencies bought or sold, sell and/or buy cash notes and travellers cheques at displayed exchange rates before any subsequent change.
- 2.18 Any capital inflow by foreign investors is recognized and registered at National Bank of Ethiopia at the initial stage of investment, including investments made through a concessionary or a partnership agreement with the government or with an autonomous institution and similar treatment is accorded to ploughed back profits.
- 2.19 Capital gain on asset revaluation of a business enterprise may be repatriated by fulfilling the necessary requirements. Loan and suppliers credit obtained by foreign investors are registered as capital inflows by National Bank of Ethiopia. Foreign investors who earn profits or dividends from recognized investments and services are allowed to remit abroad by presenting the required documents or statements.
- 2.20 In addition, firms, companies, and business entities engaged in manufacturing or business activity whose products are sold to external markets generating foreign exchange income are

allowed to have access to external financing and suppliers' credit from abroad to finance imports of input or auxiliary materials essential for their export product.

- 2.21 In summary, the various foreign exchange transactions described above indicate in brief the type, nature and facets of the current foreign exchange regulations that are now in force. The details, operational procedures and rules of the various transactions and service payments, which are found in the multiple directives issued at different times over the past fourteen years, are compiled in this consolidated document of directives on foreign exchange transactions.

### III. FOREIGN EXCHANGE REGULATIONS OF ETHIOPIA

#### PART ONE

#### FOREIGN EXCHANGE CONTROL REGULATION ISSUED IN 1977

<b>T I T L E</b>	<b>P A G E</b>
CHAPTER I	
GENERAL .....	32
1. Issuing Authority .....	32
2. Definitions .....	32
CHAPTER II	
<b>Transactions in Foreign Exchange by Authorized Banks</b>	33
3. Replenishment of Foreign Exchange to Authorized Banks	33
4. Surrender of Excess Foreign Exchange .....	33
5. Holding of Foreign Exchange .....	34
6. Investments Abroad .....	34
7. Foreign Exchange Rates .....	34
8. Statement of Commitments .....	34
9. Credit Entries .....	35
10. Debit Entries .....	35
11. Contra and Other Items .....	35
12. Surrender and Replenishment of Foreign Exchange .....	35
13. Inward Remittances .....	36
14. Acquisition of Authority .....	36
15. Foreign Exchange Transactions .....	36
16. Credit Facilities with Correspondent Banks .....	36
17. Charge in Basis of Shipment .....	36
18. Identification of Funds to Exporters .....	36

## CHAPTER III

<b>Export of Valuable Goods</b> .....	37
19. Approval to Export Valuable Goods .....	37
20. Contents of Receipt of Foreign Exchange .....	37
21. Full Sales Proceed to be Declared .....	37
22. Documents that should Accompany the Export Declaration	38
23. Completion and Authorization of Export Declaration .....	38
24. Submission of Sales Contract .....	38
25. Bills of Lading for Exports to be Made out in the Name of a Local Bank .....	39
26. Shipment Notes for Goods Shipped to Djibouti in Transit to Other Places .....	39
27. Freight to be paid in Foreign Exchange .....	40
28. Validity of Sales Contract .....	40
29. Payment for Exports .....	40
30. Exporters with Overdue Balance .....	40
31. Exporters to Insure Valuable Goods They Export .....	41
32. The Republic of South Africa and Rhodesia .....	41

## CHAPTER IV

<b>CAPITAL REMITTANCE</b> .....	41
33. Foreign Businessmen .....	41
34. Remittance of Recognized Foreign Investments .....	41
35. Annual Remittable Sum .....	42
36. Funds Remittable Abroad .....	42
37. Grant of Foreign Exchange .....	42

## CHAPTER V

<b>FOREIGN EXCHANGE FOR TRAVELERS ABROAD</b> .....	43
38. Travel Abroad on a Government Business .....	43
39. Business Travel .....	43
40. Undertakings .....	43
41. Penalty .....	44
42. Entitlement .....	44
43. Medication Fee .....	44
44. Undertaking .....	44
45. Vacation Abroad .....	44
46. Amount of Total Currency Passenger may Carry .....	45
47. Surrender of Foreign Exchange .....	45

## CHAPTER VI

<b>PAYMENT FOR IMPORTS INTO ETHIOPIA</b> .....	45
48. Imports to Present Foreign Trading License (Import)	45
49. Conditions for Foreign Exchange Availment .....	45
50. Franco Valuta License .....	46
51. Customs Import Declarations and Final Supplier's Invoice	46
52. Foreign Exchange for Importation from a County other than the country of origin .....	46
53. Importation on suppliers' Credit .....	46
54. Import: By Diplomatic Bodies Other International Organizations and Their Officials .....	47
55. Goods Imported for Exhibition .....	47
56. Sales Proceeds of Valuable Goods Imported for Exhibition	47
57. Re-export of Valuable Goods Brought for Exhibition ....	47
58. Requirement and Machinery Temporarily Brought into Ethiopia .....	48

59. Imports from or Goods Produced in the Republic of South Africa and Rhodesia .....	48
60. Entry of Goods into Ethiopia .....	48

## CHAPTER VII

<b>TRANSMITTAL OF MONETARY INSTRUMENTS</b> .....	48
61. Transmittal of Foreign Exchange Instruments .....	48
62. Forms of Authorization of Foreign Exchange .....	49
63. Negotiable and Non-negotiable Instruments Express in Birr	49

## CHAPTER VIII

<b>PAYMENT FOR INVISIBLES</b> .....	49
64. Salary Transfers by Foreign Employees Working With the Government or With a Parastatal Organization .....	49
65. Maximum Remittable Savings .....	50
66. Transfer of Arrears .....	51
67. Non-Transferability of Permits .....	51
68. Returning Foreign Employees and Other Expatriate Employees .....	51
69. Amount to be Taken out on final Departure .....	51
70. Documents to be Presented .....	51
71. Fees and Costs for a Temporary Service by Foreigners	52
72. Educational Expenses .....	52
73. Students of Trainees sent Abroad by the Government ...	53
74. Study by Correspondence .....	53
75. Foreigners .....	53
76. Borrowings from Abroad and Repayments Theory .....	53
77. Insurance or Reinsurance Abroad .....	54
78. Premiums on Life Policies .....	54

79.	Local Agents of Foreign Insurance Firms .....	55
80.	Payment of Royalties .....	55
81.	Transfers of Profits and Dividends .....	55
82.	Payment for and Refund Travel Tickets .....	56
83.	Air Carriers of Foreign Nationality .....	56
84.	Sea Carriers of Foreign Ownership .....	56
85.	Tour Operators .....	57
86.	Transfer of Foreign Exchange by Diplomatic Missions and International Organizations .....	58
87.	General Transfers .....	58

## CHAPTER IX

	<b>TRANSFERABLE ACCOUNTS</b> .....	58
88.	Non-Resident Transferable Birr Account and Non-Resident Foreign Currency Account .....	58
89.	Opening of F/cy Transferable Accounts .....	59
90.	Entries to Transferable Accounts .....	59
91.	Statements of Transferable Accounts .....	60
92.	Cheques to be Used for Transferable Accounts .....	60
93.	Cheques Issued in Favour of Residents .....	60

## CHAPTER X

	<b>TRANSIT EXPENSES</b> .....	61
94.	Transit Expenses on Imports .....	61
95.	Transit Expenses on Exports .....	61
96.	Payment for Freight .....	61

## CHAPTER XI

**SURRENDER OF COMMISSION AND OTHER FEES EARNED**

<b>ABROAD</b> .....	62
97. Surrender of Foreign Earnings .....	62

## CHAPTER XII

<b>EXEMPTIONS</b> .....	62
98. Exemptions From the Requirement to Repatriate Foreign Exchange .....	62

## CHAPTER XIII

<b>MISCELLANEOUS</b> .....	63
99. Ethiopian Nationals Residing in Ethiopia .....	63
100. Provision of Foreign Exchange .....	64
101. Penalty .....	64
102. Effective Date .....	64

## AMENDMENTS MADE FOLLOWING THE ISSUANCE OF THE REGULATION

Notice No. 1/1977 - Repeal of Article 49(5) of the Regulation	65
Notice No. 2/1978 - Article 35(2) Amendment of the Regulation .....	66
Notice No. 3/1981 - Article 46 Amendment of the Regulation	67
Notice No. 4/1981 - Repeal of Article 98 (g) of the Regulation	68
Notice No. 5/1982 - Notice to Importers .....	69
Notice No. 6/1983 - Notice to Exporters .....	70
Notice No. 7/1983 - Article 35 and 88 Amendment of the Regulation .....	71
Notice No. 8/1983 - Notice to Exporters .....	72

Notice No. 9/ 1983 - A New Sub-article (2) Addition to Article 101 of the Regulation .....	73
Notice No. 10/1985 - Article 39-44 Replacement of the Regulation .....	74
Notice No. 11/1985 - Repeal Article of 45 the Regulation ...	77
Notice No. 12/1985 - Additions to Article 85 of the Regulation	78
Notice No. 13/1988 - UPTA Travelers Cheques-Notice and Instructions .....	80
Clarification on the Opening of Non-resident Foreign Currency, Non-resident Transferable Birr and Non-transferable Birr Accounts .....	81
Notice No. EC/7/1990 - Regarding Drawing of Cheques without cover .....	84
Opening of Non-resident Foreign Currency Non-resident Transferable Birr and Non-transferable Birr Account .....	85

## **PART TWO**

<b>AMENDMENTS MADE FOLLOWING CHANGES IN THE EXCHANGE REGIME</b>	88
Notice No. EC/8/1992 - private Importers and Small Scale Industry Owners .....	88
Notice No. EC/9/1993 - Small Scale Industry Owners and Private Importers .....	91
Notice No. EC-10/1993 - Result of Foreign Exchange Allotment to Small Scale Industry Importers ...	93
Notice No. 11/1993 - Importers .....	93
Notice No. 12/1994 - Importers .....	97
Notice No. 13/1995 - Amendment to Article 49(4) of Exchange Regulations .....	98
Notice No. 14/1995 - Repeal of Article 59 of Foreign Exchange Regulation .....	99
Notice No. 15/1995 - Amendment to Article 77 of the Foreign Exchange Regulations .....	100

Notice No. 18/1994 - Importers .....	101
Notice No. 20/1994 - Importers .....	102
Notice No. 24/1996 - Bank Branches Designated to Avail Foreign Exchange Bid Application Forms .....	103
Notice No. 25/1995 - Foreign Exchange Allocation .....	104
Notice No. 27/1995 - Settlement of Import Commitments ....	106
Notice NP.31/1995 - Official and Fortnight Auction Exchange Rates Unification .....	107
Notice NO. 32/1995 - Export Documentations Related to Shipments Abroad .....	108
<b>EXCHANGE CONTROL DIRECTIVE FOR PORT SERVICE PAYMENT BETWEEN ETHIOPIA AND ERITREA - DIRECTIVE NO.FEC/42/97</b>	110
INTRODUCTION .....	110
1. Port Service Payments And Clearance Cost Effected In Foreign Currency .....	110
2. Discharging Commitments .....	111
3. Effective Date .....	112
<b>EXCHANGE CONTROL DIRECTIVE REGARDING TRADE TRANSACTIONS BETWEEN ETHIOPIA AND ERITREA - DIRECTIVE NO. FEC/43/97</b>	113
INTRODUCTION .....	113
1. Trading Currency .....	113
2. Instrument Used for Handling Trade Transactions .....	113
3. Payment for Joint Procurement of Petroleum .....	114
4. Effective Date .....	115

<b>EXCHANGE CONTROL DIRECTIVE FOR SALE OF FOREIGN EXCHANGE TO TRAVELERS AND OPERATORS OF TRUCKS, TANKERS AND CROSS COUNTRY BUSES ENTERING ERITREA - DIRECTIVE NO. FEC/44/97</b> .....	116
INTRODUCTION .....	116
1. Trucks, Tankers and Buses Traveling to Eritrea .....	116
2. Travel Allowance .....	117
2.1. Travelers Using Inland Transport .....	117
2.2. Travelers Using Air Transport .....	118
3. Effective Date .....	118

### **PART THREE**

<b>Directive To Transfer NBE's Foreign Exchange Functions to Commercial Banks - Directive NO. FXD/07/1998</b> .....	119
1. Issuing Authority .....	119
2. Short Title .....	119
3. Definitions .....	119
4. Rights of Authorized Commercial Banks .....	119
5. Imports: .....	120
5.1 Imports by Letter of Credit .....	120
5.2 Restrictions .....	120
5.3 Imports by Cash Against Documents (CAD) at Sight .....	121
5.4 Imports by Advance Payment .....	121
5.5 Other Requirement .....	122
5.6 Franco-Valuta Imports .....	122
A. Eligibility .....	122
B. Requirements .....	123

---

5.7	Importation of Used Goods .....	123
5.8	Imports Through Suppliers' Credit .....	124
5.9	Imports Through External Loans .....	124
5.10	Imports by Diplomatic Bodies, Other International Organizations and Their Officials .....	124
5.11	Commodity Classification .....	124
5.12	Import Transit .....	125
5.13	Import Freight .....	125
5.14	Import Other Charges .....	125
5.15	Re-Insurance Premium .....	126
5.16	Foreign Currency Against Foreign Currency .....	126
5.17	Ex-Post Verification Of Documents .....	126
5.18	Validity .....	127
	a) Import Applications .....	127
	b) Applications For Import Transit, Import Freight And Other Charges .....	127
5.19	Amendments .....	127
5.20	Cancellation of Imports .....	127
6.	Exports .....	127
6.1	Export of Valuable Goods .....	127
6.2	Payment for Exports .....	127
6.3	Exports by Commercial Banks .....	128
6.4	Bills of Lading for Export to be Made Out in the Name of a Local Bank .....	128
6.5	Repatriation of Export Proceeds .....	128
6.6	Exports under Letter of Credit .....	129
6.7	Exports Under Advance Payments .....	129
6.8	Exports on Consignment Basis .....	130
6.9	Small Export Items .....	130

6.10	Validity .....	131
	a) Export Applications .....	131
	b) Export transit, Export Freight, and Other Charges .....	131
6.11	Renewal of Export Applications .....	131
6.12	Change of Basis Of Shipment .....	131
6.13	Cancellation of Export Applications .....	132
6.14	Export Transit .....	132
6.15	Export Freight .....	132
6.16	Export Other Charges .....	132
7.	Settlements of Commitments .....	133
8.	Ex-post Verification of Documents .....	133
9.	Submission of Returns .....	134
	9.1 Commercial Banks .....	134
	9.2 Ethiopian Customs Authority .....	134
10.	Inspection by NBE .....	135
11.	Penalties .....	135
12.	Effective Date .....	135

## **PART FOUR**

### **AMENDMENTS MADE TO DIRECIVES NO. FXD/07/1998 & RELATED DIRECTIVES**

<b>DIRECTIVE No. FXD/09/1998 ISSUED TO AMEND THE OPERATION OF FOREIGN EXCHANGE BUREAU</b>	<b>150</b>
1. Issuing Authority .....	150
2. Short Title .....	150
3. Amendment .....	150
4. Holiday Travel Expenses .....	150

5. Business Travel Allowance .....	150
6. Medical Expense .....	151
7. Educational Expenses .....	151
8. Distance Education Expenses .....	152
9. Seminar, Workshop, Symposium, Conference and Training Fees .....	152
10. Other Expenses .....	152
11. Re-conversion of Foreign Currency .....	152
12. Submission of Returns and Inspections .....	153
13. Penalties .....	153
14. Repeal .....	154
15. Effective Date .....	154
<b>DIRECTIVE NO. FXD/12/2000 ISSUED TO AMEND ARTICLES 5.1,5.3, 5.7 AND 9.1 OF DIRECTIVE NO. FXD/07/1998</b>	155
1. Issuing Authority .....	155
2. Amendments .....	155
3. Exceptions .....	156
4. Effective Date .....	156
<b>DIRECTIVE NO. FXD/13/2000 ISSUED TO AMEND ARTICLE 4 OF DIRECTIVE NO. FXD/07/1998</b>	157
1. Issuing Authority .....	157
2. Amendments .....	157
3. Rights of authorized Banks .....	157
4. Reporting Procedures .....	158
5. Effective Date .....	158

<b>DIRECTIVE NO. FXD/16/2001 ISSUED TO AMEND ARTICLES 5.1, 5.3, 6.6 AND 6.7 OF DIRECTIVE NO. FXD/07/1998</b>	159
1. Issuing Authority .....	159
2. Amendment .....	159
3. Definitions .....	159
 SECTION I - IMPORTS .....	 160
5.1 Imports by Letter of Credit .....	160
5.1.1 Payment term arrangements and documentation required for Goods Destined at the Inland Port of Customs Warehouse .....	162
5.1.2 Document Requirement .....	163
5.1.3 Listed Inland Port and Sea Ports .....	164
5.2 Imports by Cash Against Documents (CAD) at Sight .....	164
 SECTION II - EXPORTS .....	 165
6.6 Exports under Letter of Credit .....	165
6.7 Exports Under Advance Payments .....	167
 4. Directive for Implementation .....	 167
5. Effective Date .....	167
 <b>DIRECTIVE NO. FXD/17/2001 ISSUED TO AMEND THE OPERATION OF FOREIGN EXCHANGE BUREAU DIRECTIVE NO. FXD/09/1998</b>	 168
1. Issuing Authority .....	168
2. Short Title .....	168
3. Amendments .....	168
4. Holiday Travel Forex Sales .....	168

5. Business Travel Allowance .....	168
6. Medical Expenses .....	169
7. Educational Expenses .....	169
8. Distance Education Expenses .....	170
9. Seminar, Workshop, Symposium, Conference and Training Fees	170
10. Other Expenses .....	170
11. Re-conversion of Foreign Currency .....	171
12. Submission of Returns and Inspections .....	171
13. Penalties .....	171
14. Repeal .....	172
15. Effective Date .....	172
<b>DIRECTIVE NO. FXD/18/2001 ISSUED TO AMEND ARTICLE 8 OF DIRECTIVE NO. FXD/07/1998</b>	173
1. Issuing Authority .....	173
2. Amendments .....	173
3. Effective Date .....	173
<b>DIRECTIVE NO. FXD/19/2001 ISSUED TO AMEND ARTICLES 3 &amp; 5.17 OF DIRECTIVE NO. FXD/07/1998</b>	175
1. Issuing Authority .....	175
2. Short Title .....	175
3. Amendments .....	175
Definitions .....	175
Sections 5 - Imports .....	176
A. Documents with Airfreight Consignments .....	176
A.1 Actions Deemed Necessary for Goods Airfreighted Under L/C Payment Arrangement to Addis Ababa or to Other Airports in Ethiopia .....	176

A.1.1	Upon Arrival of Goods but Before Receipt of Documents .....	176
A.1.2	After Arrival of Documents .....	176
B.	Actions to be Taken on Documents Covering Airfreighted Goods with Payment Arrangements CAD at Sight .....	177
C.	Actions to be Taken by the National Bank of Ethiopia .....	178
D.	Penalty Clause .....	178
E.	Effective Date .....	178
 <b>DIRECTIVE NO. FXD/20/2002 ISSUED TO AMEND ARTICLE NO. 5.6B SUB-ARTICLE D OF DIRECTIVE NO. FXD/07/1998</b>		180
1.	Issuing Authority .....	180
2.	Amendment .....	180
3.	Effective Date .....	180
 <b>DIRECTIVE NO. FXD/22/2004 ISSUED TO AMEND ARTICLE 6 OF DIRECTIVE NO. FXD/07/1998</b>		181
1.	Issuing Authority .....	181
2.	Short Title .....	181
3.	Amendment .....	181
6.	Exports .....	181
6.1	Export Valuable Goods .....	181
6.2	Payment for Exports .....	182
6.3	Export by Commercial Banks .....	182
6.4	Bills of Lading for Exports to be Made Out in the Name of Local Bank .....	183
6.5	Repatriation of Export Proceeds .....	184
6.6	Restrictions .....	184

6.7	Exports Under Letter of Credit .....	184
6.8	Export on Cash Against Document (CAD) .....	186
6.9	Exports Under Advance Payments .....	187
6.10	Exports on Consignment Basis .....	187
6.11	Dispatching Returns (Copies of Permits & Tickets) ....	187
6.12	Effective Date .....	187
 <b>DIRECTIVE NO. FXD/26/2004 ISSUED TO AMEND ARTICLE 6 OF DIRECTIVE NO. FXD/07/1998</b>		 188
1.	Issuing Authority .....	188
2.	Short Title .....	188
3.	Amendment .....	188
6.	Exports .....	188
6.1	Export of Valuable Goods .....	188
6.2	Payment for Exports .....	
6.3	Exports by Commercial Banks .....	189
6.4	Bills of lading for Exports to be Made Out in the Name of a Local Bank .....	189
6.5	Repatriation of Export Proceeds .....	190
6.6	Restrictions .....	191
6.7	Exports Under Letter of Credit .....	191
6.8	Exports on Cash Against Document (CAD) .....	192
6.9	Exports Under Advance Payment .....	193
6.10	Exports on Consignment Basis .....	193
6.11	Exports With Partial Shipment .....	194
6.12	Dispatching Returns (Copies Of Permits & Tickets) ....	194
6.13	Repeal .....	194
6.14	Effective Date .....	194

## **PART FIVE**

### **OTHER FOREIGN EXCHANGE DIRECTIVES**

<b>Foreign Exchange Auction Amendment Whole Sale Foreign Exchange Notice No. 01/1998</b>	195
1. Objective .....	195
2. General Conditions .....	195
<b>DIRECTIVE NO. FXD/01/1996 ISSUED ON THE OPERATION OF FOREIGN EXCHANGE BUREAU</b>	200
17. Issuing Authority .....	200
18. Short Title .....	200
19. Definitions .....	200
20. Submission and Approval of Application .....	200
21. Conditions for Issuance of Authorization Certificate .....	201
22. Security Requirements .....	201
23. Computerization Forex Bureau .....	202
24. Nomenclature .....	202
25. Obligations of Staff .....	202
26. Forex Bureau Transactions .....	202
27. Determination of Exchange Rates .....	203
28. Displaying Exchange Rates .....	203
29. Authority to Sell Foreign Exchange .....	203
30. Restrictions .....	203
31. Financial Records .....	204
32. Submission of Returns and Inspection .....	204
33. Penalties and Cancellation of Authorization Certificate .....	205

---

<b>DIRECTIVE NO. FXD/02/1996 ISSUED ON THE RETENTION &amp; UTILIZATION OF EXPORT EARNINGS</b>	206
1. Issuing Authority .....	206
2. Short Title .....	206
3. Definitions .....	206
4. Opening of Forex Retention Account .....	206
5. Retention Right .....	206
6. Types of Forex Retention Accounts .....	207
7. Forex Retention Account A .....	207
8. Forex retention Account B .....	207
9. Limitation .....	208
10. Reporting Requirement .....	208
11. Exclusions .....	208
12. Penalties .....	209
13. Penalties for Commercial Banks .....	209
<b>DIRECTIVE NO. FXD/03/1996 ISSUED ON THE OPERATION OF FOREIGN EXCHANGR BUREAU</b>	210
1. Issuing Authority .....	210
2 Short Title .....	210
3. Definitions .....	210
4. Submission and Approval of Application .....	210
5 Conditions for Issuance of Forex Bureau License .....	211
6. Security Requirements .....	211
7. Requirements for Computerized Forex Bureaux .....	212
8. Nomenclature .....	212
9. Obligations of Staff .....	212
10. Forex Bureau Transaction .....	212

11. Determination of Exchange Rates .....	213
12. Displaying Exchange Rates .....	213
13. Authority to Sell Foreign Exchange .....	213
13.1.1 Holiday Travel Expense .....	213
13.1.2 Business Travel Expense .....	214
13.1.3 Medical Expense .....	214
13.1.4 Payment for Publications, Advertisement and Others .....	214
14. Restrictions .....	214
15. Foreign Currency Accounts .....	215
16. Financial Records .....	215
17. Submission of Returns and Inspection .....	215
18. Penalties and Cancellation of Forex Bureau License .....	216
19. Suppression .....	216

**THE RETENTION AND UTILIZATION OF EXPORT EARNINGS  
AND INWARD REMITTANCES DIRECTIVE NO. FXD/04/1996** 217

1. Issuing Authority .....	217
2. Short Title .....	217
3. Definitions .....	217
4. Opening of Forex Retention Account .....	217
5. Retention right .....	218
6. Types of Forex Retention Accounts .....	218
7. Forex Retention Account A .....	218
8. Forex Retention Account B .....	219
9. Limitation .....	220
10. Reporting Requirement .....	220
11. Penalties .....	221
12. Penalties for Commercial Banks .....	221
13. Suppression .....	221

**EXCHANGE CONTROL DIRECTIVES FOR THE USE AND ACCEPTANCE OF CREDIT CARDS NO. FXD/06/1998** 222

1. Issuing Authority .....	222
2. Definitions .....	222
3. Establishments Eligible for Accepting Credit Cards .....	222
4. Agency/Representation of Credit Issuers .....	223
5. Types of Approved Credit Cards .....	223
6. Submission of Application .....	223
7. Conditions for Issuance of Credit Card Permit .....	223
8. Obligation of Commercial Banks .....	224
9. Mode of Settlement .....	224
10. Claims Returned Unpaid .....	224
11. Retention Rights .....	224
12. Submission of Returns and Inspection .....	224
13. Measures Against Non-Compliance With This Directive .....	225
13.1 Warning .....	225
13.2 Cancellation of Credit Cards Permits .....	225
14. Prior License .....	226
15. Laws .....	226
16. Effective Date .....	226

**DIRECTIVE FOR FOREIGNERS SALARY REMITTANCES DIRECTIVE NO. FXD/10/1998** 227

1. Issuing Authority .....	227
2. Short Title .....	227
3. Salary Remittances by Foreign Employees .....	227
4. Submission of Returns And Inspection .....	227
5. Validity of Permit .....	228
6. Penalties .....	228

7. Exemptions .....	228
8. Repeal .....	228
9. Effective Date .....	229

**THE RETENTION AND UTILIZATION OF EXPORT EARNINGS  
AND INWARDS REMITTANCES DIRECTIVE NO. FXD/11/1998** 230

1. Issuing Authority .....	230
2. Short Title .....	230
3. Definitions .....	230
4. Opening of Forex Retention Accounts .....	231
5. Types of Foreign Exchange Retention Account .....	231
6. Retention Rights .....	231
7. Utilization of Foreign Exchange Retention Accounts .....	232
8. Commercial Bank Purchases of Export Proceeds and Customers Foreign Exchange .....	232
9. Utilization of Foreign Exchange Receipts by Commercial Banks	233
10. Penalties on Persons Other than Commercial Banks .....	233
11. Reporting Requirement .....	233
12. Penalties on Commercial Banks .....	234
13. Repeal .....	234
14. Effective Date .....	234

**TRANSFER OF FREIGHT EXPENSES FOR GOODS  
TRANSPORTED BY TRUCKS OWNED BY DJIBOUTI NATIONALS  
TO AND FROM DJIBOUTI DIRECTIVE NO. FXD/14/2000** 235

1. Issuing Authority .....	235
2. Definitions .....	235
3. Approval of Foreign Exchange by Commercial Banks to Cover Truck Freight Expenses .....	237
4. Submission of Returns .....	237

5. Penalties .....	237
6. Effective Date .....	237

**FOREIGN EXCHANGE DIRECTIVE FOR THE USE AND ACCEPTANCE OF CREDIT CARDS, CASH NOTES AND TRAVELERS CHEQUES REVISED DIRECTIVE NO. FXD/21/2003** 238

ARTICLE - 1 .....	238
-------------------	-----

- Definitions

ARTICLE - 2 .....	239
-------------------	-----

- Credit Cards

ARTICLE - 3 .....	241
-------------------	-----

- Foreign Currency Cash Notes, T/Cheques Payment Acceptability

ARTICLE - 4 .....	242
-------------------	-----

- Permit Issuance by NBE

ARTICLE - 5 .....	242
-------------------	-----

- Requirement to Fix and Post the Exchange Rate Applicable

ARTICLE - 6 .....	243
-------------------	-----

- Retention Rights

ARTICLE - 7 .....	243
-------------------	-----

- Submission of Returns and Inspection

ARTICLE - 8 .....	244
-------------------	-----

- Measures Against Non-Compliance with this Directive

ARTICLE - 9 .....	245
-------------------	-----

- Repeal

ARTICLE - 10 .....	245
--------------------	-----

- Effective Date

---

<b>FOREIGN CURRENCY CASH NOTES HOLDING BY COMMERCIAL BANKS DIRECTIVE NO. FXD/23/2004</b>	246
ARTICLE - 1 .....	246
- Definitions	
ARTICLE - 2 .....	247
- Limits to the Cash Note Holding by Banks	
ARTICLE - 3 .....	247
- Conversion Requirement	
ARTICLE - 4 .....	248
- Responsibility of Commercial Banks	
ARTICLE - 5 .....	248
- Supply of Foreign Currency Cash Notes	
ARTICLE - 6 .....	248
- Prohibitions	
ARTICLE - 7 .....	248
- Penalty	
ARTICLE - 8 .....	249
- Effective Date	
<b>Establishment and Operation of Foreign Currency Account for Non-Resident Ethiopians and Non-Resident Ethiopian Origin Directive No. FXD/24/2004</b>	250
ARTICLE - 1 .....	251
- Definitions	
ARTICLE - 2 .....	252
- Eligibility Criteria	
ARTICLE - 3 .....	252
- Opening Foreign Currency Account	
ARTICLE - 4 .....	253
- Types of Permitted Account	

---

ARTICLE - 5 .....	254
- Types of currency	
ARTICLE - 6 .....	254
- Crediting the Account	
ARTICLE - 7 .....	255
- Use of the Account	
ARTICLE - 8 .....	155
- Closure of the Account	
ARTICLE - 9 .....	255
- Interest Rates	
ARTICLE - 10 .....	256
- Issuance of Certificate	
ARTICLE - 11 .....	256
- Conversions of non-resident foreign currency accounts to resident Birr account	
ARTICLE - 12 .....	257
- Prohibitions	
ARTICLE - 13 .....	257
- Obligations of the Opening Bank	
ARTICLE - 14 .....	257
- Inspection	
ARTICLE - 15 .....	258
- Penalties	
ARTICLE - 16 .....	258
- Miscellaneous Provisions	

## PART SIX

### OTHER FOREIGN EXCHANGE DIRECTIVES

#### AMENDMENTS

<b>Amendment to "The Operation of Foreign Exchange Bureau Directive No. FXD/05/1996" Notice No. 22/1997</b>	259
- Amendment .....	259
- Effective Date .....	
<b>Amendment Directive NO. FXD/25/2004 Issued on the Establishment and Operation of Foreign Currency Account for Non-Resident Ethiopians and Non-Resident Ethiopian Origin</b>	261
Article - 1 .....	262
- Definitions	
Article - 2 .....	263
- Eligibility Criteria	
Article - 3 .....	264
- Opening Foreign Currency Account	
Article - 4 .....	265
- Types of Permitted Account	
Article - 5 .....	266
- Types of Currency	
Article - 6 .....	267
- Crediting the Account	
ARTCILE - 7 .....	267
- Use of the Account	
ARTCILE - 8 .....	268
- Closure of the Account	

---

ARTCILE - 9 .....	268
- Interest Rates	
ARTCILE - 10 .....	268
- Issuance of Certificate	
ARTCILE - 11 .....	269
- Conversion of Non-Resident Foreign Currency Accounts to Resident Birr Account	
ARTCILE - 12 .....	269
- Prohibitions	
ARTCILE - 13 .....	270
- Obligations of the Opening Bank	
ARTCILE - 14 .....	270
- Inspection	
ARTCILE - 15 .....	270
- Penalties	
ARTCILE - 16 .....	271
- Repeal	
ARTCILE - 17 .....	271
- Miscellaneous Provisions	

# **FOREIGN EXCHANGE REGULATIONS OF ETHIOPIA**

## **PART ONE** **FOREIGN EXCHANGE CONTROL REGULATION ISSUED IN 1977**

### **NATIONAL BANK OF ETHIOPIA**

#### **NOTICE NO - 1**

#### **"ETHIOPIA TIKDEM"**

#### **CHAPTER I**

#### **GENERAL**

#### **1. ISSUING AUTHORITY**

These Regulations are issued by the National Bank of Ethiopia pursuant to authority vested in it by articles 61(3), 65, 67 and 73 of the Monetary and Banking Proclamation No. 99/1977.

#### **2. DEFINITIONS**

In these regulations unless the context otherwise requires the following words shall have the meanings described below:-

- (1) "The Bank" means the National Bank of Ethiopia;
- (2) "Exchange Control" means the Exchange Control Division of the National Bank of Ethiopia;
- (3) "Exchange Controller" means the head of the Exchange Control Division;
- (4) "Authorized bank" means any bank authorized by the Bank to engage in transactions in foreign exchange;
- (5) "Foreign currency" means any currency other than Ethiopian currency which is legal tender in any country outside Ethiopia and which the Bank accepts for purposes of foreign exchange;

- (6) "Non-Resident Transferable Birr Account" means an account maintained in Birr by the debit of which funds can be transferred abroad in foreign exchange without the necessity of obtaining foreign exchange permit;
- (7) "Non-Resident Foreign Currency Account" means an account maintained in foreign currency by the debit of which funds can be transferred abroad without the necessity of obtaining foreign exchange permit;
- (8) "Foreign employee" means a foreigner employed outside Ethiopia by the public or private sector to work in Ethiopia or such foreigner whose employment contract has been renewed or who has been re-employed locally owing to his being indispensable to his employers;
- (9) "Foreign exchange" means any foreign currency, cheques, bill of exchange, promissory notes, drafts, securities and other negotiable or non-negotiable instruments expressed in foreign monetary units as well as bank balances held abroad or assets in the form of foreign accounting, crediting or set-off arrangements, whether expressed or payable in foreign currencies or in Birr provided it is acceptable to the Bank.

## **CHAPTER II**

### **TRANSACTION IN FOREIGN EXCHANGE BY AUTHORIZED BANKS**

#### **3. REPLENISHMENT OF FOREIGN EXCHANGE TO AUTHORIZED BANKS**

The Bank may sell to authorized banks foreign exchange in global amounts sufficient to meet their needs for their day-to-day operations and their commitments falling due for payment within a period of three months.

#### **4. SURRENDER OF EXCESS FOREIGN EXCHANGE**

- (1) Authorized banks shall surrender to the Bank foreign exchange held by them in excess of their requirements stipulated in article 3.
- (2) No authorized bank including its branches shall hold foreign currency in excess of the equivalent of Birr 600,000 (six hundred thousand Birr). Consequently, any amount in excess of Birr 600,000 (six hundred thousand Birr) shall be surrendered to the Bank of deposited abroad for their account with their correspondents.

**5. HOLDING OF FOREIGN EXCHANGE**

Unless specifically authorized or directed by the Bank, all authorized banks shall accept, purchase and hold in their accounts with their correspondent banks abroad only foreign exchange that are easily convertible.

**6. INVESTMENTS ABROAD**

Authorized banks shall not acquire shares, stocks and bonds denominated in foreign exchange unless authorized by the bank.

**7. FOREIGN EXCHANGE RATES**

- (1) The middle rate for transactions in foreign exchange shall be established by the bank.
- (2) Purchase of foreign exchange shall be effected at the established rate less 0.50% while sales are to be transacted at the established rate plus 1.50%. The amounts thus collected shall be paid to the Bank at the end of each Gregorian Calendar month.
- (3) Authorized banks may deal in foreign exchange at rates to be mutually agreed.
- (4) The Bank shall fix the rate at which foreign exchange may be bought from or sold to authorized banks from Exchange Commission.
- (5) Rates for sales and purchases of foreign currency notes shall be fixed by the Bank.

**8. STATEMENT OF COMMITMENTS**

- (1) Authorized banks shall furnish the Bank with copies of their daily tally sheets showing all credit and debit entries passed over their accounts with their correspondent banks abroad.
- (2) Authorized banks shall submit to the Bank statements showing, separately, types of commitment in foreign exchange such as letters of credit, forward sales, guarantees to banks abroad covering (a) the first three months and (b) the second three months.

**1. CREDIT ENTRIES**

- (1) Each credit entry referred to in article 8(1) shall be supported by the original permit and there shall be a cross reference in the credit ticket to the valid relative exchange permit number.
- (2) Where a permit covers more than one payment as in the case of monthly personal remittances over a given period of time the concerned authorized bank may retain the permit or demand that it be presented to it at any time from the time the first payment was made.
- (3) An exchange control copy of the accounting ticket covering each transfer shall be furnished in support of the relative entry passed over the account with the foreign banking correspondent abroad.

**2. DEBIT ENTRIES**

Each debit entry referred to in article 8(1) shall be supported by "exchange control copy" of the concerned authorized bank's set of account tickets showing the name of the beneficiary, the sum involved both in foreign and local currency and such other information that may be needed to identify the nature of the receipt.

**3. CONTRA AND OTHER ITEMS**

- (1) Entries for foreign exchange supplier to, surrendered by or transacted between authorized banks and for transfers effected by authorized banks for their own account from their foreign exchange accounts maintained with different correspondents abroad shall be indicated as "Contra" items on the tally sheets of authorized banks.
- (2) Entries covering interest and other charges of foreign correspondent banks shall be shown separately in the daily tally sheet.

**4. SURRENDER AND REPLENISHMENT OF FOREIGN EXCHANGE**

- (1) Balances of foreign exchange in excess of commitments surrendered to the Bank by authorized banks under article 3 and sales of foreign exchange by the Bank to replenish accounts of authorized banks shall be effected by telegraphic or telex transfers.

- (2) The counter value in Birr at the established rate of exchange ruling on the day of receipt shall be passed to the accounts of authorized banks' value date of settlement in the foreign centers.

**5. INWARD REMITTANCES**

Authorized banks shall attempt to obtain information regarding the purpose of inward remittances before they disburse funds remitted in foreign exchange from abroad. In particular loans and capital investment shall be identified with the prior Exchange Control authorization.

**6. ACQUISITION OF AUTHORITY**

Authorized banks shall not enter into a loan or into a guarantee agreement with banks abroad unless authorized by the Bank.

**7. FOREIGN EXCHANGE TRANSACTIONS**

Authorized banks may enter into forward exchange transactions only to cover commitments approved by the Bank.

**16. CREDIT FACILITIES WITH CORRESPONDENT BANKS**

On application the Bank may permit authorized banks to enjoy credit facilities with their correspondent banks abroad.

**17. CHANGE IN BASIS OF SHIPMENT**

Authorized banks shall inform Exchange Control of any change in the basis of shipment (i.e. from F.O.B., C & f OR C.I.F.) before taking any action.

**18. IDENTIFICATION OF FUNDS TO EXPORTERS**

- (1) Authorized banks shall enter on the Exchange Control copy of their accounting ticket the number of the export permit provided by exporters in order to identify the particular transaction for which payment is received from abroad.
- (2) The proceeds of exports shall be identified with the goods and individual Exchange control, permit number.

- (3) Where remittance from abroad represents advance payments the accounting ticket from the recipient local bank shall be clearly marked "ADVANCE PAYMENT FOR FUTURE EXPORTS". In the absence of such information authorized banks shall not make payments to the beneficiary exporter nor shall the Exchange Control copies of accounting tickets be accepted.
- (4) If sub-article (2) and 93) are not complied with the inward remittance shall not be credited to the exporter's account.

### **CHAPTER III**

#### **EXPORT OF VALUABLE GOODS**

##### **19. APPROVAL TO EXPORT VALUABLE GOODS**

No person natural or juridical, may export, or enter into any commitment to export valuable goods without the prior approval of the Bank and unless the exporter undertakes to surrender the resultant sales proceeds in foreign exchange to an authorized bank either before the actual export, at the time of export, or within such other period that the Bank may from time to time prescribe for any class of exports or for any particular export.

##### **20. CONTENTS OF RECEIPT OF FOREIGN EXCHANGE**

1. Receipts in foreign exchange of sales proceeds for any export of valuable goods outside Ethiopia must include such information as date, number or export permit, type and quantity of the valuable goods involved.
2. In the event of advance receipts for future exports, the Exchange Control copy of the credit advice originating from a local authorized bank shall be clearly marked "ADVANCE PAYMENT FOR FUTURE EXPORTS". Unless it is so marked by the exporters or by their foreign buyers to the local authorized banks, payment or credit of funds to the exporters shall not be effected.

##### **21. FULL SALES PROCEED TO BE DECLARED**

All sales proceeds in foreign exchange including those realized over and above the declared value, if any, must be surrendered to authorized banks.

**22. DOCUMENTS THAT SHOULD ACCOMPANY THE EXPORT DECLARATION**

Export declaration submitted for authorization shall be accompanied by:

- 1) The sales contract originally registered with Exchange Control which shall be returned to the exporter after scrutiny and annotation;
- 2) An invoice duly signed and sealed by the exporter showing the quantity; grade, quality, unit price, total value of valuable goods to be shipped and the basis of shipment which in all respects must agree with the contents of the contract;
- 3) Full net of Customs export declaration duly completed and signed by the exporter;
- 4) Insurance certificate or policy; and
- 5) Any other document required by Exchange Control.

**23. COMPLETION AND AUTHORIZATION OF EXPORT DECLARATION**

1. Prior to export, the exporter shall complete, sign and seal the appropriate export declaration in sufficient copies and submit same to any office of Exchange Control or of an authorized bank or to a designated Customs station for authorization.
2. Authorized export declaration not utilized within the period of validity must, immediately after expiry, be returned in full set to Exchange Control either for extension or for cancellation.
3. Expired export declaration not returned to Exchange Control in time shall be considered utilized and the amount involved shall appear to the debit of the individual exporter's account.

**24. SUBMISSION OF SALES CONTRACT**

1. All sales contracts must be submitted to Exchange Control immediately upon acceptance, but in any case not later than 24 hours of receipt for analysis and registration after which process the documents shall be returned.
2. Exchange Control may accept a contract if the price therein quoted is within the current market price of the item and the

contract embodies a clause that the foreign buyer has obtained an import permit from the authorities of the country in which the importer resides where necessary.

**25. BILLS OF LADING FOR EXPORTS TO BE MADE OUT IN THE NAME OF A LOCAL BANK**

1. Notwithstanding any agreement to the contrary, bills of lading or any other document evidencing shipment of goods from Ethiopia to any foreign country shall be made out to the order of a bank duly licensed to operate in Ethiopia.
2. Exporters or forwarding agents shall indicate in their shipping instructions to shipping companies or shipping agents, the name of the bank operating in Ethiopia in whose order the bill of lading or any other equivalent document shall be issued in respect of the valuable goods to be shipped.
3. Upon receipt of the bills of lading or the equivalent documents in respect of the shipment of goods entrusted to them for export, forwarding or shipping agents operating additionally as forwarding enterprises shall, under their responsibility, deliver them to the bank in Ethiopia to whose order the shipping documents were issued.

**26. SHIPMENT NOTES FOR GOODS SHIPPED TO DJIBOUTI IN TRANSIT TO OTHER PLACES**

1. Shipment notes (railway-bill, airway bill or truck manifest) for goods exported from Ethiopia and destined to Djibouti Port in transit for shipment abroad shall be made out to the name of a bank operating in Ethiopia as the addressee of the goods, and delivered to that bank by the clearing and forwarding agent entrusted with the shipment of the goods to Djibouti Port.
2. The Bank named in the shipment note shall cause the goods to be delivered by the carrier to a shipping or forwarding agent for shipment abroad through Djibouti Port according to the particulars to be furnished by the exporter concerned on condition that the bill of lading shall be made out to the order of the bank operating in Ethiopia and be delivered to said bank by the shipping or forwarding agent as the case may be under the responsibility of the exporter.

**27. FREIGHT TO BE PAID IN FOREIGN EXCHANGE**

1. Carrier, shipping or forwarding agent, whether foreign or national, shall accept only foreign exchange for conveyance of cargo on FOB basis unless specifically authorized by Exchange Control.
2. On board bills of lading and Air-way bills issued under sales contract made on FOB basis, have to be clearly marked "FREIGHT PAYABLE AT DESTINATION".
3. Non-Negotiable copies of all on board bills of lading and air-way bills issued by carriers of all descriptions shall be surrendered to the Bank as and when issued.
4. Approval of individual export permits under sales contracts originally concluded on FOB basis shall be subject to the signing of an undertaking by the exporter to surrender to the Bank the foreign exchange resulting from payment of freight and insurance, as the case may be, in local currency in the event the basis of shipment is subsequently amended to that of C & F or CIF.

**28. VALIDITY OF SALES CONTRACT**

1. Sales contract shall be for immediate shipment that do not exceed the maximum period of 90 days.
2. Extension of an unfulfilled contract without the prior approval of Exchange Control is prohibited.

**29. PAYMENT FOR EXPORTS**

All payments for valuable goods shall be made in foreign exchange or by the debit of a "Non-Resident Transferable Birr or Foreign Currency Account" maintained with local banks by their correspondent banks abroad.

**30. EXPORTERS WITH OVERDUE BALANCE**

Exporters having overdue debit balance in their export accounts shall not be granted additional export permit unless an extension is granted by Exchange Controller for reasons that warrant extension of time.

**31. EXPORTERS TO INSURE VALUABLE GOODS THEY EXPORT**

Exporters shall insure with the Ethiopian Insurance Corporation valuable goods that they export against the usual risks for a minimum of 100% of the declared value.

**32. THE REPUBLIC OF SOUTH AFRICA AND RHODESIA**

Export of valuable goods to the Republic of South Africa and Rhodesia is prohibited.

**CHAPTER IV**  
**CAPITAL REMITTANCE****33. FOREIGN BUSINESSMEN**

- (1) Foreign businessmen who do not have recognized foreign investments and who have sold or liquidated their business may made foreign exchange remittance on final departure as provided in Article 35.
- (2) Application for remittance shall be supported by:
  - a) a final and certified balance sheet and profit and loss account for the preceding three years, or for a longer period if the exchange controller no requires
  - b) annual tax receipts and other documents required by the Exchange Control, in the case of small traders and truck owners exempted from keeping books of account by tax laws.
  - c) Sales invoices of personal effects such as house-hold goods and utensils legalizing the sales documents where an item is sold for Birr 1,000 or above; and
  - d) Any of the relevant documents required by the Exchange Control.

**34. REMITTANCE OF RECOGNIZED FOREIGN INVESTMENTS**

- (1) All foreign investments recognized by the Bank and registered by the Exchange Control at the initial stage of the investment made through a concessionary or a partnership agreement with the Government of with an autonomous institution and profits ploughed back into the business may repatriated.
- (3) In order for an application for repatriation to be considered, the following documents shall be presented:-
  - a) The usual standard liquidation accounting documents, including inventory both liquidated and awaiting liquidation, balance sheet

- and profit and loss accounts duly audited by an independent auditing institutions authorized to operate in Ethiopia and evidencing liquidation of all local liabilities and debts;
- b) Photo copies of letters from Exchange Control with which recognition of the original investment and subsequent re-investment of profits were made;
  - c) Memorandum and Articles of Association with which the concern was operating, if any, including amendments thereto; and
  - d) Any other document that may be required by Exchange Control.

### **35. ANNUAL REMITTABLE SUM**

1. Foreign business men may take out their capital on final departure.
2. The annual remittable sum under article 33 of this article shall not exceed Birr 40,000.-
3. Funds in excess of this annual limitation is to be deposits in a blocked account with an authorized bank of applicant's choice until such time that the funds are fully transferred abroad.

### **36. FUNDS REMITTABLE ABROAD**

1. Funds that become remittable abroad under this chapter may be deposited in a "Special Savings Account" to be approved by the Bank at the prevailing rate of interest with an authorized bank.
2. Funds so deposited and the interest accrued thereon may be transferred without the necessity of obtaining exchange control permit.

### **37. GRANT OF FOREIGN EXCHANGE**

No foreign exchange permit shall be granted under this chapter unless a valid, non re-entry exist visa and other travel documents are produced to the exchange control for the necessary annotation.

**CHAPTER V****FOREIGN EXCHANGE FOR TRAVELS ABROAD****38. TRAVEL ABROAD ON A GOVERNMENT BUSINESS**

- 1) Government officials going abroad for a government business shall be availed foreign exchange for their daily allowances the sum allotted by the government agency or department sending them, and the concerned agency or department shall authorize the Bank to debit its account.
- 2) In the case of payment in cash notes the government agency or department shall confirm in writing that the money provided is from government fund.

**39. BUSINESS TRAVEL**

Application for foreign exchange for business travel purposes shall be accompanied by:-

- (a) valid travel documents;
- (b) itinerary showing the number of days applicant intends to stay in each of the countries projected for visit; and
- (c) evidence and justifications for the need of the visit.

**40. UNDERTAKINGS**

Before foreign exchange is availed for travel abroad for business purposes the applicant shall:-

- (1) sign an undertaking to the effect that he shall retribute any unutilized portion of the foreign exchange availed through an authorized bank by submitting his passport to Exchange Control immediately on his return to Ethiopia for the cancellation of the undertaking; and
- (2) Make a clearance deposit in Birr of 30% of the foreign exchange granted in a blocked account with an authorized bank to be forfeited if he does not comply with the undertaking given under sub-article (1) of this article.

**41. PENALTY**

Where an applicant does not comply with article 40 no further foreign exchange shall be provided to him personally or to the organization which he serves.

**42. ENTITLEMENT**

Foreign exchange to be availed for a business trip abroad shall not exceed the equivalent of Birr 125 (one hundred and twenty five Birr) per person per day for a maximum of 30 (thirty) days.

**43. MEDICATION FEE**

- 1) Upon the confirmation of the medical board of the Ministry of Public Health that a patient cannot be treated in Ethiopia and therefore must go abroad for treatment, Exchange Control may grant foreign exchange up to the equivalent of Birr 5,000.-
- 2) The Bank may provide additional foreign exchange to a patient who runs short of money while being treated abroad and who accompanies his application for additional foreign exchange by such documents as medical bills or hospital accounts showing how the foreign exchange initially granted was expended and a medical certificate issued and signed by the attending foreign specialist of medical center giving estimate of the medication fee that may be needed in the immediate future.

**44. UNDERTAKING**

Foreign exchange shall be granted to the patient after signing an undertaking that he shall submit medical bills, hospital accounts, documents evidencing equipment bought by the order of a medical center and maintenance expense incurred as outpatient to the Exchange Control.

**45. VACATION ABROAD**

1. Subject to presentation of valid travel documents, persons who have resided for minimum of one year in Ethiopia shall be entitled to foreign exchange equivalent to Birr 600 per adult persons.
2. The entitlement to receive the equivalent of Birr 600 for vacation may be accumulated for two years.

3. Miners below the age of 18, persons who depend on others for their livelihood and Ethiopian nationals residing abroad are not entitled for foreign exchange for vacation purposes.

**46. AMOUNT OF TOTAL CURRENCY PASSENGER MAY CARRY**

Only persons leaving Ethiopia with a return travel visa or person entering into Ethiopia may carry with them Ethiopian currency up to Birr 50 (fifty Birr)

**47. SURRENDER OF FOREIGN EXCHANGE**

1. Immediately upon return from abroad residents of Ethiopia shall surrender, through an authorized bank, all foreign exchange in their possession against payment to them of the equivalent sum in Birr.
2. Any resident of Ethiopia found in possession of foreign currency shall be punished under the penal code of Ethiopia and the money shall be confiscated.

**CHAPTER VI**

**PAYMENT FOR IMPORTS INTO ETHIOPIA**

**48. IMPORTERS TO PRESENT FOREIGN TRADING LICENSE (IMPORT)**

- (1) Importers who import goods on a commercial basis have to produce valid foreign trading license (import) issued by the Ministry of Commerce and Tourism when they apply foreign exchange.
- (2) Persons who import for their own use items such as instructional and technical books, periodicals, industrial and agricultural machinery, spare parts, tools and equipment, chemicals and raw materials that are neither locally produced nor available with traditional suppliers or local producers are not required to comply with sub-article (1) of this article.

**49. CONDITIONS FOR FOREIGN EXCHANGE AVAILMENT**

Approval of an application for foreign exchange is subject to the following conditions:-

- (1) the goods to be imported must be free from any import prohibition;
- (2) the application for foreign exchange shall be:-
  - (a) Properly completed, signed and sealed with the office stamp of the importer in sufficient copies,
  - (b) Supported by manufacturers' or suppliers' invoices in sufficient copies showing clearly full description of the goods including quantity, grade, quality, volume, measurement, weight, and unit and total price of the goods at a named place of delivery;
- (3) Terms of payment must be clearly shown in the invoice;
- (4) Evidence must be produced that adequate insurance cover has been arranged with Ethiopian Insurance Corporation particularly for goods imported under letters of credit;

**50. "FRANCO VALUTA" LICENSE**

The Bank may provide "Franco Valuta" license to importers of goods on which no foreign exchange is payable.

**51. CUSTOMS IMPORT DECLARATIONS AND FINAL SUPPLIER'S INVOICE**

The Customs Office of the Ministry of Finance shall forward one copy of all customs imports declarations issued and a copy of the final supplier's invoice to Exchange Control.

**52. FOREIGN EXCHANGE FOR IMPORTATION FROM A COUNTRY OTHER THAN THE COUNTRY OF ORIGIN MAY BE ALLOWED IN EXCEPTIONAL CASES PROVIDED THAT;**

- (a) the application for foreign exchange is supported by the invoices of the final supplier as well as the country of origin;
- (b) The port of loading is in the country of the supplier; and
- (c) The difference in price between the invoice of the country of origin and that of the supplier is not more than 2.5%.

**53. IMPORTATION ON SUPPLIERS' CREDIT**

- (1) Machinery, raw materials, chemicals, pharmaceuticals, vehicles such as buses for public transport, trucks, four-wheel drive vehicles

approved for import, spare parts, tools, mineral fuel, vessels for high seas, airplanes for commercial, domestic and international flights, telecommunication apparatus, electrical material and equipment for industrial use and other developmental and capital goods not locally produced may be allowed for importation on suppliers' credit basis provided the terms and conditions of the credit is submitted for prior approval by Exchange Control.

- (2) In all other cases importation on suppliers' credit basis is prohibited.

**54. IMPORT: BY DIPLOMATIC BODIES, OTHER INTERNATIONAL ORGANIZATIONS AND THEIR OFFICIALS**

- (1) Imports for their own consumption by diplomatic and other international organizations of equal status and their officials may be paid by the debit of their Non-Resident Transferable Birr Account or Non-Resident Foreign Currency Account.
- (2) Where they do not maintain Non-Resident Transferable Birr or Foreign Currency Account they shall be treated in the same way as other importers.

**55. GOODS IMPORTED FOR EXHIBITION**

- (1) Foreign government or institution which imports valuable goods into Ethiopia for exhibition shall submit a list, in three copies, of the valuable goods imported giving such particulars as name of product, serial or code number, value, place or town of exhibition in Ethiopia and relevant documents that Exchange Control may require.
- (2) If the requirements under sub-article (1) of this article are satisfied, Exchange Control may provide the concerned government or institution with "Temporary Import Permit" for Customs purposes.

**56. SALES PROCEEDS OF VALUABLE GOODS IMPORTED FOR EXHIBITION**

Applications for foreign exchange for the transfer abroad of sales proceeds of valuable goods brought for exhibition may be approved when accompanied by Customs Import Declaration, three copies of the sales invoices containing such information as the number of the "Temporary Import Permit", name of the valuable goods sold, name and address of the local buyer, serial or code number and value realized on sale.

**57. RE-EXPORT OF VALUABLE GOODS BROUGHT FOR EXHIBITION**

When an application to re-export valuable goods brought for exhibition is presented it must be accompanied by Customs Import Declaration and a list of the valuable goods to be re-exported containing such information as the number of the "Temporary Import Permit" under which the product was originally imported into Ethiopia, name of product, serial or code number and value. This information must tally with the information given to Exchange Control at the time of importation.

**58. REQUIREMENT AND MACHINERY TEMPORARILY BROUGHT INTO ETHIOPIA**

**Where machineries, tools, equipment, accessories and related items are temporarily imported into Ethiopia for the execution of a predetermined work pursuant to an agreement concluded with Ethiopian government, the provisions of articles 55 and 56 shall apply.**

**59. IMPORTS FROM OR GOODS PRODUCED IN THE REPUBLIC OF SOUTH AFRICA AND RHODESIA.**

Applications for foreign exchange for imports of goods from the Republic of South Africa and Rhodesia or of goods produced in these countries, whether directly or indirectly, shall not be accepted by Exchange Control.

**60. ENTRY OF GOODS INTO ETHIOPIA**

An importer who has been provided with foreign exchange for the importation of valuable goods shall present documents to prove entry of the valuable goods into Ethiopia within 90 days from the date payment is effected. The exchange Controller may for good cause grant reasonable extension of time beyond the 90 days.

**CHAPTER VII****TRANSMITTAL OF MONETARY INSTRUMENTS****61. TRANSMITTAL OF FOREIGN EXCHANGE INSTRUMENTS**

1. No foreign exchange instrument shall be transmitted across the customs boundaries or frontiers of Ethiopia unless there is a written authorization of the Exchange Controller.

2. Such written authorization shall not be required in the case of;
  - a) Temporary visitors such as tourists and businessmen who have not stayed in Ethiopia for more than 183 days in the aggregate in any one year and who produce evidence, that on entry into Ethiopia, they have declared the foreign exchange they want to take out;
  - b) Foreign exchange instruments issued by or bearing the stamp of an authorized bank; and
  - c) Cheques drawn on his foreign account to meet his outstanding personal commitments or obligations abroad by a resident of Ethiopia who is not prohibited from maintaining an account abroad provided that such cheques are not drawn in favor of persons resident in Ethiopia.

## **62. FORMS OF AUTHORIZATION OF FOREIGN EXCHANGE**

Authorization for the transmittal of foreign exchange may be given by; Exchange Control in the form of a specific certificate which should accompany the foreign exchange or be produced on demand by the Customs authorities or, in the case of a departing passenger, by endorsement in the passport of the applicant.

## **63. NEGOTIABLE AND NON-NEGOTIABLE INSTRUMENTS EXPRESSED IN BIRR**

1. The written authorization of Exchange Control shall be obtained for the export or transmittal across the customs boundaries of Ethiopia of any negotiable or non-negotiable instruments except in the case of authorized banks who want to export or transmit their instruments for their own account.
2. Application for such authorizations shall contain information regarding the owner of the securities, negotiable or non-negotiable instruments to be exported, the country of residence of the beneficial owner, and the reason for the export.

## **CHAPTER VIII**

### **PAYMENT FOR INVISIBLES**

## **64. SALARY TRANSFERS BY FOREIGN EMPLOYEES WORKING WITH THE GOVERNMENT OR WITH A PARASTATAL ORGANIZATION**

1. Foreign employees working with parastatal organizations, departments of the Government, co-operatives and collective associations are entitled to remit monthly 30% of their net earnings for the duration of their contract of employment on submission of their contract of employment to Exchange Control.
2. Foreign employees working for the private sector may remit abroad 30% of their net salary earnings only for the first three years of their contract of employment in Ethiopia.
3. No natural or juridical person including governmental and parastatal organizations shall enter into an employment contract that entitles a foreign employee to remit abroad savings in excess of the amounts laid down in sub-article (1) of this article or article 65.
4. Expatriate employees who are not foreign employees as defined in these regulations are not entitled to monthly remittance but they are entitled to remittance under article 69 on final departure.

#### **65. MAXIMUM REMITTABLE SAVINGS**

1. The amount that a foreign employee can take out of Ethiopia during the term of his service and upon final departure shall not exceed the aggregate itemized below;
  - a) Single with free accommodation 50% of the total net earnings;
  - b) Single without free accommodation 45% of the total net earnings;
  - c) Married with free accommodation 45% of the total net earnings;  
and
  - d) Married without free accommodation 40% of the net earnings,
2. In sub-articles 1(a) and (1) (c) of this article the value of free accommodation shall not be included in the total net earnings in calculating the remittable savings;
3. Lump sum payments such as gratuity and accumulated leave pay shall not be included for remittance purposes except in the case of foreign employees in the public sector.

**66. TRANSFER OF ARREARS**

No. arrears shall be transferred under the proceeding articles unless an applicant can prove that he was assigned in an areas where monthly remittance could not be made because of the absence of banking facilities.

**67. NON TRANSFERABILITY OF PERMITS**

Permits for the remittance of savings abroad are not transferable to other persons.

**68. RETURNING FOREIGN EMPLOYEES AND OTHER EXPATRIATE EMPLOYEES**

No foreign exchange remittance for whatever purpose shall be availed to foreign employees and other expatriate employees returning to Ethiopia before completion of a minimum stay-away period of four years, accepting those who are indispensable to the public sector as mutually agreed between Exchange Control and the employing Government agency, unless they bring back in convertible foreign exchange the amount that they had taken out at the time of their last departure, less reasonable living expenses for the period they stayed outside Ethiopia.

**69. AMOUNT TO BE TAKEN OUT ON FINAL DEPARTURE**

- (1) Foreign employees may take out on final departure the balance between the sums they remitted monthly and the maximum they are entitled to remit under article 65.
- (2) Expatriate employees who are not foreign employees may take on final departure the maximum amounts stated in article 65. However, they cannot take out more than Birr 40,000 (forty thousand Birr) in any one year.
- (3) Foreign exchange permit under this article may not be given unless a valid, non re-entry exist visa and other travel documents are produced to Exchange Control for annotation.

**70. DOCUMENTS TO BE PRESENTED**

At least two weeks before the anticipated date of departure foreign employees and other expatriate employees should lodge an application with Exchange Control accompanied by;

- (1) Tax receipts or other documents that can prove the payment of taxes due;
- (2) Bank account statements showing regular build up of excess savings, spread over the period of their stay in Ethiopia to prove excess savings over the above the monthly salary transfer, and other expenditures;
- (3) The value of personal effects, household goods, utensils, fittings and equipment locally acquired that are to be taken out from the country on final departure for the purpose of deducting them from the total remittable sum;
- (4) Certificate from employers stating the period of employment, the gross and net earnings and confirming that all applicable taxes have been paid; and
- (5) Any other documents required by Exchange Control.

#### **71. FEES AND COSTS FOR A TEMPORARY SERVICE BY FOREIGNERS**

- (1) No person shall enter into firm financial commitment involving payment of foreign exchange with a foreign person or institution for the temporary employment of foreign service without the prior consultation; with the bank in the case of the Government, and approval by the Bank in all other cases.
- (2) Where approval for the temporary employment of a foreign service may be obtained, the local employer shall buy the round trip ticket from local travel agencies.
- (3) Applications to enter into firm financial commitments with foreign persons or organization to employ a foreigner shall include, inter-alia, information as to the purpose and duration of the temporary employment, detail of costs and basis of selection duly supported by photocopies of correspondences exchanged between the applicant and the foreign institution or person regarding the acquisition of the service.

#### **72. EDUCATIONAL EXPENSES**

- (1) Students with valid student visa leaving Ethiopia for study abroad may be allowed foreign exchange up to the equivalent of Birr 500 (five hundred Birr)

- (2) Ethiopian nationals having dependents pursuing higher studies in an accredited or specialized professional, academic or training schools abroad may be allowed to remit funds to meet school fees and reasonable cost of living on submission to Exchange Control of the appropriate foreign exchange application form duly completed and signed by the applicant.
- (3) Such application for foreign exchange shall be supported by a certificate that embodies details of the various costs involved for a given academic period, signed by the principal or top executive of the educational institution concerned and attested by the presentation of a valid exit visa from the nearest Ethiopian diplomatic mission. The studies the student pursues should be in line with the national interest of Ethiopia.
- (4) From the academic year 1977 onwards, a student going abroad for studies should deposit with Exchange Control a letter from the Ministry of Education confirming that he has been permitted to go abroad for the stated purpose paying his own school fees and living, expenses or either of them, in addition to the requirements stated in sub-article (2) of this article.

### **73. STUDENTS OR TRAINEES SENT ABROAD BY THE GOVERNMENT**

Students or trainees sent abroad by the Ethiopian Government may obtain foreign exchange upon the request of the concerned Government Department.

### **74. STUDY BY CORRESPONDENCE**

A person pursuing a course of study not given in the place where the applicant resides through correspondence with accredited institution may be allowed foreign exchange to meet fees and related costs on presentation to Exchange Control of the necessary documents.

### **75. FOREIGNERS**

Foreigners engaged in necessary activities not entitled to remit 30% of their net monthly earnings under article 64 may remit upto 30% of their net earnings for the education of their children abroad.

### **76. BORROWINGS FROM ABROAD AND REPAYMENTS THEORY**

- (1) No person may enter into a foreign loan contract without the prior consultation with the Bank in the case of the Government and approval by the Bank in all other cases. Where a loan contract is entered into

without fulfilling the requirements of this article foreign exchange for the repayment of the loan may be denied.

- (2) Foreign loans may be approved by the Bank provided the necessary funds cannot be availed or obtained locally and terms and conditions of the loans are reasonable.
- (3) Application to borrow funds from sources outside Ethiopia shall be addressed to the Exchange Controller and shall include such information as the magnitude of the sum to be borrowed, the purpose of the loan, the rate of interest and other costs, terms of repayment, nationality, name and address of the lending person or institution, relation between borrower, lender and the collateral or lien given and photo-copies of letters from local banks, rejecting the desired loan.
- (4) On approval of such foreign loan, the local borrower shall be served with a letter of authority from that Exchange Controller and upon receipt of the funds in Ethiopia the borrower shall produced a copy of the local banker's advice to Exchange Control for recording purposes.
- (5) Subsequent applications for foreign exchange for the repayment of the approved foreign loan shall be accompanied by photo copy of the Exchange Controller's letter of authority and local banker's advice of credit.

## **77. INSURANCE OR REINSURANCE ABROAD**

Foreign exchange shall be made available only to the Ethiopian Insurance Corporation to settle premium owed to foreign insurance or reinsurance firms provided the application for foreign exchange by the Ethiopian Insurance Corporation is accompanied by copies of its treaties abroad and the Bordeaux containing date, policy number, name of the assured, goods or property insured, particulars of risks covered, duration of cover, total value covered, total premium collected, portion of total premium due to the Ethiopian Insurance Corporation, deductible items from the share due to the foreign underwriter and net final amount due to the foreign insurance company.

## **78. PREMIUMS ON LIFE POLICIES**

Foreign exchange shall be availed for the payment of premiums on life policies taken up abroad prior to April 1962 by residents of Ethiopia for themselves or their dependents provided the insured register their life policies and undertake together with the beneficiaries of the policies that they shall repatriate into Ethiopia the whole proceeds of the life policies on maturity.

**79. LOCAL AGENTS OF FOREIGN INSURANCE FIRMS**

Local agents of foreign insurance firms engaged in the appraisal and assessment of losses arising from theft, pilferage, short-landing and other damage covered by a policy shall number their statement of assessment consequently and deposit a copy thereof with Exchange Control.

**80. PAYMENT OF ROYALTIES**

- (1) Payments of royalties for the use of a foreign patent or for the transfer of technology shall be allowed provided such payments are deemed reasonable by the Bank.
- (2) Persons or organization intending to use patent involving foreign exchange shall consult the Exchange Controller and obtain his written approval before they enter into firm commitment.

**81. TRANSFERS OF PROFITS AND DIVIDENDS**

- (1) Non-Resident foreign nationals who earn profits or dividends from recognized foreign investments shall be entitled to have a reasonable share of their profit or a reasonable return on their capital, as deemed necessary and applicable, remitted abroad on condition that the following documents are submitted;
  - (a) Extraction of the minutes of the Board of Directors or an equivalent body distributing the profit or declaring dividend duly signed by the chairman or secretary of the Board to authenticate the decision.
  - (b) Copy of the usual closing financial documents duly audited by an independent third party auditing institution permitted to operate in Ethiopia.
  - (c) Photo-copy of Exchange Controller's letter recognizing the foreign investment;
  - (d) Photo-copies of tax receipts evidencing the payment of all taxes due to the government; and
  - (e) Any other document of evidence that the Exchange Controller may require.

- (2) Branch Offices of foreign companies operating in Ethiopia desirous of repatriating foreign exchange shall fulfil the requirements enumerated under (b-e) in sub-article (1) of this article.

## **82. PAYMENT FOR AND REFUND TRAVEL TICKETS**

1. Carriers under articles 83-384 may not sell a travel ticket in Birr to a non-resident passenger unless specifically authorized by Exchange Control or unless the non-resident passenger proves that the local currency has emanated from foreign exchange lawfully exchanged with an authorized bank in which case the Photostat copy of the exchange slip must be forwarded to Exchange Control.
2. The refund of a travel ticket in full or in part either within or outside Ethiopia is prohibited unless authorized by Exchange Control.

## **83. AIR CARRIERS OF FOREIGN NATIONALITY**

Documents required by Exchange Control support of applications for foreign exchange for the remittance abroad of excess earnings by agents or branches of foreign nationality include;

1. Statement of sales showing date of sale, ticket or air-way bill number, name of passenger or consigned, nationality, passport number, exit visa number, destinations, and all local costs, and agents' commission deducted as applicable from the total sales to arrive at the net remittable amount.
2. Copy of the passenger manifest duly attested by the official signature and seal of the Immigration Office;
3. Copies of travel coupons or non-negotiable copies of air-way-bills shall be appended to the sales statement which must be audited by an independent party or signed and sealed "true and correct" by the branch manager or agent as the case may be; and
4. Any other applicable document that the Exchange Controller may deem necessary to process a particular application for foreign exchange.

## **84. SEA CARRIERS OF FOREIGN OWNERSHIP**

Applications for foreign exchange for payment of freights by agents or branch offices of foreign sea transport companies engaged in the conveyance of cargo originating from the destined to Ethiopia shall be

completed, signed and sealed with the office stamp of the applicant and shall be supported by documents which include the following;

1. A signed and sealed statement by the actual importer or exporter in Ethiopia giving such information as the full description of the exchange control permit number, type and quantity of cargo conveyed, date of shipment, bill of lading number, name of carrier, port of loading and unloading, name and address of the foreign buyer or seller as applicable, basis of sale or purchase, total sum in Birr actually paid for the sea conveyance of the goods;
2. Statement showing freight actually collected for local customers, date and number of bill of lading, name of local shipper or consignee as applicable, number, type and quantity of goods conveyed and import or export permit number as applicable, local costs such as port dues, bunkering, ship supplies paid for by the local branch office or agent, cash payment to the crew, agents' commission or in the case of a branch office, salaries and wages, allowances, light, water taxes, tolls, and insurance shall be deducted from total freight actually collected to arrive at the net remittable amount. Such statement has either to be audited by a third party auditor or signed "true and correct" by the agent or by the local branch manager as may be required by the Bank:
3. Authentic non-negotiable copies of bill of lading, and
4. Any other document that the Exchange Controller may, from time to time or from case to case, deem necessary for the proper analysis of foreign exchange applications lodged with Exchange Control for the transfer of freight.

## **85. TOUR OPERATORS**

For the purpose of effective foreign exchange control tour operators shall; -

1. Inform the exchange Control of the various arrangements they conclude with foreign organizations for the conduct of a package tour with a local or foreign airlines;
2. Submit on a fort nightly basis regarding expatriate tourists;
  - a) name of tourist,
  - b) nationality,
  - c) Pass-port number,
  - d) Type of visa,
  - e) Residence card number,

- f) Last entry date into Ethiopia and expiry date of visa, and
  - g) Photo copies of exchange slip in the case of temporary visitors to Ethiopia; and
3. Declare and have remitted forthwith through an authorized bank earnings collected on their behalf by their counter-parts abroad for services they render to group tourists.

**86. TRANSFER OF FOREIGN EXCHANGE BY DIPLOMATIC MISSIONS AND INTERNATIONAL ORGANIZATIONS**

Diplomatic missions and international organizations (with diplomatic status or with privileges bestowed upon them by the Government to remit foreign exchange like any diplomatic organization) including their officials but including their officials but excluding their locally employed personnel with no diplomatic privileges may remit funds abroad provided that;

- a) The funds requested for remittance abroad by the diplomatic mission or an international organization does not exceed the amount received from outside sources less local costs and expenses for any given time, and
- b) The officials working in the above organizations derive the funds they want to remit abroad wholly from a source outside Ethiopia and the amounts applied for represent their income less local costs of living.

**87. GENERAL TRANSFERS**

The head of Exchange Control Office may avail foreign exchange to private firms and individuals for the purchase of small items

**CHAPTER IX**

**TRANSFERABLE ACCOUNTS**

**88. NON-RESIDENT TRANSFERABLE BIRR ACCOUNT AND NON-RESIDENT FOREIGN CURRENCY ACCOUNT**

- (1) With the authorization of exchange control authorized banks may maintain non-resident transferable Birr accounts or Non-Resident Foreign Currency Accounts in the name of persons, corporate bodies, institutions and diplomatic organizations falling within the following categories;

- (a) foreign embassies, legations and consulate, and Honorary consulates;
  - (b) United Nations Organizations and the Organization of African Unity;
  - (c) Non-Residents of Ethiopia (i.e. persons, corporate bodies or institutions whose permanent places of domicile are in a foreign country and who are actually resident outside Ethiopia;
  - (d) Residents of Ethiopia's who qualify for the remittance of funds abroad; and
  - (e) Non-Resident Ethiopian National working in various fields outside Ethiopia.
  - (f) N/R foreign nationals residing abroad can open F/CY a/c.
- (2) All funds credited to the accounts in this article may be transferred without the necessity of obtaining Exchange Control Permit.
- (3) Overdrawing of transferable accounts is prohibited.
- (4) The maintenance of both Non-Resident Transferable Birr Account and Non-Resident Foreign Currency Account at the same time is prohibited.

#### **89. OPENING OF F/CY TRANSFEABLE ACCOUNTS**

- (1) Applications through authorized banks to establish Non-Resident Foreign Currency or Birr Accounts in the name of persons under article (1) (c) shall be supported by a letter form that appropriate organizations certifying that the applicant is an official member of the organization with a passport or its equivalent.
- (2) Applications to establish Non-Resident Accounts in Birr or foreign currency in the names of persons, corporations bodies or institutions shall be made in duplicate and shall contain the name of the applicant in full, his permanent address, nationality, occupation and nature of business.

#### **90. ENTRIES TO TRANSFERABLE ACCOUNTS**

- (1) Non-resident Transferable Birr and foreign currency accounts shall be credited only with the following items
- (a) Foreign exchange from abroad;

- (b) Payments from residents of Ethiopia effected under specific authorization of Exchange Control; and
  - (c) Payments from other Non-Resident Accounts.
- (2) An exchange commission of 1.5% shall be charged by authorized banks on credits to Non-Resident Transferable Birr or Foreign Currency Account under sub-article (1) (b) of this article.
- (3) Non-Resident Transferable Foreign Currency and Birr Accounts shall be debited with the following:
- (a) Payments to residents of Ethiopia in Birr;
  - (b) Drawings in Birr-notes and coins
  - (c) Sale of any foreign exchange by an authorized bank;
  - (d) Payments to other Non-Resident Accounts;
  - (e) Bank charges, if any, levied by authorized bank; and
  - (f) Cheques drawn in favour of any person resident outside Ethiopia.

**91. STATEMENTS OF TRANSFERABLE ACCOUNTS**

Authorized banks shall furnish Exchange Control at the end of each Gregorian Calendar month with a statement showing the total outstanding credit balances of Non-Resident Accounts at the end of the preceding and current months and the total debits and credits to such accounts during the current month. Such statements shall be submitted within fifteen days after the end of the month under review, together with any relative utilized Exchange Control permits.

**92. CHEQUES TO BE USED FOR TRANSFERABLE ACCOUNTS**

Authorized banks shall ensure that all cheques issued for use by Non-Resident Accounts holders are distinctively marked "N.R".

**93. CHEQUES ISSUED IN FAVOUR OF RESIDENTS**

Authorized banks shall not honour a Non-Resident Account cheque drawn or endorsed in favour of a resident who does not hold a similar account and is subsequently transmitted to them by a correspondent bank abroad with

request to credit the account of the latter. Where such irregularities occur they shall be reported immediately to the Exchange Controller.

## **CHAPTER X**

### **TRANSIT EXPENSES**

#### **94. TRANSIT EXPENSES ON IMPORTS**

1. a) Foreign Exchange to meet transit expenses incurred outside Ethiopia effected on C & F and C.I.F. shall be availed provided that the application for foreign exchange is accompanied by transit invoice, final supplier's invoice, customs declaration, customs receipt, rail-way-bill, truck manifest and the air-way-bill.
- b) Where the requirement of presentation of documents to Exchange Control to prove entry of goods into Ethiopia precedes request for foreign exchange for transit expenses, the application for foreign exchange shall be accompanied only by transit invoice and a clearance certificate from the Import Division
3. Application for foreign exchange for transit of imports on such basis as FOB, Ex- foreign inland point of delivery shall be considered on individual basis.

#### **95. TRANSIT EXPENSES ON EXPORTS**

1. Foreign Exchange to meet transit expenses incurred in Djibouti for exports effected in FOB, C & F and C.I>F. through Djibouti shall be availed provided the application for foreign exchange is accompanied by rail-way-bill, truck manifest or air-way-bill transit invoice, copy of bill of lading and any other document that the exchange control may request.
2. Exports effected on arrangements other than those mentioned in sub-article (1) of this article shall be considered on individual basis by Exchange Control.

#### **96. PAYMENT FOR FREIGHT**

Where the basis of shipment becomes subsequently amended from FOB to C & F or CIF through a mutual agreement between buyer and seller concluded with the prior written authority of Exchange Control, the application for foreign exchange for the remittance abroad of freight due to a foreign carrier shall be submitted on a form prepared for this purpose and shall be supported by:

- a) Photo-copy of the prior written Exchange Control approval,
- b) Copy of the bill of lading and,
- c) Invoices from the foreign shipping company or agent.

## **CHAPTER XI**

### **SURRENDER OF COMMISSION AND OTHER FEES EARNED ABROAD**

#### **97. SURRENDER OF FOREIGN EARNINGS**

1. Commission agents, importers, or exporters operating in Ethiopia shall surrender through an authorized bank any commission and fees earned abroad in foreign exchange resulting from business transactions concluded through them.
2. Exporters and importers shall submit to Exchange Control at the end of each Gregorian calendar month a statement to be prepared in a prescribed form showing details of business transacted through them and on which they have earned commission.
3. Commission agents shall submit to Exchange Control at the end of each Gregorian calendar month a statement to be prepared in a prescribed form showing details of all businesses transacted by them.
4. Statements prepared under sub-articles 2-3 of this article shall be accompanied by a copy of the agency agreement, copies of local bank credit advices and other documents that may be required by Exchange Control.

## **CHAPTER XII**

### **EXEMPTIONS**

#### **98. EXEMPTIONS FROM THE REQUIREMENT TO REPATRIATE FOREIGN EXCHANGE**

1. Persons who export the following items are exempted from the requirement of repatriating foreign exchange to Ethiopia.
  - a) a limited quantity of souvenir items of reasonable values which a tourist or other visitor who has not stayed in Ethiopia for more than 183 days in the aggregate in any one year may have purchased with local currency that was lawfully exchanged from foreign exchange with an authorized bank.

- b) Household goods, personal effects and souvenirs of an emigrant authorized by Exchange Control to be taken out of Ethiopia;
  - c) Souvenirs, products or manufactures of Ethiopia that do not exceed the aggregate value of Birr 250 which a resident of Ethiopia with a re-entry visa going abroad may wish to take with aim as gifts for friends. In the case of coffee the weight to be taken out shall not exceed two kilos per adult passenger;
  - d) Samples of Ethiopian products or manufactures sent abroad for the purpose of promoting exports;
  - e) Machinery or equipment, or spare parts thereof, sent abroad for repair and to be subsequently re-imported subject to a guarantee deposit of 10% of its replacement value or net book value, whichever is higher, in a blocked bank account, in the case of private sector, or a letter of guarantee from the exporting department, in the case of the public sector, to be released on presentation to Exchange Control of evidence providing the re-importation of the items.
  - f) Machinery, technical equipment or any other item and spare parts thereof exported from Ethiopia having been originally imported on Franco Valuta for specific use under a Government development or industrial project, subject to the fulfillment of the conditions laid down in article 58;
  - g) Motor vehicles to be taken abroad by residents of Ethiopia for use on vacation or private business, subject to 20% deposit of the assessed value; and
  - h) Items imported into Ethiopia on Franco Valuta basis for repair purposes provided the repair cost has been paid in foreign exchange.
2. Except in the case of sub-articles (a) (a) and (c) of this article application shall be submitted for export free from foreign exchange repatriation requirement.

### **CHAPTER XIII**

### **MISCELLANEOUS**

#### **99. ETHIOPIAN NATIONALS RESIDING IN ETHIOPIA**

No Ethiopian nationals resident in Ethiopia shall maintain a bank account abroad.

**100. PROVISION OF FOREIGN EXCHANGE**

The entitlement to foreign exchange under these regulations is subject to availability of foreign exchange.

**101. PENALTY**

Any person failing to discharge his obligations to the Bank may be denied foreign exchange and legal action may, in addition, be instituted.

**102. EFFECTIVE DATE**

These regulations shall enter into force on January 5, 1977.

Legesse Tickeher  
Governor  
National Bank of Ethiopia

**AMENDMENT TO NOTICE NO. 1/1977**  
**No. 1/1977**

Art. 49(5) in the Foreign Exchange Regulations issued under Notice No. 1/1977 dated January 5, 1977, is here by repealed.

Legesse Tickeher  
GOVERNOR

February 14, 1977

**AMENDMENT TO NOTICE NO. 1/1977**  
**No. 2/1978**

Article 35 (2) of the Foreign Exchange Regulations issued under Notice No. 1/1977 is hereby amended as follows:

The annual remittable sum under Article 33 of this regulation shall not exceed Birr 20,000.

Legesse Tickeher  
GOVERNOR

May 17, 1978

**AMENDMENT TO NOTICE NO. 1/1977**  
**No. 3/1981**

Article 46 of the Foreign Exchange Regulations issued under Notice No. 1/1977 is hereby amended as follows:

Only persons leaving Ethiopia with a return travel visa or persons entering ito Ethiopia may carry with them Ethiopian currency up to Birr 10 (ten Birr).

TADESSE GEBRE KIDAN  
GOVERNOR

**AMENDMENT TO NOTICE NO. 1/1977**  
**NO. 4/1981**

Article 98 (g) in the Foreign Exchange Regulations issued  
under Notice No. 1/1977 dated January 5, 1977, is hereby repealed.

TADESSE GEBE KIDAN  
GOVERNOR

6 Nov, 1981

**NOTICE TO IMPORTERS****NO. 5/1982**

In accordance with the provisions of Articles 62(2) and 73 of the Monetary and Banking Proclamation No. 99/1976 and further to Article 49 of the Foreign Exchange Regulations dated January 5, 1977, importers are required to furnish the following additional documentation in respect of goods to be imported into Ethiopia.

1. where payment is to be made by Letter of Credit, the application for foreign exchange should be supported by manufacturers' or suppliers' proforma invoices showing separately details of the FOB cost of the goods and the freight charges prevailing at the time. However, at the time of shipment the final invoices and the Bill of Lading should indicate breakdown of the actual freight charges paid which must be supported by the carriers' invoice. Such conditions have to be incorporated in the Letter of Credit accordingly.
2. Where payment is to be made by cash against documents or on an acceptance basis or by clean transfer (mail or telegraphic), the application for foreign exchange must be supported by:
  - (a) Manufacturers' or suppliers' final invoices showing separately the FOB cost of the goods and details of the actual freight charges paid which should be substantiated by carriers' invoices; and
  - (b) Copies of non-negotiable bill of lading showing the required particulars including details of the actual freight charge paid.

TADESSE GEBRE KIDAN  
GOVERNOR

October 1, 1982

**NOTICE TO EXPORTERS****NO. 6/1983**

Notice is hereby given that on and after Monday, January 17, 1983, Articles 25 (1) (2) and 26 (2) under the Foreign Exchange Regulations dated January 5, 1977 are amended to read as follows:-

- 25 (1) Notwithstanding any agreement to the contrary bills of lading or any other document evidencing shipment of goods from Ethiopia to any foreign country shall be made out to the order of Commercial Bank of Ethiopia or the opening bank abroad.
- (2) Exporters or forwarding agents shall indicate in their shipping instructions to MTSC the name of the bank in whose order the bill of lading or any other equivalent document shall be issued in respect of the valuable goods to be shipped.
- 26 (2) The bank named in the shipment note shall cause the goods to be delivered by the carrier to a shipping or forwarding agent for shipment abroad through Djibouti port according to the particulars to be furnished by the exporter concerned on condition that the bill of lading shall be made out to the order of Commercial Bank of Ethiopia or the opening bank abroad and be delivered to the Commercial Bank of Ethiopia by the shipping or forwarding agent as the case may be under the responsibility of the exporter.

TADESSE GEBRE KIDAN  
GOVERNOR

January 11, 1983

**AMENDMENT TO NOTICE NO. 1/1977**  
**NO. 7/1983**

Articles No. 35 and No. 88 of The Foreign Exchange Regulations No. 1/1977 are hereby amended as follows;

The following new sub-article 4 is included in article 35. "4. The limit on the annual remittable sum stipulated in sub- article 2 of this article shall not apply to a joint venture established under proclamation No. 23/1983."

The following New Sub-article 1 (g) has been added to Article 88 " (g) A joint venture may be permitted to open foreign currency transferable or non transferable Birr account for the purchase of raw materials, equipment and spare parts not available in the local market and the manner of procurement of which has been determined in accordance with the joint venture agreement.

Documents proving the entry of the goods purchased from the proceeds of the above funds shall be produced to the Exchange Control Department as soon as the goods are received. Save in exceptional cases, submission of these documents will be condition precedent to lodging further requests to replenish the above accounts."

TADESSE GEBREKIDAN  
GOVERNOR

September 2, 1983.

**AMENDMENT TO NOTICE NO. 1/1977**  
**NO. 8/1983**

**NOTICE TO EXPORTERS**

Notice is hereby given that on an after Monday, November 14, 1983, Article 25 (1) and (2) under Notice No. 6/1983 dated January 11, 1983 is amended to read as follows:-

- 25 (1) Notwithstanding any agreement to the contrary, bills of lading, airway bill or any other document evidencing shipment of goods from Ethiopia to any destination abroad shall be made out to the order of Commercial Bank of Ethiopia or the opening bank abroad. However, in the case of wild animals shipped by air, airway bills shall be made out in the name of the buyer provided payment is made in advance and/or against letter of credit providing payment at the counter of negotiating bank and authorizing reimbursement by telex.
- (2) Exporters or forwarding agents shall indicate in their shipping instruction to Maritime and Transit Services Corporation (MTSC) the name of the bank and/or the buyer in the case of wild animals in whose name the bill of lading, airway bill or any other equivalent documents shall be issued in respect of the valuable goods to be shipped.

TADESSE GEBRE KIDAN  
GOVERNOR

November 10, 1983

**AMENDMENT TO NOTICE NO. 1/1977****NO. 9/1983**

A new sub-article (2) is added to Article 101 of the Foreign Exchange Regulations of 1977.

3. Notwithstanding that he may be liable to other civil and/or criminal liabilities, foreign exchange for whatever purpose may be denied to any person, physical or juridical who;
  - a) does not repatriate foreign exchange (as defined in proclamation No. 99/1976) to which he or a person for whom he acts is entitled
  - b) does not declare transaction in foreign exchange (as defined in proclamation No. 99/1976) which he or a person for whom he acts has;
  - c) alone or in collaboration with others, obtains foreign exchange permit, or has written off foreign exchange commitment fraudulently;
  - d) arrange, participates or acquiesces in over-invoicing imports or under-invoicing exports irrespective of whether his role in the deal is as exporter, importer, commission agent or in any other capacity.

The above punishment will also be applied to a principal acting through other persons in whatever capacity if the act is perpetrated with his connivance.

TADESSE GEBRE KIDAN  
GOVERNOR

December 19, 1983

**EXCHANGE CONTROL****Amendment No. 10****Amendment to Notice Number 1/1977**

Article 39 - 44 of Notice Number 1/1977 are replaced by the following articles.

**39. BUSINESS TRAVEL**

- (1) Foreign Exchange for business trips shall mainly be made available to exporters and import-substituting manufacturing industries. In exceptional cases, however, foreign exchange may be granted to importers of essential industrial goods.
- (2) Application for foreign exchange for business trip shall be accompanied by:-
  - a) Valid travel documents,
  - b) Itinerary showing the number of days applicant intends to stay in each of the countries proposed for visit.
  - c) Details of the object of the trip and justification that it cannot be accomplished satisfactorily through correspondence or in any other way being in Ethiopia and therefore personal contact is necessary.
- (3) As far as possible foreign exchange for business trip will be limited to one individual per trip and one trip per organization in each year.

**40. Before foreign exchange is granted for business trip abroad, the applicant and his organization shall:**

- (1) Sign an undertaking to the effect that he shall surrender any unutilized foreign exchange to an authorized bank and to submit his passport to Exchange Control immediately upon his return to Ethiopia for the cancellation of the undertaking. He shall also give a written report of his accomplishments during his trip abroad.
- (2) Make a clearance deposit in Birr of 100% of the value of foreign exchange granted in blocked account in the name of the Bank.

**41. PENALTY**

In addition to legal action that may be taken under article 101 of the Foreign Regulation No. 1/1977.

- (1) Failure to fulfill the requirements in article 40 (1) within a maximum period of one year will result in forfeiture of the clearance deposit.
- (2) Notwithstanding the forfeiture of the clearance deposit no further foreign exchange shall be provided to the traveller personally or to the organization for which he works so long as he fails to account for the utilization of the foreign exchange granted to him.
- (3) Under no circumstances shall money forfeited under sub-article (2) of this article be refunded. Subsequent presentation of required evidence as to utilization of foreign exchange or surrender of same will result only in lifting up of the restriction of foreign exchange availment.
- (4) The names of individuals and organizations having outstanding foreign exchange commitment will be posted at the Bank in a conspicuous place after ninety days from the date on which the foreign exchange was granted and remain so posted as long as deemed necessary by the Bank.
- (5) If no written report is submitted as required under article 40 (1) or the report submitted is not satisfactory foreign exchange may be denied both to the traveller and to his organization.

**42. LIMIT OF ENTITLEMENT**

Foreign exchange granted for business trip abroad shall not exceed the equivalent of Birr 125.- (one hundred and twenty five Birr) per person per day for a maximum of 20 (twenty) days.

**43. MEDICATION FEE**

- (1) Under the confirmation of the medical board of the Ministry of Public Health that a patient cannot be treated in Ethiopia and therefore must go abroad for treatment and subject to compliance with article 44, Exchange Control may grant him initially foreign exchange up to the maximum equivalent of Birr 5,000.-. Where possible, payment is to be made to the center where treatment is to be carried out.

- (2) The Bank may provide additional foreign exchange to a patient who runs short of money while being treated abroad and who accompanies his application for additional foreign exchange by such documents as medical or hospital bills showing how the foreign exchange initially granted was expended and a medical certificate issued and signed by the attending specialist or medical center giving estimate of the medication fee that may be needed in the immediate future. The total sum granted will not exceed 10,000 Birr (Ten thousand Birr). In their own interest patients seeking medical treatment abroad are advised to go to countries where cost of living and medical charges are cheaper.

#### **44. UNDETRAKING**

Before foreign exchange is made available to a patient, he shall:-

- (1) Sign an undertaking to submit medical bills, hospital accounts, documents evidencing equipment bought by order of medical doctor or medical center, and maintenance expenses incurred as an out-patient to the exchange control and that he shall surrender or account for any foreign exchange granted to him and that he shall pay in Birr 200% (two hundred percent of any foreign exchange not surrendered or accounted for, and
- (2) Produce a guarantor acceptable to the Bank Who shall be jointly and severally liable.

#### **44.A PRESUMPTION AND PENALTY**

- (1) Unless satisfactory evidence to the contrary is produced, patient who has not accounted for or not surrendered within six months foreign exchange granted to him shall be presumed to have defaulted and legal action may be taken against him and/or his guarantor.
- (2) In addition to the penalty imposed under article 44(1), no foreign exchange shall be granted both to the patient who has defaulted and his guarantor.

TADESSE GEBRE KIDAN  
G O V E R N O R

JANUARY 24, 1985.

**EXCHANGE CONTROL**

**Amendment No. 11**

**Amendment to Notice Number 1/1977**

Article 45 of the Foreign Exchange Regulations issued under Notice No. 1/1977 dated January 5, 1977 is hereby repealed.

Tadesse Gebre Kidan  
G O V E R N O R

August 1, 1985

February 11, 1987

**EXCHANGE CONTROL**  
**AMENDMENT NO. 12**  
**AMENDMENT TO NOTICE NUMBER 1/1977**

The following two articles are inserted following Article 85.

**Art. 85 (A)**  
**ACCEPTANCE OF CREDIT CARDS**

1. Service organizations such as hotels, tour operators, airline offices approved specifically for this purpose by the Exchange Controller (hereinafter referred to as Approved Organizations) may accept first class credit cards approved by the Exchange Controller in payment for services rendered by them.
2. Before service organizations enter into agency or representation agreement with issuers of credit cards they shall submit the draft agreements for approval by the Exchange Controller both as to the acceptability of the contracting parties and the contents of the agreements.

**Art. 85 (B)**  
**METHODS OF COLLECTION**

1. Approved organizations shall send copies of the Charge Record Form and the Charge Summary, together with other Documents that may be necessary for payment, to the Commercial Bank of Ethiopia which shall in turn be arranged forward them to the issuers of the credit cards.
2. Unless specific waiver is obtained from the Exchange Controller, the issuers of credit cards shall provide in their representation agreements to credit Commercial Bank of Ethiopia's account designated for this purpose with the total sum under sub-article one of this article less the charges allowed by the Exchange Controller in the approved agreement.

3. The Commercial Bank of Ethiopia shall credit Approved Organizations' accounts in Birr for the total foreign currency credited or to be credited to its account under sub-article two of this article less its own normal charges, if any.
4. For control and follow up purposes, Approved Organizations shall send detailed statement of credit card transactions to the Exchange Control Department on the same date of dispatch of the document to CBE in accordance with sub-article one of this article.

Tadesse Gebre Kidan  
Governor

**Exchange Control Notice No.13****UAPTA TRAVELLERS CHEQUES: NOTICE AND INSTRUCTIONS****1. APPOINTMENT OF AGENTS**

- a) The Commercial Bank of Ethiopia is appointed agent of the Eastern and Southern African Trade and Development Bank (PTA Bank) in Bujumbura, Burundi, to sell UAPTA Travelers cheques.
- b) The interest of the PTA Bank in Ethiopia in respect of the UAPTA Travelers Cheques are vested in the National Bank of Ethiopia. Accordingly, the National Bank of Ethiopia shall be the link between the agent for UAPTA Travelers Cheques in Ethiopia and the P.T. Bank in Bujumbura, Burundi.

**2. USE OF UAPTA TRAVELLERS CHEQUES**

- a) UAPTA Travelers Cheques shall be issued to all travelers within the PTA member states namely: Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Rwanda, Somalia, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe with effect from 1<sup>st</sup> August 1988. However, diplomatic corp. and holders of non-resident account traveling within the PTA shall be given the option of purchasing non-UAPTA traveler cheques.
- b) UAPTA Travelers Cheques shall be issued in accordance with the existing exchange control Regulations governing the use of foreign exchange.
- c) UAPTA Travelers Cheques shall be accepted and/or encashed by any agent authorized to deal in foreign exchange including hotels and lodges. The Travelers Cheques shall also be accepted by duty free enterprises and shall be used for payment of airport fees.
- d) On encashing UAPTA Travelers Cheques, authorized dealers shall charge the normal encashment commission.
- e) All agents and authorized dealers are requested to exhibit the required advertisement or notice to the effect that "UAPTA Travelers Cheques are sold and/or accepted" in the conduct or as part of their business.
- f) All agents and authorized dealers are required to display, on each day, the rulling UAPTA/local currency exchange rates.

2<sup>nd</sup> June 1988

Legesse Motta  
Vice Governor

**CLARIFICATION ON THE QUERRIES RAISED BY DEPLOMATIC MISSIONS AND INTERNATIONAL ORGANIZATIONS UNDER THEIR LETTER OF MAY 25, 1979 CONCERNING THE OPENING OF NON-RESIDENT FOREIGN CURRENCY, NON-RESIDENT TRANSFERABLE BIRR AND NON-TRANSFERABLE BIRR ACCOUNTS...**

- 3(a) The maintenance of only Transferable Birr Account in the case of Foreign Embassies, Consulates (excepting honorary Consulates) Legations and Intonations, Organizations, official members of Diplomatic Corps holding Diplomatic Passports and their equivalent working in different U.N. Organizations and O.A.U. (excepting Ethiopian Nationals) is adequate. However, they can, if they wish, open Foreign Currency Account.

Staff members of Diplomatic Missions and U.N. Organizations who are not holders of Diplomatic Passport or its equivalent including locally recruited foreign nationals can open only Non-Transferable Birr Account to meet their local expenses. It should be understood, however, that the account is designated as " Non-Transferable Birr Account" to indicate the fact that its convertibility is not automatic but must be approved by the Exchange Controller.

These measures are intended to ensure that Diplomatic Missions and International Organizations and their staff members meet their local expenses from funds emanating from a broad thus in the process thwarting any unscrupulous attempts to meet local expenses from dubious local sources.

- 3(b) We agree the Foreign Currency Accounts are duplicates of the Transferable Birr Accounts. Since the transferable Birr Account is fully and effectively convertible for all practical purposes persons or Organizations entitled to open Transferable Birr Accounts may, therefore, opt to close their Foreign Currency Accounts.

We do not accept the contention that "a single Birr Account is sufficient" in view of the fact that such an account cannot ensure that sort of Control described in 3(a) above. In fact this is the essence of the new Directive. We believe that all concerned bodies will cooperate with us to make our new controlling system successful.

- 3(c) As regards bank commission, we would like to make the following clarifications:
1. If a Foreign Currency Account holder receives foreign exchange from abroad for his Foreign Currency Account, exchange commission will not be charged.
  2. If a Foreign Currency Account holder receives foreign exchange remittance from a broad for his Transferable Birr Account or Non-Transferable Birr Account then the usual exchange commission of 0.5% will be levied.

3. When a Foreign Currency Account holder wishes to transfer funds from his Foreign Currency Account to his Transferable Birr or Non-Transferable Birr Account the usual exchange commission of 0.5% will be levied.
4. Any remittance effected abroad from Foreign Currency and Transferable Birr Accounts will not be charged with exchange commission. However, in case of issuing Traveller's checks, Drafts and etc. the usual correspondent bank charges and other service charges will be levied.
5. Any application for Foreign Exchange by the debit of Non-Transferable Birr Account, as indicated in 3(d) below is subject to prior exchange control approval. But no exchange commission will be levied.
6. Any transfer of funds from Transferable Birr Account to Foreign Currency Account or from Transferable Birr to Non-Transferable Birr Account or (only in the case of Diplomatic Missions, International Organizations and persons having diplomatic status) from Non-Transferable Birr Account to Transferable Birr Account, will not be charged with exchange commission. However, it should be noted that transfer from Non-Transferable Birr Account to Transferable Birr Account requires the specific authorizations of the Exchange Controller.

3(d) According to the Foreign Exchange Regulation of 1977, a foreigner who has a regular income from within or outside Ethiopia may take out a certain amount in foreign exchange when he/she travels abroad for vacation or at the end of his/her final departure. Therefore, persons who maintain a Non-Transferable Birr Account will not encounter any problem to convert their local currency into foreign exchange at the time of their travel abroad for vacation provided their formal application is submitted to the Exchange Control and approval.

Moreover, those who would like to take their savings at the end of their tour of duty may submit to the Exchange Control their statement of income with supporting evidences from their employers at least two weeks prior to their anticipated departure.

- 3(e) For the information of Diplomatic Corps and International Organizations, recipients of Non-Transferable Birr checks, other than those authorized to maintain such accounts under this directive, will not be allowed to open Non-Transferable Birr Account. They can either cash them into Birr or deposit them into their local accounts.
- 3(f) A Transferable Birr Account is an account that can easily be converted into foreign exchange at any time without any restriction or prior approval of the Exchange Control.

Funds in Non-Transferable Birr Account can be converted into foreign exchange subject to the usual approval of the Exchange Controller.

- 3(g) Funds in local accounts can be converted into foreign exchange provided such funds were, in the first place, obtained in the form of foreign exchange. The Exchange Controller will examine applications on case by case basis.
- 3(h) Special consideration will be given on a cases by case basis to credit Embassy's Non-Transferable Birr Accounts with Consular fees provided that a formal application with supporting evidences is submitted periodically to the Exchange Controller.
- 3(i) Same as 3(g) above
- 3(j) The case has been discussed in detail with the representatives of the International Organizations on May 22/1979 and an agreement has been reached as to what account should be maintained for the Cafeteria.
- 3(k) The form of foreign exchange remittance is not restricted. However, appropriate measures will be meted out to those infringing the Exchange Control Regulations of the country we are confident that the Diplomatic Missions and International Organizations will avail their understanding to us in this regard,

**NOTICE**  
**NO. EC/7/90**

WHEREAS drawing of cheques without cover constitutes an act of offence, under the Ethiopian Penal Code, punishable up to 10(ten) years of rigorous imprisonment: and

WHEREAS it is the standing rule/practice of Banks that mal-operation of accounts may lead to the closure of the same:

N.R. account holders are, therefore, hereby warned to desist from such acts.

EXCHANGE CONTROL DEPARTMENT  
NATIONAL BANK OF ETHIOPIA

OCTOBER 25, 1990

## **OPENING OF NON-RESIDENT FOREIGN CURRENCY NON-RESIDENT TRANSFERABLE BIRR AND NON-TRANSFERABLE BIRR ACCOUNTS**

As per the decision of the council of Minister and with the specific authorization of the exchange control, National Bank of Ethiopia:

1. Non-Resident Foreign Currency Account
2. Non- Resident Transferable Birr Account
3. Non-Transferable Birr Account

May be opened in the names of persons, corporate bodies, Institutions and Diplomatic Organizations falling within the following categories:

- a) Foreign Embassies, Legations and Consulates, (Excepting Honorary Consulates).
- b) United Nations Organizations and the Organization of African Unity.
- c) Official members of Diplomatic Corps holding Diplomatic passports and their equivalent working in different U.N. organizations and O.A.U. excepting Ethiopian Nationals.

### **1. OPENING OF ACCOUNTS**

- 1.1. Persons, corporate BODIES AND diplomatic organizations falling under item (a-d) above, may be allowed to open (if they have not already opened).
  - a. Foreign Currency Account for payment to other non-resident accounts or foreign commitments.
  - b. Transferable Birr Account for payments of local expenses.
- 1.2. Persons who do not fall under item (a-d) above but whose salaries are partially paid from sources outside Ethiopia and paid in cash or credited to their local currency accounts such as foreign employees of Embassies, Consulates, Legations, E.C.A., O.A.U., U.N. etc. may open only a "NON-TRANSFERABLE BIRR A/C" for their local expenses.

### **2. ENTRIES TO NON-RESIDENT FOREIGN CURRENCY AND TRANSFERABLE BIRR ACCOUNTS.**

- 2.1. Non-Resident Foreign Currency and Transferable Birr Accounts shall be credited only with the following items.

- a) Foreign Exchange Receipt from abroad.
- b) Payments from other transferable Birr accounts.
- c) Payments from residents of Ethiopia effected under specific authorization of exchange Control.

**NOTE** An Exchange Commission of 1.5% shall be charged by authorized banks on effecting credits to Non-Resident Transferable Birr of Foreign Currency Account under item No. 2.1(c)

2.2. Non-Resident Transferable Birr and Foreign Currency Accounts shall be DEBITED with the following:

- a) Payments to residents of Ethiopia in Birr.
- b) Drawings in Birr notes and coins.
- c) Sale of any foreign exchange by an authorized bank.
- d) Payments to other non-resident account.
- e) Checks drawn in favour of any person resident outside Ethiopia and
- f) Bank charges, if any, levied by authorized banks.

### **3. ENTRIES TO NON-TRANSFERABLE BIRR ACCOUNT**

3.1. Non-Transferable Birr Accounts shall be CREDITED only with:

- a) Foreign Exchange receipt from abroad.
- b) Payments from other Non-Resident Transferable Birr or Foreign Currency account.
- c) Payments from residents of Ethiopia effected under specific authorization of Exchange Control.

3.2. Non-Transferable Birr Account shall be DEBITED with:

- a) House and office rents.
- b) Purchase of any items from the shop established specially for foreigners.
- c) Schools and other related fees.
- d) Salaries of local employees (Foreigners as well as Ethiopian nationals).
- e) Payments for Telephone, Telex, Electricity and water.
- f) Other monthly expenses of temporary and permanent nature.

**NOTE:** Those persons, Corporate bodies, Institutions and Diplomatic Organizations who are authorized to maintain foreign Currency, Transferable Birr or Non-Transferable Birr Accounts are NOT

AUTHORIZED to maintain additional Current Accounts with Commercial Banks since their local expenses are met with Transferable Birr Accounts or Non-Transferable Birr Accounts. They should, therefore, be informed to close their Current Accounts.

## **PART TWO**

### **EXCHANGE CONTROL**

#### **NOTICE TO PRIVATE IMPORTERS AND**

#### **SMALL SCALE INDUSTRY OWNERS**

#### **NOTICE NO. EC/8/92**

The National Bank of Ethiopia hereby announces that foreign exchange equivalent to Birr 75,000,000.- has now been made available to private importers and small scale industry owners for the importation of the following categories of essential consumer durables and non-durables and investment items:

- ◆ Machinery and equipment for small scale industries
- ◆ Building materials
- ◆ Spare parts (i.e. for machinery, motor vehicles including trucks)
- ◆ Veterinary medicine
- ◆ Basic electrical fittings (such as bulbs, electric wires etc. excluding appliances and machinery)
- ◆ Baby food items

Therefore, importers engaged in trading in the above category of items and in possession of a permanent import license thereto can lodge applications for foreign exchange for import purposes. However, valid industrial license is required for importation of the machinery and equipment from owners of small scale industries.

Application procedures by importers are provided hereunder:

#### **1. Location of submission of application**

Importers domiciled in and around Addis Ababa and Dire Dawa may submit their applications direct to the Exchange Control Offices of National Bank of Ethiopia located in their respective regions. Those importers outside these areas could submit their applications to the Exchange Control Offices mentioned above or to the nearest branches of the Commercial Bank of Ethiopia. The Dire Dawa Office of the National Bank and branches of the Commercial Bank will then forward the applications on daily basis to the National Bank of Ethiopia, Exchange Control Department, P.O.Box 5550, Addis Ababa.

#### **2. Information required from each applicant**

The application to be submitted should contain the following basic information:

- A. For licensed importers

- ◆ Name of importer
- ◆ Address
- ◆ Import license number
- ◆ Date of issue
- ◆ Registered capital
- ◆ Amount requested
- ◆ Minimum amount acceptable to applicant under this scheme

B. For small scale industry owners

- ◆ Name of owner/industry
- ◆ Address
- ◆ Type of industry
- ◆ Industrial license No.
- ◆ Date of issuance
- ◆ Registered capital
- ◆ Amount requested
- ◆ No. of employees
- ◆ % of raw materials import to production
- ◆ Value of export made during the last two years
- ◆ Minimum amount acceptable to applicant under this scheme

**3. Supplementary documents required**

The following supplementary documents should accompany each application:

- ◆ Valid import license: Industrial license in the case of small scale industries (copy).
- ◆ Proforma invoices from three suppliers showing full particulars of the goods to be imported. In the case of a sole supplier, one proforma invoice would suffice.
- ◆ Bank credit advice or confirmation evidencing the blocking of 50% of the requested amount in Birr based on the proforma invoice with the lowest value.

**4. General provisions**

- 4.1 Deadline for submission of application shall be within three weeks from the date of announcement of this notice.

After analysis of applications. List of successful applicant will be posted on notice boards of Exchange Control Offices of the National Bank of Ethiopia and at the following branches of the Commercial Bank of Ethiopia in Addis Ababa.

- ◆ Finfine                      Branch
- ◆ Addis Ketema                "
- ◆ Addis Ababa                "
- ◆ Arada Giorgis               "
- ◆ Arat Kilo                    "
- ◆ International Banking Division

Applicants from areas outside Addis Ababa shall be notified through the branches they submitted their applications.

4.3 Successful applicants are obliged to establish the Letter of Credit within one month from the date of announcement of allocation. Otherwise, it would result in the forfeiture of the foreign exchange already allocated.

4.4 Applications may be rejected without notice if they are incomplete.

5. Under the Emergency Reconstruction and Rehabilitation Programme (ERRP) a sum of US\$5.7 million for the import of trucks to be used by private coffee exporters, a sum of US\$ 39.5 million for the purchase of raw materials and spare parts for private industries, a sum of US\$63.7 million for the purchase of trucks, spare parts and tyers for private truck owners, a sum of US\$4.0 million for the purchase of spare parts and tyers for private buses, a sum of US\$5.0 million for fertilizers imports and a sum of US\$5.0 for private pharmaceutical imports have already been earmarked. The total amount available to the private sector under this programme is Birr 614.5 million.

Preparations are now underway to make this fund available to the private sector. It is believed that this programme and the additional measures that are now being taken by the Government will substantially ease private sector demand for foreign exchange.

NATIONAL BANK OF ETHIOPIA  
October 13, 1992

**EXCHANGE CONTROL****NOTICE TO SMALL SCALE INDUSTRY OWNERS  
AND PRIVATE IMPORTERS****NOTICE NO. EC/9/93**

The National Bank of Ethiopia hereby announces that for the second time foreign exchange equivalent to Birr 75,000,000.- has now been made available for private sector imports. Therefore, applicants who fulfill the requirements indicated in this Notice can lodge their applications for foreign exchange for import purposes.

**1. Small scale industry owners with temporary and permanent licenses**

- ◆ For import of machinery and equipment (excludes spare parts)

**2. Licensed importers**

- 2.1. Building materials
- 2.2. Spare parts, tyres and tubes for heavy duty trucks and buses.
- 2.3. Batteries for heavy duty and light vehicles
- 2.4. Spare parts, tyres and tubes for construction machinery/vehicles
- 2.5. Car paints
- 2.6. Pharmaceutical products (human and veterinary)
- 2.7. Medical instruments and equipment.

**3. Application procedures****3.1. Location of submission of application**

Importers domiciled in and around Addis Ababa and Dire Dawa may submit their applications direct to the Exchange Control Offices of National Bank of Ethiopia located in their respective regions. Those importers outside these areas could submit their applications to the Exchange Control Office mentioned above or to the nearest branches of the Commercial Bank of Ethiopia. The Dire Dawa Office of the National Bank and branches of the Commercial Bank shall then forward the applications on daily basis to the National Bank of Ethiopia, Exchange Control Department, P.O.Box 5550 Addis Ababa.

**3.2. Information required from each applicant**

The application to be submitted should contain the following basic information:

**A. For small scale industry owners**

- ◆ Name of owner/industry
- ◆ Address
- ◆ Type of industry

- ◆ Valid industrial license
- ◆ Amount requested
- ◆ Type of machinery and/or equipment to be imported
- ◆ Minimum amount acceptable to applicant under this scheme

B. For licensed importers

- ◆ Name of importer
- ◆ Address
- ◆ Valid import license
- ◆ Type of goods to be imported
- ◆ Amount requested
- ◆ Minimum amount acceptable to applicant under this scheme

3.3. Supplementary documents required

The following supplementary documents should accompany each application:

- ◆ Proforma invoices from three suppliers showing full particulars of the goods to be imported. In the case of a sole supplier, one proforma invoice would suffice.
- ◆ Bank credit advice or confirmation evidencing the blocking of 50% of the requested amount in Birr based on the proforma invoice with the lowest value.

**4. General provisions**

- 4.1 Deadline for submission of application shall be within one month from the date of announcement of this Notice.
- 4.2 The Bank shall directly notify the results of individual allocations as soon as the work is finalized.
- 4.3 Successful applicants should utilize the foreign exchange allocated to them by establishing letters of credit or on CAD basis within one and half months from the date of announcement of allocation.
- 4.4 Deposit of applications at the counter does not necessarily mean immediate acceptance since applications may be rejected during the course of screening if they are incomplete or if the import item indicated does not fall within the approved category.

Finally, it should be noted that similar allocations will continue in the future depending on our resources as well as the sectoral needs.

NATIONAL BANK OF ETHIOPIA  
January 28, 1993

**RESULTS OF FOREIGN EXCHANGE ALLOTMENT**  
**TO SMALL SCALE INDUSTRY OWNERS**  
**AND PRIVATE IMPORTERS**  
**NOTICE NO. NBE/EC-10/93**

The National Bank of Ethiopia hereby notifies that the preliminary screening of applications and the allotment thereto pursuant to the Notice No. NBE/EC-9/93 dated January 28, 1993 has now been finalized.

In total, 309 applications with the aggregate sum of Birr 180, 308,637.- have been submitted. This amount represents 140.4% over and above the initial allocation of Birr 75,000,000.- A breakdown of the applications received indicate that the sum of Birr 40,772,649. refers to requests by small scale industry owners whereas the rest is by private importers.

As could be noted from the above, the foreign exchange requirement far exceeded the amount allocated. Therefore, taking various factors into consideration, the Bank allotted the full amount requested by small scale industry owners. Concerning private importers, a maximum ceiling of Birr 500,000.- has been set for individual applications. Moreover, the applications submitted for import of spare parts, tyres and tubes pertaining to heavy duty trucks and buses have been excluded. This is in recognition of the fact that similar allocations are being made for this particular category of items under the ERRP.

As per the computation, out of the total number of applications 248 will be fully satisfied whereas 61 applications shall be entitled to the maximum ceiling of Birr 500,000.- only. According to this arrangement, the amount of foreign exchange allocation required shall reach Birr 105,633,973.- Thus entailing an additional allocation of Birr 30,633,973.- over and above the initial allocation.

Finally, the Bank advises all successful applicants that they should utilize the foreign exchange allotted to them by establishing letters of credit or on CAD basis within one and half months from the date of this announcement. The Bank also takes this opportunity to notify applicants that it has communicated the list of those category of applications that were excluded from the allocation, as specified above, to the Ministry of Transport and Communication to be treated under the said programme.

NATIONAL BANK OF ETHIOPIA  
April 7, 1993

**NOTICE TO IMPORTERS****NOTICE NO. 11/1993**

WHEREAS the Transitional Government of Ethiopia and the International Development Association have concluded Development Credit Agreement for Ethiopia on 30<sup>th</sup> June 1993 known as the First Structural Adjustment Credit (hereinafter referred to as SACI), and;

WHEREAS all goods to be procured and imported under the said credit are subject to pre-shipment inspection for price, quantity and quality verification by a suitably qualified and experienced pre-inspection firm, and:

WHEREAS Societe Generale de Surveillances S.A. (hereinafter referred to as the Inspecting Firm) has been selected for the pre-shipment inspection:

NOW, THEREFORE, in accordance with the Provisions of Articles 62(2) and 73 of the Monetary and Banking Proclamation No. 99/1976 and further to Article 49 of the Foreign Exchange Regulations dated January 5, 1977, notice is hereby given to all importers that all eligible import applications for foreign exchange, under SACI, approved on and after August 23<sup>rd</sup>, 1993, shall be subject to the following conditions.

1. Except as provided in this Notice, goods imported into Ethiopia under the SACI programme are subject to pre-shipment inspection in the country of supply or origin as applicable by Societe Generale de Surveillance S.A.
2. The inspection will concern price, quality and quantity verification.
3. Inspection of the quality and quantity of goods to be imported into Ethiopia shall be carried out at supplier warehouse or premises, manufacturing plant, storage point, testing location, port of shipment, point of dispatch, depending on the prevailing circumstances and normal commercial practice. The Inspecting Firm will conduct a second inspection as it deems appropriate and feasible immediately before the dispatch of the goods.
4. Inspection of quality, quantity and price will be mandatory for all imported goods under the SACI programme. For goods procured through international competitive bidding, price verification will not be applicable.
5. Contracts and purchase orders for the supply of goods which are to be inspected under this Notice must contain the following provisions:
  - i) The goods supplied hereunder shall be subject to pre-shipment inspection for quality, quantity and price by the Inspecting Firm and shall conform to applicable Ethiopian standards.
  - ii) The seller shall make the necessary arrangements for handling, presentation, sampling, shop-testing, special laboratory testing etc. of the goods for the purpose of inspection, and any expenses incurred therefore

shall be for the account of the seller, while the remuneration to the Inspecting Firm for services rendered is paid for by the Transitional Government of Ethiopia under a separate arrangement with the Inspecting Firm.

- iii) The seller shall give 5 working days advance notice to the Inspecting Firm about any inspections to be performed hereunder. Such notice shall be accompanied by a copy of the contract or purchase order and any other document required by the Inspecting Firm for purposes of inspection. The notice shall also include a declaration about any commission, rebate or discount accrued or payable in relation to the purchases.
  - iv) The seller shall facilitate the inspection of the goods by the Inspecting Firm and particularly provide access for the firm to its premises and to any document relevant to the inspection.
  - v) In case the seller has invited the Inspecting Firm for inspection without making the necessary arrangement to permit the inspection, only repeated inspection visit will be for the seller's account.
  - vi) The Inspecting Firm will deliver a Clean Report of Findings (CRF) only upon receipt from the seller of (a) a copy of the clean on board bill-of-lading or corresponding document for other freight mode, (b) a certificate of origin and (c) two copies of the final invoice indicating separately the FOB value of the goods.
  - vii) The seller is responsible for any costs and consequences of dispatching goods which have not passed inspection and have not received a CRF.
  - viii) Inspection of goods by the Inspecting Firm does not relieve the seller of any of his contractual obligations towards the buyer.
6. An inspection by the Inspecting Firm will result in either a CRF or a Non-negotiable Report of Findings (NNRF)
  7. A CRF will be issued when the Inspecting Firm is satisfied that the goods meet the given specifications and given Ethiopian standards and that in the case of contracts subject to price verification, the price is reasonable having regard to the price levels prevailing in the country of supply or the international market, where applicable.
  8. An NNRF is issued when the inspection by the Inspection Firm concludes that the seller has failed to present the goods in conformity with the contract or purchase order that the price of the goods is found to be unreasonable. The report will indicate the reasons for refusal by the Inspecting Firm to issue a CRF.
  9. The original of the CRF will be given by the Inspecting Firm to the seller with copies to the Ministry of Finance, the Importer, Customs Authority and the National Bank of

Ethiopia(NBE). The original of an NNRF will be given by the Inspecting Firm to NBE with copies to the Ministry of Finance, seller, importer and Customs Authority.

10. Any foreign exchange permit approved on L/C or other method of payment authorized for import of goods referred to in this Notice must stipulate that payment to the supplier are conditional upon submission by the supplier of the original CRF issued by the Inspecting Firm in addition to other relevant documents.
11. Any application for a foreign exchange to import goods into Ethiopia must be made to the NBE and must be accompanied by proforma invoices in two copies, issued by the seller or his authorized agent in Ethiopia, providing the following information on the form published by NBE for the purpose;
  - i) the quantity of the goods;
  - ii) the description of the goods;
  - iii) the port of dispatch and the country of origin;
  - iv) the planned date and mode of dispatch;
  - v) the price of the goods, indicating separately their FOB value; and
  - vi) the method of procurement indicating specifically whether the procurement is by international bidding or not.
12. The National Bank of Ethiopia will indicate on every approved import permit under SAC I programme "Subject to pre-shipment inspection" or Exempt from pre-shipment inspection" as applicable.
13. The Exchange Control Department shall notify the Inspecting Firm's Liaison Office by furnishing copies of the approved Import Permits and Proforma invoices, which are subject to pre-shipment inspection under SAC I.
14. Bid applications for foreign exchange for the procurement of goods estimated to cost the equivalent of \$1,000,000 (US Dollar one million) or more each submitted for foreign exchange auction shall be accompanied by evidences showing that the procurement has been made through international competitive bidding. Such evidences shall include a copy of advertisement published in a local newspaper of general circulation inviting bidders to participate in the bid. In addition any one of the following should be produced:
  - i) a copy of a notice in the United Nations Publication, Development Forum, Business Edition; or
  - ii) a copy of an advertisement in a newspaper, periodical or technical journal of wide international circulation; or
  - iii) a copy of a notice to local representatives of member countries of the World Bank that are potential suppliers of the goods required.

Leikun Berhanu  
Governor

August 16, 1993

**NOTICE TO IMPORTERS****NOTICE NO. 12/94****1. Compliance to SGS Requirements for Goods  
Procured and Imported Under SAC I**

It is known to importers that any import incurring foreign exchange should:

- obtain import permit from the National Bank before any commitment is entered with the foreign supplier; and
- good to be procured under the SAC I arrangement are subject to pre-shipment inspection for price, quantity and quality verifications by the designated agent; Societe Generale de Surveillance S.A. (SGS).

In spite of the aforementioned requirements and general guideline, deviations by some importers under different pretexts have been observed by the Bank.

Therefore, importers are hereby advised to strictly adhere to the said rules, the non-compliance of which may entail serious penalties which includes non-clearance of the goods from Customs.

**2. Request for Release of Blocked Funds Held  
Under the Foreign Exchange Auction**

It is absolutely necessary that the foreign exchange won at the Foreign Exchange Auction had to be utilised and for the purpose requested. Apparently, some auction participants are demanding for release of the blocked funds covering the foreign exchange won due to various reasons.

Certainly, the recurrence of such a phenomena is counter to the auction system in general. Therefore, it had been found necessary to impose the following sanctions against clients who do not utilise the auction money in accordance with the rules and regulations governing the foreign exchange auction system:

- Any first default shall be subject to 5% penalty of blocked funds.
- Subsequent default may entail suspension from auction participation for a period to be specified by the Bank in addition to the 5% penalty of the blocked funds.

JANUARY 21, 1994

NATIONAL BANK OF ETHIOPIA

**EXCHANGE CONTROL**  
**Amendment No. 13**  
**Amendment to Notice No. 1/1977**

In view of the fact that licensed private insurance companies have started operation in Ethiopia in addition to the Ethiopia Insurance Corporation, Article 49(4) of the Foreign Exchange Regulations issued under Notice No. 1/1977 is hereby amended as follows:

- Evidence must be produced that adequate insurance cover has been arranged with any insurance company duly licensed to operate in Ethiopia particularly for goods imported under letters of credit.

AUGUST 21, 1995

LEIKUN BERHANU

**Amendment No. 14**  
**Amendment to Notice No. 1/1977**

Article 59 of the Foreign Exchange Regulations issued under Notice No. 1/1977 dated January 5, 1977 is hereby repealed.

AUGUST 21, 1995

LEIKUN BERHANU  
GOVERNOR

**EXCHANGE CONTROL****Amendment No. 15****Amendment to Notice No. 1/1977**

In view of the fact that licensed private insurance companies have started operation in Ethiopia in addition to the Ethiopian Insurance Corporation, Article 77 of the Foreign Exchange Regulations issued under Notice No. 1/1977 is hereby amended as follows:

- Foreign exchange shall be made available to insurance companies duly licensed to operate in Ethiopia to settle premium owed to foreign insurance or reinsurance firms provided the applications for foreign exchange by such insurance companies is accompanied by copies of the treaties abroad and the Bordereaux indicating date, policy number, name of the assured, goods or property insured, particulars of risks covered, duration of cover, total value covered, total premium collected, portion of total premium due to the domestic insurance company deductible items from the share due to the foreign underwriter and net final amount due to the foreign insurance company.

AUGUST 21, 1995

LEIKUN BERHANU  
GOVERNOR

**NOTICE TO IMPORTERS****NOTICE NO. 18/94**

Notice is hereby given to all importers that final shipping documents covering the import of goods whether in the form of letter of credit (L/C), cash against document (CAD) and other forms of payments must include evidence of certificate of origin. Therefore, the requirement for certificate of origin should be stipulated in agreements to be entered with the supplier covering the respective shipments.

The concerned domestic banks have already been notified and have started implementing the Directive effective June 24, 1994.

AUGUST 26, 1994

NATIONAL BANK OF ETHIOPIA

**NOTICE TO IMPROTTERS****NOTICE NO. 20/94**

To withstand the current shortage of sugar in the country, it has become necessary to import sugar from outside.

This is to notify that sugar has now been excluded from the negative list of items which foreign exchange shall not be availed. Therefore, traders possessing valid foreign trade license for the commodity may participate in the foreign exchange auction to secure the necessary foreign exchange for the import of the item.

SEPTEMBER 12, 1994

NATIONAL BANK OF ETHIOPIA

**BANK BRANCHES DESIGNATED TO AVAIL**  
**FOREIGN EXCHANGE BID APPLICATION FORMS**  
**NOTICE NO. 24**

This is to notify importers that foreign exchange bid application forms can also be obtained from the following branches of the Commercial Bank of Ethiopia.

- Bahr Dar Branch
- Awassa "
- Dessie "
- Mekele "
- Jimma "
- Harar "

Pursuant to the foreign exchange auction procedure, bidders shall send the full set of bid documents in sealed envelope marked "Foreign Exchange Auction" and addressed to the National Bank of Ethiopia, Exchange Control Department, P.O. Box 5550, Addis Ababa. The applicant should state his full address on the envelope. Bid applications should reach the above address on or before the final date for submission of bid applications at each biweekly auction.

At the end of each auction proceedings, the National Bank of Ethiopia shall instruct the concerned bank branch to release the blocked funds held on account of the rejected and unsuccessful bids. The copy of such instruction shall be communicated to the bidder.

Further clarification required, if any, may obtained from the concerned branches.

JANUARY 9, 1996

NATIONAL BANK OF ETHIOPIA

**PUBLIC ANNOUNCEMENT NO. 25/95**

The National Bank of Ethiopia hereby notifies the public the following changes in foreign exchange allocation effective February 3, 1995.

1. The negative list on all imports is forthwith eliminated except for the customs negative list and used materials and used capital goods and parts thereof.
2. The amount of foreign exchange to be made available for eligible imports directly by the National Bank of Ethiopia between auctions, at the prevailing marginal rate of the foreign exchange auction, is raised from US\$5000 (us Dollars five thousand) to US\$10,000 (us Dollars ten thousand). Furthermore, in order to facilitate imports between auctions by licensed investors, licensed investors who want to import machinery, equipment and similar investment goods worth US\$100,000 (US Dollars one hundred thousand) and above for the sole purpose of executing their licensed investment shall be provided foreign exchange at the weighted average rate derived from foreign exchange auction preceding the date of such requests provided that purchases of US\$1,000,000 (US Dollars one million) and above are made subject to international competitive bidding procedures.
3. Initial foreign exchange allowance for medical treatment abroad is raised from US\$5000 (US Dollar Five thousand) to US\$10,000 (US Dollars ten thousand).
4. Business travel allowance for licensed businessmen is raised from US\$120 (US Dollars one hundred twenty) per day for 30 days per annum. Equivalent Birr deposit requirement is also lifted.

5. Travel allowance other than for business travel, for resident Ethiopian nationals, is raised from US\$50 (US Dollars fifty) per trip with a maximum of two trips per annum, to US\$300 (US Dollars three hundred) per annum.
6. Remittance allowed for foreign employees is raised from 30% of net monthly earnings to 40% of net monthly earnings.

The above changes shall be effected in accordance with exchange control procedures of the National Bank of Ethiopia.

NATIONAL BANK OF ETHIOPIA  
February 2, 1995

**SETTLEMENT OF IMPORT COMMITMENTS****NOTICE NO. 27/95**

As per the Foreign Exchange Regulation, those who have been allowed foreign exchange for the importation of goods from abroad undertake to produce to the National Bank of Ethiopia (Exchange control Department) proof of entry of the goods into Ethiopia within four months of the date upon which payment is made under the specific import license.

Nevertheless, there are long outstanding import permits for which the necessary import declarations and other relevant documents have not been presented to the Bank. In line with the existing procedure, however, the Bank has not failed to serve reminders to those concerned on regular basis. Of particular note in this regard were the options given to public enterprises and government ministries to enable them settle their commitments.

This condition should not be allowed to continue indefinitely. Therefore, it has become necessary to issue the following directives towards clearing the outstanding commitments and on the policy direction the Bank will pursue in the future.

1. For import permits issued effective January 1, 1995 the importer shall have to submit the documents proving the entry of the goods within six months from the date of permit is issued.
2. For import permits issued prior to January 1, 1995 and currently held under outstanding import commitments, the importer shall have to submit the documents proving entry of the goods up to June 30, 1995.

The National Bank of Ethiopia shall not make foreign exchange available to those who do not abide by this directive.

MARCH 22, 1995

NATIONAL BANK OF ETHIOPIA

**NATIONAL BANK OF ETHIOPIA****PUBLIC NOTICE NP. 31/95**

The National Bank of Ethiopia hereby notifies the public that the official exchange rate of the Birr and the marginal rate arising out of the fortnightly foreign exchange auctions are unified effective July 25, 1995. Henceforth, the marginal rate arising from each foreign exchange auction shall apply to all foreign exchange transactions undertaken between auctions including those transactions to which the official and weighted average exchange rates used to apply. Accordingly, the exchange rate applicable to all foreign exchange transactions undertaken between auctions from July 25, 1995 until the next foreign exchange auction date shall be Birr 6.33 /Birr six and thirty three cents/ to one United States Dollar.

NATIONAL BANK OF ETHIOPIA

July 24, 1995

**EXCHANGE CONTROL**  
**Notice to exporters - on documentations**  
**Regarding shipments abroad**  
**Notice No. 32**

**1. BILLS OF LADING FOR EXPORTS TO BE MADE OUT IN THE NAME OF A LOCAL BANK**

- 1.1 Notwithstanding any agreement to the contrary, bills of lading, airway bill or any other document evidencing shipment of goods from Ethiopia to an destination abroad shall be made out to the order o a bank duly licensed to operate in Ethiopia or the opening bank abroad. However, in the case of wild animals shipped by air, airway bills shall be made in advance and/or against letter of credit providing payment at the counter of negotiating bank and authorizing reimbursement by telex.
- 1.2 Exporters or forwarding agents shall indicate in their shipping instructions to Maritime and Transit Service Enterprise (MTSE) the name of the bank and/or the buyer in the case of wild animals in whose name the bill of lading, airway bill or any other equivalent document shall be issued in respect of the valuable goods to be shipped.
- 1.3 Upon receipt of the bills of lading or the equivalent documents in respect of the shipment of goods entrusted to them for export, forwarding or shipping agents operating additionally as forwarding enterprises shall, under their responsibility, deliver them to the bank in Ethiopia to whose order the shipping documents were issued.

**2. SHIPMENT NOTES FOR GOODS SHIPPED TO DJIBOUTI IN TRANSIT TO OTHER PLACES**

- 2.1 Shipment notes (railway-bill, airway-bill or truck manifest) for goods exported from Ethiopia and destined to Djibouti Port in transit for shipment abroad shall be made out to the name of a bank operating in Ethiopia as the addressee of the goods, and delivered to that bank by the clearing and forwarding agent entrusted with the shipment of the goods to Djibouti Port.
- 2.2 The bank named in the shipment note shall cause the goods to be delivered by the carrier to a shipping or forwarding agent for shipment abroad through Djibouti Port according to the particulars to be furnished by the exporter concerned on

condition that the bill of lading shall be made out to the order of a bank duly licensed to operate in Ethiopia of the opening bank abroad and be delivered to the bank operating in Ethiopia by the shipping or forwarding agent, as the case may be, under the responsibility of the exporter.

Article 25(1) and (2) under Notice No. 8/1983 dated November 10, 1983, Article 26(2) under Notice No. 6/1983 dated January 11, 1983 and Articles 25(3) and 26(1) under Notice No. 1/1977 dated January 5, 1977 are hereby repealed.

AUGUST 21, 1995

LEIKUN BERHANU  
GOVERNOR

**EXCHANGE CONTROL****EXCHANGE CONTROL DIRECTIVE  
FOR PORT SERVICE PAYMENT  
BETWEEN ETHIOPIA AND ERITREA****DIRECTIVE NO. FEC/42/97****INTRODUCTION**

This Directive is issued by the National Bank of Ethiopia pursuant to letter from the Council of Ministers, ref. *ጠ80-አጠ/3/01/02* regarding payment for goods and services traded between Ethiopia and Eritrea.

**1. Port service payments and clearance cost  
effected in foreign currency**

- 1.1 Maritime and Transit Service Corporation (MTSC) is a sole clearing agent operating from Assab and Massawa Ports through its Eritrean Agent. MTSC shall pay the Eritrean Agents in foreign exchange.
- 1.2 In view of the nature of the activity involved being of a continuous flow nature and the need to adhere to the time table for handling cargoes at the port areas, the foreign exchange needed for the service payment shall be made available to MTSC in advance by participating in auctions against letter of undertaking to produce documents evidencing utilization of the fund.

- 1.3 MTSC shall replenish the fund by participating in auctions for value equal to the amount discharged (cleared) by submitting documents.

## **2. Discharging Commitments**

- 2.1 The following requirements should be fulfilled for the discharge of MTSC's Commitment.

- (a) MTSC should prepare statement of expenditures indicating payment breakdowns by category of services obtained with supporting documents.
- (b) Document from the Eritrean Agent should indicate the corresponding foreign currency payment for the particular service rendered.

### 2.2 Import Transit Service Report

MTSC shall prepare a statement and submit to the exchange Control Department together with supporting documents as follows:

- (a) Name and address of the importer
- (b) Type, quantity and value of the commodity
- (c) NBE's import permit number
- (d) The quantity of goods in transit
- (e) Copy of Bill of Lading
- (f) Arrival and discharge date of goods at Assab
- (g) Receipt indicating service payment effected to Eritrean Agent.

### 2.3 Export Transit Service Report

MTSC shall prepare a statement and submit to the Exchange Control Department together with supporting documents as follows:

- (a) Name and address of the Exporter
- (b) Type of commodity, quantity and total value
- (c) NBE's Export Permit No.
- (d) Name of the vessel carrying the goods
- (e) Copy of Bill of Lading
- (f) Receipt indicating the type of service rendered by Eritrean Agent.

2.4 As per decision from Prime Minister's Office, MTSC has been allowed to open foreign currency A/Cs in Eritrean Banks. In order to monitor movement of the foreign currency accounts opened and exercise control, a copy of the Bank Statement shall be presented to the Exchange Control Department on a monthly basis.

2.5 MTSC shall produce evidence of utilization of the fund availed in advance through forex auction within a maximum period of 40 days from the date of issuance of permit by the Exchange Control Department. Failure to adhere to the above shall constitute a penalty of 2% on the portion that has not been discharged.

### **3. Effective Date**

This Directive shall enter into force as of 19<sup>th</sup> day of December 1997.

DUBALE JALE  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

**EXCHANGE CONTROL DIRECTIVE**  
**REGARDING TRADE TRANSACTIONS**  
**BETWEEN ETHIOPIA AND ERITREA**

**DIRECTIVE NO. FEC/43/97**

**INTRODUCTION**

This Directive is issued by the National Bank of Ethiopia pursuant to letter from Council of Ministers, ref. *ጠ80-አጠ/3/01/02* regarding payment for goods and services traded between Ethiopia and Eritrea.

**1. Trading currency**

Payments for export and import transactions shall be effected in convertible hard currencies. To this effect, the Exchange Control Department shall exercise the necessary control.

**2. Instrument used for handling trade transactions**

- 2.1 Foreign Exchange Approval for Import and Export payment shall only be on the basis of letter of credit (L/C). The Exchange Control Department examines and ensures adherence to same.
- 2.2 The Exchange Control Department, based on a market study, shall determine the prices of non-traditional items exportable to Eritrea.
- 2.3 For the time being Addis Ababa prices will serve as reference prices for items mentioned under article 2.2.

**3. Payment for joint procurement of petroleum**

Payment for petroleum and petroleum products that will be procured in foreign exchange for the consumption of the two countries shall be conducted as per the following procedure.

- 3.1 Ethiopian petroleum Enterprise (EPE) shall submit its request for approval of foreign exchange to purchase petroleum by stating the share of each country both in terms of quantity and value.
- 3.2 The Ethiopian Petroleum Enterprise (EPE) shall sign an undertaking to the effect that it will collect the foreign exchange for the lots shipped to Eritrea from its counterpart and surrender same to the National Bank of Ethiopia.
- 3.3 Import permit shall be issued to Ethiopian Petroleum Enterprise (EPE) for the total value of the contract thereby enabling the enterprise to procure the petroleum required by the two countries.
- 3.4 Ethiopian Petroleum Enterprise (EPE) shall submit customs declaration to settle its commitment regarding the quantity of petroleum imported for the Ethiopian lot.
- 3.5 Ethiopian Petroleum Enterprise (EPE) shall collect the payment in foreign currency (hard currency) for Eritrea's lot and surrender the appropriate document to National Bank of Ethiopia to settle its commitment.

**4. Effective Date**

This directive shall enter into force as of 19<sup>th</sup> day of December 1997.

DUBLE JALE

GOVENOR

NATIONAL BANK OF ETHIOPIA

**EXCHANGE CONTROL DIRECTIVE FOR  
SALE OF FOREIGN EXCHANGE TO TRAVELERS AND  
OPERATORS OF TRUCKS, TANKERS AND  
CROSS COUNTRY BUSES ENTERING ERITREA**

**DIRECTIVE NO. FEC/44/97**

**Introduction**

This directive is issued by the National Bank of Ethiopia pursuant to letter from the Council of Ministers ref. *m80-አጠ/3/01/02* regarding payment for goods and services traded between Ethiopian and Eritrea.

**1. Trucks, Tankers and Buses Traveling to Eritrea**

1.1 Passenger and freight transport organizations or individual owners whose vehicles pass through the frontier to Assab at Bure and other Border crossing points may purchase foreign exchange covering per diem expenses and road toll fees as follows.

- a) For Public Transport USD50.- per vehicle per travel.
- b) For trucks/fuel Tankers USD40.- per vehicle per travel.

1.2 The foreign exchange will be availed under the following conditions:-

- (a) In order to ensure that the foreign exchange availed is properly utilized for the intended purpose, the National Bank of Ethiopia will issue a special card to Transporting Organizations against payment of Birr two for each card.
- (b) The Card shall be presented to the Forex Bureau at borders for purchasing the foreign currency when traveling to Eritrea on duty.

- (c) The foreign currency shall be sold at the prevailing market exchange rate through border Forex Bureaus.
- (d) The Forex Bureau shall register plate number of the vehicle and the card number presented by the drivers when selling the foreign exchange.
- (e) The Forex Bureau shall submit monthly report covering details of foreign currency sold to the Exchange Control Department along with the copy of the sale's voucher.
- (f) Purchase of foreign currency stated under 1.1 shall only be transacted from the Forex Bureaus operating at Border areas.

## **2. Travel Allowance**

The following procedures will be adhered to for sale of foreign currency to travelers using Inland or Air transport.

### **2.1 Travelers using Inland Transport**

- (a) Retain a copy of the Bus Ticket and sell USD50.- TO EACH passenger.
- (b) Retain a copy of Kebele, Employer ID Card or Passport and sell USD50.- to each traveler using private vehicle to go to Eritrea.
- (c) The Forex Bureau shall submit, on weekly basis the sale and purchase of foreign currency report together with related documents to the Exchange Control Department.

- (d) Forex Bureaus operating at border areas are allowed to charge a maximum of 3% commission, over and above the respective selling rates prevailing at Addis Ababa.
- (e) Travelers using inland transport or private vehicles to go to Eritrea shall purchase foreign currency from the Forex Bureaus operating at border areas.

## 2.2 Travelers using air transport

Sale of foreign exchange to passengers flying to Eritrea shall be in accordance with the existing foreign exchange regulations and directives.

- (a) For the above mentioned purposes the traveler shall submit the following documents:
  - (a) Valid Air Ticket
  - (b) Embarkation fee receipt affixed to the air ticket
  - (c) Kebele/Employer ID Card or Passport
- (b) The Forex Bureau shall stamp "Refunding of Air ticket is subject to the approval of the issuing Forex Bureau" on the Air ticket.
- (c) The reporting process shall be in accordance with the Forex Bureau Directive No. FXD/03/1996.

## 3. **Effective Date**

This directive shall enter into force as of 19<sup>th</sup> day of December 1997.

Dubale Jale

Governor

NATIONAL BANK OF ETHIOPIA

## **PART THREE**

### **NATIONAL BANK OF ETHIOPIA**

#### **Directive To Transfer NBE's Foreign Exchange Functions to Commercial Banks Directive No. FXD/07/1998**

#### **1. Issuing Authority**

These Directives are issued by the National Bank of Ethiopia (herein after the "NBE") pursuant to the authority vested in it by article 39 (1) and (2) of the Monetary and Banking Proclamation No. 83/1994.

#### **2. Short Title**

These Directives may be cited as "Directive to transfer NBE's Foreign Exchange Functions to Commercial Banks Directive No. FXD/07/1998".

#### **3. Definitions**

In these Directives, unless the context otherwise requires:

- a) "Authorized Commercial Bank" shall mean any Commercial Bank established in accordance with the law and authorized by the NBE to engage in foreign exchange transactions.
- b) "Importer" shall mean a legal entity or a physical person having a valid trade licenses for foreign trade, investment or industry from appropriate government body to engage in importation of goods and services from abroad.
- c) "Exporter: shall mean a legal entity or a physical person having a valid foreign trade license from appropriate government body to engage in export of goods and services abroad.
- d) "Franco-valuta" shall mean a license to import goods on which foreign exchange is not payable from the banking system.

#### **4. Rights of Authorized Commercial Banks**

Commercial Banks which are licensed to operate in Ethiopia are authorized to allow imports and exports excluding coffee and provide associated services

against submission of the required documents by the importer and exporter. Commercial Banks shall approve imports for any values; but values of USD 1,000,000 and above are subject to open international competitive bidding backed by relevant documents.

## **5. Imports**

### **5.1 Imports by Letter of Credit**

The required documents to be submitted by an importer under L/C are:-

- a) An application form duly completed, signed & sealed.
- b) Three copies of proforma invoices showing clearly full description of goods, including quantity, grade, quality, volume, measurement, weight, mode of shipment, terms of payment, unit and total price of the goods at a named place of delivery.
- c) Photocopy of valid trade licenses for foreign trade, investment or industry.
- d) Insurance certificate from licensed local insurance company.
- e) Clearance certificate from NBE that he/she has settled its outstanding commitment.

### **5.2 Restrictions**

An importer cannot import the under listed goods unless specifically indicated in their trade licenses in accordance with "Federal Government Commercial registration and Licensing Council of Ministers Regulation No. 67/1997" Article 17(2):

- a) coffee;
- b) pharmaceuticals or veterinary medicines;
- c) medical appliances;
- d) forestry products;
- e) wild animals and birds;
- f) agricultural, industrial and construction machinery, mechanical appliances and motor vehicles;

- g) minerals;
- h) chemicals;
- i) petroleum and petroleum products; and
- j) other goods for which a certificate of competence must be obtained from the pertinent government institution, in order to prevent damage to public health, safety and the national economy.

### 5.3 Imports by Cash Against Document (CAD) at sight

Importers who wish to import goods on cash against documents (CAD) at sight basis are required to submit:-

- a) A purchase order, proforma invoice and valid trade licenses for foreign trade, investment or industry,
- b) One copy of local insurance certificate,
- c) Application form duly completed, signed and sealed together with the following documents.
  - i. Three copies of chamberized invoices
  - ii. Two copies of certificate of origin
  - iii. Full sets of shipping documents (i.e. Bill of lading, airway bill, truck manifest, railway bill, couriers etc. and carrier invoice) to indicate the actual freight charges.
  - iv. Clearance certificate from NBE that he/she has settled its commitment.

### 5.4 Imports by Advance payment

Importers who wish to import goods by advance payment are required to submit a letter of undertaking for the entry of the goods into the country in addition to the documents indicated under 5.1 above. The amount to be approved for advance payment shall not exceed USD 5,000.

In case an importer wishes to make transfer exceeding USD 5,000, he/she should submit foreign bank guarantee confirmed by local banks. However, bank guarantee requirement is not applicable for non-transferable (NT) account holders.

### 5.5 Other Requirements

In addition to the provisions stipulated under 5.1, 5.3 & 5.4 above, the following are also required:-

- a) Ministry of Health certificate if the import of goods are medicines and other related medical equipment.
- b) Ministry of Agriculture certificate for the import of agricultural chemical and veterinary medicines.
- c) Quality and Standard Authority Certificate for import of goods such as food, matches, nails, galvanized corrugated sheets, scales etc which require standardization.
- d) Road Transport Authority approval as per "Road Transport Regulation Proclamation No. 14/1992" Article 7(3).
- e) A copy of a loan or grant agreement concluded between Government Agencies & foreign financing organizations. However, a letter of NBE is required in the case of private sector.

### 5.6 Franco-Valuta Imports

#### A. Eligibility

- a) Pursuant to the "Importation of Machinery and Goods on Franco-Valuta basis Council of Ministers Regulations No, 8/1996", the following may be allowed to be imported on Franco-Valuta basis:
  - I. Machinery and goods imported by government institutions with financial assistance of donation from foreign governments, international organizations and donor agencies for programs and projects that have obtained prior approval through agreements entered into with the government;
  - II. Goods imported by international organization, donor agencies, diplomatic and consular missions;
  - III. Machinery and goods imported by foreign investors having license from the appropriate government institution and Ethiopian investors, permanently residing abroad, for their investment activities and for personal use;

- IV. Goods imported for personal and family use, pursuant to directives issued by the Federal Revenue Board, by returning Ethiopians having stayed abroad on business, for education and various purposes or as refugees;
  - V. Awards obtained by individuals and organizations for outstanding achievements in sports, arts and other similar activities.
- b) Exporters who import on Franco-Valuta basis for the purpose of exporting having the written approval of NBE.
  - c) Commercial Banks shall allow exporting firms importing inputs from collaborating foreign partners without paying foreign exchange having the written approval of NBE.
  - d) Commercial Banks are allowed to open usance import L/Cs for exporters with confirmed L/Cs.

B. Requirements

Commercial Banks shall allow Franco-Valuta imports to the applicant subject to the presentation of the following documents.

- a) Franco-Valuta application duly completed and signed by an applicant in three copies.
- b) Shipping documents such as bill of lading, airway bill, truck manifest, railway bill and couriers, as the case may be.
- c) If the duty free imported items are to be sold locally the concerned parties have to submit sales agreement.
- d) 2% service charge shall be levied based on Customs Authority value estimation slip with the exception of article 5.6A-ai, aii and aiii.

5.7 Importation of used goods

Commercial Banks shall foreign exchange for importation of used goods except clothing and other items included in the customs negative list upon submission of the following documents in addition to the requirements stipulated under 5.1, 5.3 or 5.4 as the case may be.

- a) A copy of valid trade licenses for import, investment or industry, as the case may be.

- b) Duly signed proforma invoice from overseas suppliers showing full description of the goods including type, model, date of manufacture, FOB value and freight cost separately, terms of payment and validity date.
- c) In case of used vehicles ownership certificate (Libre) from the country of purchase.
- d) Chamberized documents showing full description of the goods including type, model, date of manufacture, and original purchase price from parties other than the seller. The FOB value of used vehicles, machineries, equipments etc to be imported shall not exceed the maximum value indicated under the annexed table (annex1) with respect of service year.

#### 5.8 Imports through suppliers' credit

Commercial Bank shall, on the basis of approval of NBE, allow eligible applicants to import goods under suppliers' credit in accordance with the existing Directives for Suppliers' Credit.

#### 5.9 Imports through external loans

Commercial Banks shall, on the basis of NBE's directive governing external loans, allow eligible applicants to import goods in accordance with the existing Directive for External Loans.

#### 5.10 Imports by diplomatic bodies, other international organizations and their officials

- i. Imports for their own consumption by diplomatic and other international organizations of equal status and their officials may be paid by the debit of their Non-Resident Transferable Birr Account or Non-resident Foreign Currency Account.
- ii. Where they do not maintain Non-Resident Transferable Birr or Foreign Currency account they shall be treated in the same way as other importers.

#### 5.11 Commodity Classification

Commercial Banks shall give import permits on Harmonization system (HS) commodity classification bases for different categories of goods.

### 5.12 Import Transit

- a) Foreign Exchange to meet transit expenses incurred outside Ethiopia effected on C & F and C.I.F. shall be availed provided that the application for foreign exchange is accompanied by two copies of application forms duly completed, signed and sealed, transit invoice, final supplier's invoice, customs declaration, customs receipt, railway bill, truck manifest and airway bill.
- b) Where the requirement of presentation of documents to Commercial Banks to prove entry of goods into Ethiopia precedes request for transit expenses, the application for foreign exchange shall be accompanied only by transit invoice and a clearance certificate from NBE.

### 5.13 Import Freight

Commercial Banks shall allow foreign exchange for freight expense for import upon submission of the following documents.

- a) Two copies of application forms duly completed signed and sealed,
- b) Freight invoices,
- c) Suppliers' invoice,
- d) Bill of lading or airway bill

### 5.14 Import other charges

Commercial Bank shall avail foreign exchange for imports to cover other charges such as port dues, port handling fee, storage upon submission of the following documents.

- a) a letter of request duly completed, signed and sealed in two copies,
- b) valid agreement signed between an importer and a beneficiary,
- c) invoice,

- d) in case of demurrage charges, the documents indicated under 5.14 (a) and (c) above and the "lay time calculation sheet" are required.

#### 5.15 Re-insurance premium

Commercial Banks shall avail foreign exchange to authorized insurance companies for payment of re-insurance premium upon submission of the following documents.

- a) a letter of request together with an agreement signed between the insurance company and the re-insurer in two copies,
- b) insurance license approved by NBE,
- c) debit note or statement of account, as the case may be.

#### 5.16 Foreign currency against foreign currency

Commercial Banks shall allow foreign residents/tourists to convert foreign cash notes of one currency to another currency of cash notes upon presentation of two copies of applications duly completed and signed together with passport, valid visa and air ticket.

#### 5.17 Ex-post Verification of Documents

Commercial Banks shall ensure that all documents processed with regard to import transactions are kept in order so that NBE will undertake ex-post verification of the documents in compliance with the existing trade and exchange regulations. Moreover, the NBE undertakes the following activities:-

- a) Price verifications of imported goods on a sample basis to forestall under and/or over invoicing.
- b) Verifies tender documents of import of goods for public enterprise, government organization etc on a sample basis whenever necessary.

### 5.18 Validity

#### a) Import Applications

Import application shall be valid for 120 days from the date of issue. The Commercial Bank may, for good cause, grant a maximum of 30 days.

#### b) Applications for import transit, import freight and other charges

The applications for import transit, import freight, insurance premium and other charges shall be valid during the month of issue only.

### 5.19 Amendments

Commercial Banks may for good cause amend import applications allowed at their end.

### 5.20 Cancellation of imports

If an importer wishes to cancel the approved imports, he/she is required to submit the full set of documents which were originally approved by a Commercial Bank for onward submission to NBE.

## 6. Exports

### 6.1 Export Valuable Goods

No person natural or juridical, may export, or enter into any commitment to export valuable goods without the prior approval of the authorized Bank and unless the exporter undertakes to surrender the resultant sales proceeds in foreign exchange to an authorized bank either before the actual export, at the time of export, or within a period of not later than three months or within such other period that the NBE may from time to time prescribe for any class of exports or for any particular export.

### 6.2 Payment for Exports

All payments for valuable goods shall be made in foreign exchange or by the debit of a "Non-Resident Transferable Birr or Foreign Currency Account" maintained with commercial banks by their correspondent banks abroad.

### 6.3 Exports by Commercial Banks

Commercial Banks are authorized to allow exports under the following mode of payment.

- a) Letter of Credit
- b) Advance Payment
- c) Consignment

### 6.4 Bills of Lading for Exports to be made out in the name of a local bank

1. Notwithstanding any agreement to the contrary, bills of lading, airway bill or any other document evidencing shipment of goods from Ethiopia to any destination abroad shall be made out to the order of a bank duly licensed to operate in Ethiopia or the opening bank abroad. However, in the case of wild animals shipped by air, airway bills shall be made out in the name of the buyer provided payment is made in advance and/or against letter of credit providing payment at the counter of negotiating bank and authorizing reimbursement by telex.
2. Exporters or forwarding agents shall indicate in their shipping instructions to shipping companies or ship agents the name of the bank and/or the buyer in the case of wild animals in whose name the bill of lading, airway bill or any other equivalent document shall issued in respect of the valuable goods to be shipped.
3. Upon receipt of the bills of lading of the equivalent documents in respect of the shipment of goods entrusted to them for export, forwarding or shipping agents operating additionally as forwarding enterprises shall, under their responsibility, deliver them to the bank in Ethiopia to whose order the shipping documents were issued.

### 6.5 Repatriation of export proceeds

Commercial Banks bear the responsibility for ensuring that export proceed from all export approved are repatriated into Ethiopia.

## 6.6 Exports under Letter of Credit

A. Commercial Banks shall allow exports for goods to be exported abroad other than coffee, against submission of the following documents.

- a) Valid foreign trade license for export
- b) Copy of authenticated L/C
- c) 5 copies of Customs Declaration duly completed, signed and sealed
- d) 6 copies of Banks declarations duly completed, signed and sealed
- e) 2 copies of invoices duly completed, signed and sealed. The invoices could be chamberized as the case may be.
- f) a copy of sales contract.

## B. Restrictions

The under listed goods shall not be approved for export unless specifically enumerated in the exporter's trade license.

- i. Forestry products
- ii. Wild animals and birds
- iii. Minerals
- iv. Other goods for which a certificate of competence must be obtained from the pertinent government institution in order to prevent damage to the public health, safety and the national economy.

## 6.7 Exports under advance payments

Exporters who wish to obtain export applications under advance payments are required to submit the following documents.

- All documents indicated under item 6.6 A-a, c to f are required.

### 6.8 Exports on Consignment Basis

Exports who wish to obtain export applications on consignment basis are to submit the following documents:-

- a) All documents indicated under item 6.6 A-a, c to f are required.
- b) First class foreign bank guarantee authenticated by Commercial Banks.

The consignment sales are only applicable to fruits and vegetables as well as cut flowers and others as may be approved by the NBE.

### 6.9 Small Export Items

Commercial Banks shall allow small export items to tourists, foreign residents or Ethiopian Nationals who wish to take souvenirs. The small export items shall be sent abroad for sample, gift, repair, replacement, exhibition and trade fair and personal effects and belongings etc. Commercial Banks shall allow small export items for the following.

- a) a limited quantity of souvenir items for value not exceeding USD 500.- which a tourist (Non-Resident) has purchased with local currency that was lawfully exchanged for foreign exchange or Non-Resident (NR) accounts with an authorized Commercial Bank.
- b) Household goods, personal effects and souvenirs of an emigrant authorized by authorized Commercial Banks to be taken out of Ethiopia.
- c) Souvenirs, products or manufactures of Ethiopia that do not exceed the aggregate value of Birr 1,000 which a resident of Ethiopia with a re-entry visa going abroad may wish to take with him as gifts for friends. In the case of coffee, the weight to be taken out shall not exceed two kilos per adult passenger.
- d) Samples of Ethiopian products or manufactures for promoting exports not exceeding 5 kilos and in case of semi-processed hides and skins not exceeding 1 dozen, leather and leather products and textile products 1 pc each respectively. Additional samples may be allowed against payment of foreign exchange.

- e) Machinery or equivalent or spare parts thereof sent abroad for repair or replacement and to be subsequently re-imported subject to a guarantee deposit of 100% of the invoice value in a blocked bank account, in case of private sector or a letter of undertaking from the exporting department in the case of the public sector to be released upon presentation of evidence to authorized Commercial Banks proving the re-importation of the item.
- f) Machinery, technical equipment or any other item and spare parts thereof to be exported from Ethiopia having been originally imported temporarily on Franco-valuta basis for specific use.
- g) Items imported into Ethiopia on Franco-valuta basis for repair purposes, provided the repair cost has been paid in foreign exchange.

#### 6.10 Validity

##### a) Export applications

The export applications shall be valid for 30 days from the date of issue.

##### b) Export transit, export freight and other charges

The applications for export transit, export freight and other charges shall be valid during the month of issue only.

#### 6.11 Renewal of Export Applications

Commercial Banks are authorized to renew export applications at the request of an exporter and may for good cause grant a maximum of 30 days.

#### 6.12 Change of basis of shipment

Approved export applications may be cancelled upon presentation of the full set of documents and a letter of consent of both parties. The cancelled export applications shall be forwarded to NBE.

### 6.13 Cancellation of export applications

Approved export applications may be cancelled upon presentation of the full set of documents and a letter of consent of both parties. The cancelled export applications shall be forwarded to NBE.

### 6.14 Export Transit

Commercial Banks shall allow foreign exchange for export transit to exporters upon submission of the following documents:-

- a) an application form duly completed, signed and sealed in two copies;
- b) transit invoice;
- c) bill of lading, if exported on C & F or CIF basis;
- d) insurance policy or cover note, if exported on CIF basis;
- e) original sales contract;
- f) a copy of Commercial Bank's credit advice.

### 6.15 Export Freight

Commercial Bank shall allow foreign exchange for export freight to exporters upon submission of the following documents:-

- a) an application form duly completed, signed and sealed in two copies
- b) bill of lading
- c) freight invoices
- d) original sales contract
- e) a copy of Commercial Bank credit advice.

### 6.16 Export Other Charges

Commercial Banks shall allow foreign exchange for exporters to cover other charges such as quality claim, loss in weight, commission, super-

intendance or survey fee, demurrage charge upon submission of the following documents.

- a) an application form duly completed, signed and sealed in two copies
- b) sales contract
- c) Commercial Bank advice
- d) Invoice
- e) In addition to the above quality certificate incase of quality claim, weight certificate in case of loss in weight, bill of lading incase of demurrage charges.

## **7. Settlement of Commitments**

- 7.1 Exporters are required to repatriate their export proceeds in foreign exchange within 90 days from the date of issue of export applications.
- 7.2 Importers are required to submit evidence for the entry of goods into the country within 120 days from the date of issue of import permits.
- 7.3 The NBE will provide a list of non-delinquent exporters/importers to all Commercial Banks. No Commercial Banks shall give an export/import permit to a prospective exporter/importer whose name appears on the delinquent list.
- 7.4 Any exporter/importer whose names appear on the delinquent list shall first clear his/her outstanding commitments at the NBE. Once he has cleared his commitments a clearance certificate will be issued by the NBE.

## **8. Ex-post Verification of Documents**

The NBE shall make ex-post verification for the following on a sample basis.

1. Export documents for all non-agricultural commodity exports
2. Export documents for agricultural commodity exports for which verifiable international prices are readily available.

## **9. Submission or Returns**

### **9.1 Commercial Banks**

Authorized Commercial Banks shall submit reports in a prescribed forms indicating foreign exchange transactions for import and export applications, import and export transit as well as freight expenses every Monday on weekly basis to the NBE as follows:-

- a) a copy of export application together with a copy of invoice.
- b) a copy of import application together with a copy of proforma invoice and insurance certificate in case of advance payment and L/C, a copy of final invoice, insurance certificate and shipping documents incase of Cash Against Documents,
- c) A copy of Franco-Valuta application together with a copy of invoice and shipping documents and 2% collection slip, as the case may be.
- d) Small export items applications together with bank advice, as the case may be.
- e) A copy of applications of import transit, import freight, import other charges together with a copy of invoice.
- f) A copy of applications of export transit, export freight, export other charges together with a copy of invoice.
- g) A copy of a letter of application together with a copy of agreement signed between the insurance company and the re-insurer and a debit note as the case may be.
- h) A copy of foreign exchange application to convert one currency for another together with a bank advice.
- i) A copy of commercial Bank advices emanating from foreign exchange transactions of imports, exports, transit expenses, freight expenses, other charges, and re-insurance premium.

### **9.2 Ethiopian Customs Authority**

The Ethiopian Customs Authority shall forward one copy of all customs import declarations issued and a copy of the final suppliers' invoice to the NBE.

**10. Inspection by NBE**

- a) The NBE may undertake an inspection of any Commercial Bank at any time to verify compliance with these Directives.
- b) Inspectors of the NBE are authorized to request the personnel of Commercial Banks such documents, information or explanations or the records or transactions that they deem necessary.

**11. Penalties**

The NBE may impose penalty on authorized Commercial Banks for violations of the provisions of these Directives in accordance with proclamation No. 83/94.

**12. Effective Date**

These directives shall enter into force as of the 31<sup>st</sup> day of August, 1998.

TEKLEWORL ATNAFU  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

## ANNEX 1

THE PERCENTAGE VALUE OF FOREIGN EXCHANGE APPROVED FOR  
USED VEHICLES, MACHINERY'S AND EQUIPMENT BY LIFE TIME

No.	Description	Service year starting from date of manufacture	Foreign Exchange to be approved
1	Tractors for agriculture, transport of goods	Upto 6 months	90% of original FOB price
		From 6 months upto 1 1/2 years	75% of original FOB price
		From 1 1/2 years upto 2 1/2 years	55% of original FOB price
		From 2 1/2 years upto 5 years	45% of original FOB price
		From 5 years upto 8 years	30% of original FOB price
		8 years and above	15% of original FOB price
2	Vehicles, minibuses, four wheel drive vehicles, stations wagons cars, buses, ambulances, racing cars, double cabin pick-up vehicles used airplanes, vessel trains & train-wagons	Upto 6 months	90% of original FOB price
		From 6 months upto 1 1/2 years	75% of original FOB price
		From 1 1/2 years upto 2 1/2 years	55% of original FOB price
		From 2 1/2 years upto 5 years	45% of original FOB price
		From 5 years upto 8 years	35% of original FOB price
		From 8 years upto 10 years	25% of original FOB price
10 years and above	15% of original FOB price		
3	Dumpers, single cabin pick-up, vehicles, crance lorries, drilling derricks, fire fighting vehicles, concrete-mixer lorries, medium and high capacity vehicles for the transport of goods.	Upto 6 months	90% of original FOB price
		From 6 months upto 1 1/2 years	75% of original FOB price
		From 1 1/2 years upto 2 1/2 years	55% of original FOB price
		From 2 1/2 years upto 5 years	45% of original FOB price
		From 5 years upto 8 years	35% of original FOB price
		From 8 years upto 10 years	25% of original FOB price
10 years and above	15% of original FOB price		



	goods such as radios, tape-recorders, tables and chairs, sofas, bed and materials.		
8	<ul style="list-style-type: none"><li>- Used machinery parts (for constructions, mining, industrial, agricultural machineries).</li><li>- Used spare parts for vehicles leaf-springs etc. except used tyres</li><li>- Used container</li></ul>		10% of original FOB price

**Annex 2****List of exportable goods**

## 1. Agricultural products

Some of the agricultural products are:

- a) Oil seeds
- b) Pulses
- c) Chat
- d) Cotton
- e) Civet
- f) Spices
- g) Fruit and vegetable
- h) Gum
- i) Cereals
- j) Live animals
- k) Wilde animals
- l) Etc.

## 2. Non-agricultural products

Some of the non-agricultural products are:

- a) skins
- b) Hides
- c) Bees wax
- d) Sugar and Molasses
- e) Leather products
- f) Textile products
- g) Handicrafts
- h) Minerals
- i) Scrap
- j) Foodstuffs
- k) Meat and meat products
- l) Gas stone
- m) Etc.







.....  
 (Name of Commercial Bank)

APPLICATIONS PROCESSED FOR EXPORT TRANSIT  
 EXPORT FREIGHT, FOREIGN CURRENCY  
 Vs FOREIGN CURRENCY AND OTHER CHARGES  
 FOR THE WEEK ENDED .....,1988

Reporting  
 Date .....

Date	Type of currency	Amount in F/cy	Birr Equivalent	No. of applications
TOTAL				

Authorized Signature  
 Date: .....

N.B. The relevant application for export transit, export freight, foreign currency vs foreign currency and other charges are attached herewith.













## **PART FOUR**

### **NATIONAL BANK OF ETHIOPIA**

#### **Directive to Amend**

#### **"The Operation of Foreign Exchange Bureau**

#### **Directives No. FXD/03/1996"**

#### **Directive No. FXD/09/1998**

#### **1. Issuing Authority**

These Directives are issued by the National Bank of Ethiopia (hereinafter the "NBE") pursuant to the authority vested in it by Article 39(2) of Monetary and Banking Proclamation No. 83/1994.

#### **2. Short Title**

These Directives may be cited as "The Operation of Foreign Exchange Bureau Directive No. FX/09/1998".

#### **3. Amendment**

This amendment and addition is made to "The Operation of Foreign Exchange Bureau Directives No. FXD/03/1996 issued on October 1, 1996."

#### **4. Holiday Travel Expenses**

A Forex Bureau may sell upto US\$1,200 or equivalent in cash notes or T/cs per trip to an individual Ethiopian national or resident for holiday trip outside Ethiopia upon presentation of passport, valid exit visa and air ticket. The amount shall be endorsed at the back of the passport and on the air ticket with the requested stamp. Refund of an air ticket is subject to the approval of the issuing Forex Bureau against refund of foreign exchange approved.

#### **5. Business Travel Allowance**

A Forex Bureau may sell foreign exchange for a bona-fide business travel upon presentation of valid licenses together with passport, valid exit visa and air ticket. A Forex Bureau may also sell foreign exchange for a bona-fide business travel to representatives of business organizations or associations. A Forex Bureau may approve for an applicant upto USD 1,200 in cash notes or equivalent and the balance in T/cheques. The Forex Bureau shall endorse the amount of foreign exchange sold to the applicant at the back of the passport and on the air ticket

with the required stamp. Refund of an air ticket is subject to the approval of the issuing Forex Bureau.

## **6. Medical Expense**

A forex Bureau may sell foreign exchange for a bone-fide medication abroad upon presentation of medical board certificate, passport, valid exit visa and air ticket. A Forex Bureau may approve upto USD 1,200 or equivalent in cash notes and the balance in draft, or T/cs. However, the Forex Bureau shall approve exceptionally to an applicant who is disables and/or blind all in cash notes, as the case may be. The amount shall be endorsed at the back of the passport and on the air ticket with the required stamp. Refund of an air ticket is subject to the approval of the issuing Forex Bureau. The applicant will sign a letter of undertaking to produce a bona-fide medical bills in the future.

Additional foreign exchange may be approved to a patient being treated abroad against his application supported by a bona-fide medical bills or hospital accounts showing how the foreign exchange initially granted was expended, and medical certificate issued and signed by the attending foreign specialist or medical center giving estimate of the medication fee that may be needed in the immediate future.

## **7. Educational Expenses**

A Forex Bureau may sell foreign exchange for a bona-fide tuition fee and subsistence allowance subject to the presentation of the following documents.

- a) Evidence showing that the student is an Ethiopian citizen;
- b) Admission letter from learning;
- c) In the case of a continuing student, evidence that the student is still enrolled and attending the institution;
- d) The relevant statement and letters from the educational institutions signed by the principal or top executive of the educational institution concerned showing details of the various costs needed for a given academic period.

The Student may be given upto USD 1,200 or equivalent in cash or t/cheques and the balance by direct transfer through a local bank to the concerned institution abroad. Alternatively, a bank draft could be issued by a Forex Bureau.

**8. Distance Education Expenses**

A Forex Bureau may sell foreign exchange for a bona-fide distance education. The payment shall be effected in the name of the concerned foreign institutions through a licensed Commercial Bank operating in Ethiopia by direct transfer subject to the presentation of the following documents.

- a) Evidence that the student is a citizen of Ethiopia,
- b) Admission letter from learning institutions evidencing that the student has been enrolled for the period claimed,
- c) In the case of a continuing student, evidence that the student is still enrolled and pursuing his studies through correspondence,
- d) The relevant statement and letters from the educational institutions signed by the principal or top executive of the educational institution concerned showing details of various costs involved for a given academic period,

**9. Seminar, Workshop, Symposium, Conference and Training Fees**

A Forex Bureau may sell foreign exchange for a bona-fide seminar, workshop, symposium, conference, and training fees. Payment of same shall be made to institutions abroad through Commercial Banks.

**10. Other Expenses**

A Forex Bureau may sell foreign exchange for purchase of publications, periodicals, journals, books, membership fee, advertisement, examination fee, registration fee, admission fee etc. However, payment of same shall be made to institutions abroad through Commercial banks.

**11. Re-conversion of Foreign Currency**

A Forex Bureau may reconvert to non-resident foreigners and tourists:

- a) Upto USD 150.- without evidence,
- b) In excess of USD 150.- with the presentation of authenticated bank advice indicating that equivalent amount of foreign exchange is lawfully converted into local currency.

The Forex Bureau shall approve the above amounts upon presentation of passport, valid exit visa and air ticket. The amount shall be endorsed at the back of the passport and on the air ticket with the required stamp.

## **12. Submission of Returns and Inspections**

Every Forex Bureau shall submit to the NBE reports in prescribed forms giving details of their purchases and sells of foreign exchange transactions and dealing rates on the following working day not later than 10:00 A.M.

- a) Debit tickets for purchases of foreign currencies of cash notes and t/cs,
- b) Credit tickets for purchases of foreign currencies of cash notes and t/cs,
- c) Bank advices for foreign exchange transfers and bank drafts,
- d) Two copies of applications forms for holiday, business, medical allowances as well as transfers for education fee, correspondence fee, seminar, symposium, workshop, conference and training,
- e) Inspectors of the NBE are authorized to demand from Commercial Banks documents or any other required information,
- f) The NBE may undertake an inspection of any Commercial Banks at any time to verify compliance with these Directives and to sanction any bank and/or its customer that infringes these Directives.

## **13. Penalties**

The NBE may serve the forex bureau of a Commercial Bank with a written warning for:-

- a) buying/selling foreign exchange other than the rate displayed. Discriminating between customers.

Under severe violation, the NBE may revoke the concerned Forex Bureau license for:-

- a) selling or purchasing foreign currency without the use of forms set for this purpose;
- b) issuing receipts other than to cover actual purchase or sale of foreign currency;
- c) transferring money to anywhere outside Ethiopia,

- d) engaging parallel market activities,
- e) refusing to give receipts to buyers and sellers of foreign currency; and
- f) misreporting the amount of foreign exchange bought or sold;
- g) violating any of the provisions of these Directives.

**14. Repeal**

The amendment of Foreign Exchange Bureaux Directives No. FXD/03/1996 and Notice No. 22/1997 issued on 17 day of February, 1997 are hereby repealed and replaced by these Directives.

**15. Effective Date**

These Directives shall enter into force as of 31<sup>st</sup> day of August, 1998.

TEKLEWOLD ATNAFU  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

**Directive NO. FXD/12/2000**  
**Amendment to Directive No. FXD/07/1998**

**1. Issuing Authority**

These Directives are issued by the National Bank of Ethiopia (herein after "NBE") pursuant to the authority vested in it by article 39 (1) and (2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Amendments**

The National Bank of Ethiopia's Directive No. FXD/07/1998 to Transfer NBE's Foreign Exchange Functions to Commercial Banks Articles 5.1, 5.3, 5.7 and 9.1 are hereby amended as follows to include the requirement for 100% deposit of the value of imports in Birr.

2.1 The following new sub-article is included under Article 5.1

- (f) 100% deposit slip of total application value calculated in Birr is required before lodging import application.

2.2 The previous sub article 5.3 is replaced by the following new article.

5.3 Imports by Cash Against Documents (CAD) at sight

Importers who wish to import goods on (CAD) basis will required to submit different categories of documents under two cases:-

- (a) To obtain a prior approval from Banks before ordering goods for shipment they shall submit:-
  - i. A purchase order, proforma invoice and valid license for Foreign Trade, Investment of Industry,
  - ii. 100% deposit slip of the proforma value calculated in Birr before lodging the purchase order,
  - iii. One copy of local insurance certificate.
- (b) For processing import applications, upon shipment of the goods by the sellers, the importers are required to submit:-

- i. application form duly completed, signed and sealed,
- ii. documents to be attached:
  - three copies of certificate of origin,
  - Two copies of certificate of origin,
  - Full sets of shipping document (i.e. Bill of Lading, airway Bill, Truck Manifest, Rail Way bill, Couriers etc and a carrier invoice to indicate the actual freight charges),
  - Two copies of packing list,
  - Clearance certificate from NBE showing that the importer has settled his foreign exchange commitments.

2.3 The following new sub-article is added under article 5.7

- (e) 100% deposit slip of the total application value calculated in Birr before lodging import application,

2.4 The following new sub-article is added under article 9.1

- (j) A copy of 100% deposit slip is required for dispatch to IBOD together with the NBE's copy and the relevant attachments.

### **3. Exceptions**

All Commercial Banks are required to process Import applications in accordance with the amendment issued on availing foreign exchange for import of goods with exception to Fertilizer, Petroleum, Pharmaceutical including Veterinary medicines, Motor Vehicles for the transport of public goods and special purpose motor vehicles, aircraft, ships & boats and capital (Investment goods) exempted from Duty and Tax by Ethiopian Investment Authority.

### **4. Effective Date**

These Directives shall enter into force as of 11<sup>th</sup> day of February, 2000.

TEKLEWOLD ATNAFU  
GOVERNOR

**Directive No. FXD/13/200**  
**Amendment to Directive NO. FXD/07/1998**

**1. Issuing Authority**

These directive are issued by the National Bank of Ethiopia (herein after "NBE") pursuant to the authority vested in it by article 39(1) and (2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Amendments**

The National Bank of Ethiopia's Directive No. FXD/07/1998 to transfer NBE's foreign exchange functions to Commercial Banks Article 4 is amended and replaced by the following new Article.

**3. Rights of Authorized Banks**

Banks which are licensed to operate in Ethiopia are authorized to allow imports and exports excluding coffee and provide associated services against submission of the required documents by the importer and exporter.

Banks are required to process import permit applications of different values at different levels in the manner provided below:-

- 4.1 Imports processed through the Commercial Bank of Ethiopia (CBE) shall be authorized and issued in accordance with the limit stipulated hereunder:-
  - i. Levels of approval
    - (a) No approvals shall be given at branch level,
    - (b) Approval on district level is limited to Birr 100,000 per application value,
    - (c) Management Credit Committee shall approve applications from Birr 101,000 upto Birr 300,000,
    - (d) Executive Committee of the Management shall approve application from Birr 301,000 upto Birr 500,000,

- (e) The Board of Commercial Bank of Ethiopia shall approve applications exceeding Birr 500,000.
  - ii. permits can be issued at branch level after obtaining import approvals as stated herein above under 1(a-e).
- 4.2 Import permits processed through all other Banks shall be conducted as follows:-
- i. Levels of approval
    - (a) All branches may approve import permit applications upto Birr 50,000.
    - (b) Management Credit Committee shall approve import permit applications from birr 51,000 upto Birr 200,000.
  - (c) Board of the Bank shall approve import permit applications for Birr 201,000 upto Birr 500,000.
  - (d) All import permit applications exceeding Birr 500,000 shall be forwarded for approval to NBE.

#### **4. Reporting Procedures**

All authorized banks are required to report to NBE transactions carried out in accordance with the above amended Article 4, as follows:-

- (a) Details of the report shall be filled as per formats attached to these directives,
- (b) All reports prepared should be submitted to NBE every other day by noon,
- (c) All reports shall be supplemented by approval documents.

#### **5. Effective Date**

These directives shall enter into force as of the 17<sup>th</sup> day of February 2000.

TEKLEWOLD ATNAFU  
GOVERNOR

**Directive No. FXD/16/2001**  
**Amendment to Directive No. FXD/07/1998**

**1. Issuing Authority**

These Directives are issued by the National Bank of Ethiopia hereinafter the "Bank" pursuant to authority vested in it by Article 39(1) and (2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Amendment:**

The NBE Directive No. FXD/07/1998, Articles 5.1, 5.3, 6.6 and 6.7 of the Transfer of NBE's Foreign Exchange Functions to Commercial Banks is amended as follows:

**3. Definitions**

The following new definitions are added:

e) "Sea Port"

means areas where there are facilities for berthing or anchoring ships and where there is the equipment for the transfer of goods from ship to shore or from shore to ship or ship to ship and which is a maritime inter-modal interface as may be designated by the Ministry of Transport and Communication.

b) "Inland Port"

means a Dry Port place or customs warehouse named to serve as arrival or dispatch centers for import and export cargoes as may be designated by the Federal Revenue Board of the Ethiopian Customs Authority.

c) "Through-Bill of Lading"

means Bill of Loading issued by a Shipping Line for a voyage requiring on carriage, and thus involving at least one trans-shipment. According to the particular contract the issues of the B/L may be responsible for the goods throughout the voyage.

d) "Multi-modal Transport Operator"

means the document evidencing a multi-modal transport contract and establishing that the multi-modal operators has taken the

goods in charge, and has undertaken the obligation to deliver them in conformity with the clauses of the contract.

- e) "Multi-modal Transport Operator"  
means any person/organization, who either on his own behalf or through another person concludes a multi-modal transport contract and acts as a principal, not as an agent or on behalf of the consignor or of the carriers participating the multi-modal transport operations, and who assumes the responsibility for the performance of the contract.
- f) "Multi-modal Transport Contract"  
means a contract whereby a multi-modal transport operator undertakes in writing and against payment of freight to perform, or to procure the performance of international multi-modal transport activities.
- g) "Truck Way Bill"  
means a valid document issued by truck owners, or the agents.
- h) "Sales Point"  
means the place or site where the price of foods is paid by the importing in foreign exchange to the supplier.
- i) "Delivery Point"  
means the final destination at which the goods purchased are to be delivered.
- j) "Inland Transport"  
means the transport of goods from the sea port areas to the named place at the Inland Port and/or the vise versa. In the case of exports where the movement of goods is from an inland port or customs boundary to the sea port where the goods are to be shipped.
- k) "RORO Items"  
means cargo or goods comprising of vehicles or the like.

## **SECTION I IMPORTS**

### 5.1 Imports by Letter of Credit

The following new sub-articles are added to Article 5.1, after item (e)

- (f) Goods ordered against payment of foreign exchange and are to be stuffed in containers and/or RORO items shall be destined to

"Inland Port". The proforma invoices submitted by importers to banks seeking payment arrangements to order the purchase of goods should specifically state the named Inland Port in Ethiopia, as the final destination.

- (g) In establishing the letter of credits, banks shall require suppliers to ship the goods under an arrangement of conveyance through Bill of Lading. The delivery terms must indicate the Inland Port in Ethiopia, as a final destination with multi-modal transport documents acceptable in accordance with the particular contract made. The importer/suppliers nominates the vessel. The issuer of the Bill of Lading may be responsible for the goods transported through out the voyage for the delivery of the goods or acting as agents of the carriage.
- (h) In the event where the goods are to be delivered against payment terms on 'FOB' basis, the carriers shall arrange for direct transit of the goods to the final destination i.e., upto the Inland Port named. This instruction shall clearly be stipulated as one of the L/C essential conditions calling for the performances.
- (i) If the contract/purchase agreement is on CIF or C & F basis, the terms of payment applicable and the documents to be presented shall be determined by considering the following points into account.
- ◆ The condition of payment and the percentages payable shall be subject to negotiations between the buyer and seller.
  - ◆ Partial payment can be allowed depending on the arrangement of the delivery of the goods at the final destination and the availability of documents implying to the delivery of the items shipped.
  - ◆ Importers may arrange the payment of transit expenses and inland transport in Birr, while at the same time the conditions and payment terms stating that CIF or C&F values payable in foreign exchange and agreeing for delivery at a specific point. The letter of credit term shall require the supplier to provide the related shipping documents while at the same time specifying the inland expenses (inland leg) to be paid in Birr.
- (j) Expenses related to services involved after the discharge of the goods from vessels at ports and delivering it to the inland port or customs warehouse in Ethiopia shall be covered based on the terms of payment that would be agreed between the supplier and

buyer. This depends on the responsibility of the shipper and terms of shipment agreed.

- (k) It is a mandatory requirement that all import arrangements shall be delivered at the Inland Port and/or Customs Warehouse in Ethiopia, for containerized goods and RORO items (vehicles).

5.1.1. Payment Term Arrangements and Documentation required for goods Destined at the Inland Port or Customs Warehouse

5.1.1.1 For goods purchased under CIF or CFX Terms and delivered at a named dry port, withdrawals of payment can be arranged as follows, using the L/C as a mode of payment.

a) The negotiating bank may effect payments for the 100% value of the L/C upon presentation of shipping documents, including invoices for the transit charge, inland transport and certificate of arrival of the consignment at the Inland Port or the named Customs Warehouse.

b) Partial payments may be effected, if the condition of payment is attached to the movement and status of the goods shipped from the point of sale to the final destination and the presentation of documents. The following payment conditions shall be applicable.

◆ To allow the supplier withdraw partial payments from the L/C amount by submitting documents such as, Bill of Lading the final invoice indicating the value of goods shipped, FOB charges, actual freight paid and insurance charges etc at the first round of payment.

◆ In the second round of payment, the supplier may claim payment of the remaining portion of the L/C amount by presenting documentary evidences stated under 5.1.2 hereunder. This payment is expected to cover cost of the service charges involved from the place where the goods are discharged (port of discharge) and transport to the dry port borne by the supplier.

- c) Where the above payment arrangements (stated under 'a' and 'b') are not possible and a need arises to determine the size of payments at every stage, the condition of payment and the amount partially payable may depend upon the agreement of the supplier and buyer, which shall be defined under the letter of credit established by the importer.

5.1.1.2 If the terms of agreement is to deliver the goods upto the dry port named, the shipper shall have the responsibility to arrange the dispatch of the goods, the payment system, the logistics pertaining to the transit service and delivery of goods at the Inland Port or Customs warehouse in Ethiopia based on the agreement. The L/C should state the terms of payment and the documents to be produced.

5.1.1.3 For delivery of the goods arranged on FOB basis, the foreign port charges, freight to the inland point and the related expenses for delivery upto the Inland Port shall be paid in Birr. However, if the goods are delivered by foreign vessels and trucks to the inland port through an agent who is involved in the delivery of the goods and have the responsibility of transiting the cargoes to the Inland Port stated, the related freight charge and transit expenses required in moving the consignment upto the named place shall be payable in foreign exchange and can be treated on the basis of the Directives applicable.

## 5.1.2 Document Requirements

In order to ensure that goods are delivered as per the agreements made in line with the letter of credit terms, the following documents shall be presented by the supplier when requesting the payments on the basis of the credit terms.

5.1.2.1 Transit invoices issued by multi-modal transport operator (9MTO) covering the Port and other related charges associated to the delivery of the goods at the Inland Port.

- 5.1.2.2 Truck way bill or Railway Manifest
- 5.1.2.3 Certificate of goods arrival, issued by the office of the Inland Port or Customs Warehouse. The certificate shall indicate the name of the importer, number of containers or quantities of RORO goods delivered, marks or identification No. and other details as provided by the (forwarding agent) Multi-modal Transport Operator (MTO).

### 5.1.3 Listed Inland Port and Sea Ports

#### A. Inland Port

1. Commet Inland Container Terminal, Addis Ababa
2. Addis Ababa Railway Customs Warehouse, A.A.
3. Nazareth Branch Customs Warehouse, Nazareth
4. Dire Dawa Railway Customs Warehouse, Dire Dawa
5. Mekele Customs Warehouse, Mekele
6. Combolcha Warehouse, Combolcha

#### B. Sea Port

For this Directive purpose the sea port that will service the outgoing and incoming cargoes is the port of Djibouti, in the Republic of Djibouti.

#### C. Use of Listed Inland and Sea Ports

Banks can use the specific points stated under (A) and (B) above when establishing the payment systems. NBE shall communicate any addition or reduction to the Isits provided to banks upon receipt of written instructions from the relevant government organizations.

### 5.2 Imports by Cash Against Documents (CAD) at sight

The following new sub-articles are added to Article 5.3 next to item (c):-

- (d) Purchase order (PO) presented for prior approval by importers among other details that should be included, should explicitly state the name of the Inland Port where the goods are to be delivered (applicable to containerized and RORO goods).

- (e) Final documents such as invoice and B/L should indicate the ultimate destination and delivery of goods to be at the "Inland Port".
- (f) The shipping documents presented for payments on the basis of the purchase order approved earlier and submitted for collection at the counters of the commercial banks should be supplemented by the Truck/Rail way manifest, goods arrival report issued at the Inland Port for containerized and RORO goods. The release of payment is subject to fulfillment of the terms and presentation of the specific documents stated above.
- (g) Expenses related to charges involved after goods are unloaded from vessel at the seaport and delivering the goods at the Inland Port in Ethiopia, shall be covered based on the terms of payments agreed between the supplier and importer. The agreement shall indicate the party who covers the expenses, beyond the discharging port.
- (h) Imports who would require the shipment of goods on CIF or C&F basis and have in advance made arrangements with their bank by presenting the purchase order, the payment term shall be dependent upon the document to be presented. The supplier will be bound to comply with the terms and condition of payment implying to the cost of goods, delivery by vessel to the port transit processes as well and the arrangements for the delivery of the goods at the inland port in Ethiopia.
- (i) Goods delivered containerized and RORO items under CAD payment arrangements shall be subject to apply and take the entry ports and the final arrival centers as stated under Article 5.1.3 (A.B.C) including presentation of additional document requirements stipulated under 5.1.2.

## **SECTION II EXPORTS**

### **6.6 Exports under Letter of Credit**

The following new additional points, "C and D" are included to the sub-article (6.6) next to 'B'.

C) Exports Delivered at Ex-Inland Port

- (a) Exporters can enter into agreement for sales or delivery of goods at ex-Inland Port.
- (b) Exporters may agree for sales and delivery of goods at a price calculated on the basis of costs at Ex-Factory, Ex-Inland Port names, at a sea Port stated or at the final destination as may be agreed and where the buyer preferred the purchase point to be fixed. The contract agreement should clearly state the place of delivery and the terms of payment and the price to be paid.
- (c) Inland transport expenses and transit charges payable at the point of loading shall be borne based on the terms of sales made and the point of delivery agreed.
- (d) Exporters shall be responsible for the repatriation of the foreign exchange based on the sales agreement and documentation established as per the mode of payment agreed. The payment of inland freight to the port and transit expenses will be subject to the delivery terms and agreed sales point.
- (e) Banks shall issue export permits and register the sales contracts taking into account the delivery terms to take place at one of the different sale points as stated under (b), and on the strength of instrument of payments that can be made available.
- (f) Charges associated to the delivery of the goods at the point of sales (Inland Port or Seaport) will be borne by the exporter or the importer depending on the agreement. However, if goods are delivered at a port, the port charges and transit expenses shall be paid in foreign exchange to the agent who has handled the forwarding processes and delivery of the goods at the port.

D) Documentation Required for Delivery of Exportable Goods at Ex-Inland Port

Notwithstanding all other documentation required which are subject for presentation in the usual manner, the following documents will in addition be required to substantiate full compliance and adherence to the amendments issued herewith.

- a) Through B/L issued by vessel owners or agents exporters shall indicate the center or dispatch point and final destination, including the port where the goods are to be

loaded on board a vessel. If necessary, it should also include the route and voyage that it passes through.

- b) Certificate issued by the station where the goods are to be delivered and move outbound (certificate of Inland Port).
- c) Truck Waybill or Railway Manifest.
- d) Transit invoice issued by the forwarding agent or the carrier.

#### 6.7 Exports Under Advance Payments

The following additional document submission requirements are included next to the first hyphen.

In addition to the documentary requirements stipulated under 6.6 of this Directive amendment, additional documents required for delivery at ex-Inland Port enumerated in items 6.6 (C) a - f and (D) a - d are required.

#### **4. Directives for Implementation**

All commercial bank are hereby required to process import and export applications which are to be delivered in a containerized packing system and incoming RORO items by taking the specific inland port of the choice of their customers. Accordingly, it is necessary that banks incorporate the system of delivery and documentation by synchronizing the related payment mechanisms in accordance with the issued amendments for making the delivery of import and export goods at the named Inland Port in Ethiopia.

#### **5. Effective Date**

These Directives amendments shall enter into force as of March 29, 2001.

TEKLEWORLD ATNAFU  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

**Directive to Amend**  
**"The Operation of Foreign Exchange**  
**Bureau "Directive No. FXD/09/1998"**  
**Directive NO. FXD/17/2001**

**1. Issuing Authority**

These Directives are issued by the National Bank of Ethiopia (herein after "NBE") pursuant to the Authority vested in it by Article 39(1) and (2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Short Title**

These Directives may be cited as "The Operation of Foreign Exchange Bureau Directive No. FXD/17/2001".

**3. Amendments**

This amendment and addition is made to "The Operation of Foreign Exchange Bureau Directives No. FXD/09/1998 issued on 31<sup>st</sup> August 1998".

**4. Holiday Travel Forex Sales**

A Forex Bureau may sell foreign exchange for a holiday travel outside Ethiopia to and individual Ethiopian national or a foreign resident upon presentation of passport, valid exit visa and air ticket. The limit previously set in amount is waived. Payments will be made in acceptable instruments such as, travelers cheques, drafts, cash notes, etc. But the cash note payment shall not exceed USD 400 and the amount sold shall be endorsed at the back of the passport and on the air ticket with the required stamp. The Travelers Check sold should strictly be signed by the purchaser over the Forex Bureau Counter. Refund of an air ticket is subject to the approval of the issuing Forex Bureau against refund of foreign exchange approved.

**5. Business Travel Allowance**

A Forex Bureau may sell foreign exchange for a bona-fide business travel to representatives of business organization upon presentation of valid licenses together with passport, valid exit visa and air ticket.

A Froex Bureau may also sell foreign exchange for a bona-fide business travel to business associations, welfare institutions, religious associations, organizers of trade exhibitions, tourism, cultural show and sports.

In all cases, applicants shall present their passports with valid exit visa, air tickets and submit copies of licenses or letters of support from the pertinent bodies that have relevance to their functions. The amount to be approved in cash form shall not exceed USD400 or its equivalent while the rest can be sold in Travelers Cheques, Drafts, etc. The T/cks sold are strictly subject for signing by the purchaser upfront the counter. The Forex Bureau shall endorse the cash amount sold to the applicant at the back of the passport and on the air ticket with the required stamp. Refund of an air ticket is subject to the approval of the issuing Forex Bureau.

## **6. Medical Expenses**

A Forex Bureau may sell foreign exchange for a bone-fide medication abroad upon presentation of Medical Board Certificate, passport, valid exit visa and air ticket. A Forex Bureau may approve upto USD 400 in cash notes and the balance in T/cheques, Drafts, etc. The purchaser must sign travelers checks sold over the coutner. However, the Forex Bureau shall approve exceptionally and sell to an applicant, who is disabled and/or blind all in cash notes, as the case may be. The cash amount sold shall be endorsed at the back of the passport and on the air ticket with the required stamp. Refund of an air ticket is subject to the approval of the issuing Forex Bureau. The applicant will sign a letter of undertaking to produce a bona-fide medical bills after the completion of his/her medical treatment.

Additional foreign exchange may be approved to a patient being treated abroad provided his application is supported by a bona-fide medical bills or hospital accounts showing how the foreign exchange initially sold was expended. The application should be reviewed based on the medical certificate issued and signed by the attending foreign specialist or medial center, giving estimate of the medication fee that is needed in the immediate future.

## **7. Educational Expenses**

A Forex Bureau may sell foreign exchange for a bona-fide tuition fee, subsistence allowance and other associated educational expenses to a student, including a foreign resident student subject to the presentation of the following documents.

- a) Admission letter from learning institutions abroad evidencing that the student has been enrolled for the period claimed;

- b) In the case of a continuing student, evidence that the student is still enrolled and attending the institution and;
- c) The relevant statement and letters from the educational institutions signed by the principal or the appropriate officer of the educational institution concerned, that shows details of the various costs needed for a given academic period.

Sales of forex to a student may be given upto USD 400 or equivalent in cash or T/cheques. T/cks sold at a Forex Bureau should be signed by the purchaser over the counter. However, tuition fee, subsistence allowance and other associated educational expenses will be paid by bank transfer or Draft through a local bank directly to the educational institution abroad to which the student is enrolled or admitted to pursue his/her education.

#### **8. Distance Education Expenses**

A Forex Bureau may sell foreign exchange for a bona-fide distance education. The payment shall be effected in the name of the concerned foreign institutions through a licensed commercial banks operating in Ethiopia by direct transfer subject to the presentation of the following documents.

- a. Admission letter from learning institution evidencing that the student has been enrolled for the period claimed.
- b. In the case of a continuing student, evidence that the student is still enrolled and pursuing his studies through correspondence.
- c. The relevant statement and letter from the educational institutions signed by the principal or top executive of the education institution concerned showing details of various costs involved, for a given academic period.

#### **9. Seminar, Workshop, Symposium, Conference and Training Fees**

A Forex Bureau may sell foreign exchange for a bona-fide seminar, workshop, symposium, conference, and training fees. Placement of same shall be made to institutions abroad through commercial banks.

#### **10. Other Expenses**

A Forex Bureau may sell foreign exchange for purchase of publications, periodicals, journals, books, membership fee, advertisement, examination fee,

registration fee, admission fee, etc. However, payment of same shall be made to institutions abroad through commercial banks.

### **11. Reconversion of Foreign Currency**

A Forex Bureau may reconvert to non-resident foreigners and tourists:

- a) Upto USD 150.- without evidence,
- b) In excess of USD 150.- with the presentation of authenticated bank advice indicating that equivalent amount of foreign exchange is lawfully converted into local currency.

The Forex Bureau shall approve the above amounts upon presentation of passport, valid exit visa and air ticket.

### **12. Submission of Returns and Inspections**

Every Forex Bureau shall submit to the NBE reports in prescribed forms giving details of their purchases and sell of foreign exchange transactions and dealing rates on the following working day not later than 10:00 a.m.

- a. Debit tickets for sales of foreign currencies of cash notes and t/cks,
- b. Credit tickets for purchases of foreign currencies of cash notes and t/cks,
- c. Bank advices for foreign exchange transfers and bank drafts issued,
- d. Two copies of applications forms for holiday, business, medical
- e. Allowances as well as transfers for education fee, correspondence fee,
- f. Seminar, symposium, workshop, conference and training,
- g. Inspectors of the NBE are authorized to demand from commercial banks documents or any other required information,
- h. The NBE may undertake an inspection of Forex Bureaus of commercial banks at any time to verify compliance with these Directives and to sanction any bank and/or its customer that infringes these Directives.

### **13. Penalties**

The NBE may serve the Forex Bureau of a commercial bank with a written warning if irregularities of the following natures are observed.

- a) Buying/selling foreign exchange other than the rate displayed,
- b) Discriminating between customer.

The NBE may revoke the concerned Forex Bureaux license for severe violations of the following sort.

- a. selling foreign currency without the use of forms set for this purpose;
- b. issuing receipts other than to cover actual purchase of sale of foreign currency;
- c. transferring money to anywhere outside Ethiopia;
- d. engaging parallel market activities;
- e. refusing to give receipts to buyers and sellers of foreign currency, and
- f. misreporting the amount of foreign exchange bought or sold;
- g. violating any of the provisions of these Directives.

#### **14. Repeal**

The operation of foreign exchange bureaux amended Directives No. FXD/09/1998 is hereby repealed and replaced by these Directives.

#### **15. Effective Date**

These Directives shall enter into force as of 30<sup>th</sup> March 2001.

TEKLEWOLD ATNAFU  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

**DIRECTIVE NO. FXD/18/2001**  
**Amendment to Directive No. FXD/07/1998**

**1. Issuing Authority**

These Directive are issued by the National Bank of Ethiopia (herein after "NBE") pursuant to the authority vested in it by Article 39(1) and (2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Amendments**

Under Directive No. FXD/07/1998, issued with the title "to Transfer NBE's Foreign Exchange Functions to Commercial Banks", Article 8 is hereby amended to read as:

The NBE shall undertake ex-port price verification of export items in the following way.

The following statement are added under sub-article 2 of Article 8.

- 2.1 Ex-post verifications shall be conducted for the list of exportable commodities for which verifiable international prices are available.
- 2.2 The list of export products for which international price information is available are annexed herewith which forms part and parcel of the amendment issued (see list attached hereto).
- 2.3 Any addition or reduction to the list, provided in the Annex attached, shall be communicated to commercial banks in written by the NBE from time to time.

**3. Effective Date**

These Directive amendment shall enter into forces as of May 09, 2001.

ALEMSEGED ASSEFA  
VICE GOVERNOR  
NATIONAL BANK OF ETHIOPIA

May 09, 2001

**Annex to Directive No. FXD/18/2001, Issued in Connection with the  
Ex-port Price Verifications of Export Commodities by NBE**

I. Export products for which international prices list are readily available.

NO.	Export Commodity	No.	Export Commodity
1.	Seeds and Pulses		4.6 Pepper (black)
	1.1 Lentils		4.7 Pepper (white)
	1.2 Millet		4.8 Turmeric
	1.3 Haricot beans		5. Cereals
	1.4 Soyabean		5.1 Corn/maize
2.	Oil seeds		5.2 Wheat
	2.1 Rape seeds/Canola		5.3 Sorghum
	2.2 Sesame seeds		6. Hides and skins
	2.3 Sun flower seeds		6.1 Wet blue goat skins
	2.3 Linseed/Flax		6.2 Goat kid skin
3.	Waxes and Gums		6.3 Prickled sheep skins
	3.1 Bees was		6.4 Wet blue sheep skins
	3.2 Gum Arabic		6.5 Crust sheep skins
4.	Spices		6.6 Wet blue hide
	4.1 Chilies		6.7 Crust bovine hide
	4.2 Cinnamon		7. Honey
	4.3 Cumin seed		8. Cotton
	4.4 Garlic		9. White sugar
	4.5 Ginger	10. Tea	

**DIRECTIVE NO. FXD/19/2001**  
**AMENDMENT TO DIRECTIVE NO. FXD/07/1998**

**1. Issuing Authority**

These directives are issued by the National Bank of Ethiopia (NBE), hereinafter called the "Bank" pursuant to authority vested in it by Article 39(1) and 92) of the Monetary and Banking Proclamation No. 83/1994.

**2. Short Title**

These Directives may be cited as "procedure for handling of Import Documents Received from Banks Abroad "

**3. Amendments**

The National Bank of Ethiopia Directive No. FXD/07/1998 to transfer NBE's foreign exchange functions to commercial banks Article 3 and article 5.17 are hereby amended as follows to include more definitions and procedure of handling of import documents received from banks abroad.

**Definitions**

- a) 'Import Documents' - shall mean original documents of airway bill, final invoices and other relevant certificates which have been forwarded through a negotiating bank confirming the handling of the documents in compliance with a letter of credit term specified by the issuing bank or documents sent by Remitting Bank with collection instructions.
- b) 'Airway Bill' - shall mean a document issued by an airline or its agent evidencing the receipt of cargo for conveyance by air to a specific destination. The airway bill bears a title document to the goods airlifted.
- c) 'Final Invoice' - shall mean an invoice that indicates the type of commodity, unit price total value, shipment terms and payment terms generally indicating the sales of the items to a named buyer specified in the invoice for the given amount certified to be true and correct.

**SECTION 5 - IMPORTS**

The following sub-article is added next to article 5.17.

**Article 5.17.1 Procedure for Handling Import Documents Received Through Banks****A. Documents with Airfreight Consignments****A.1 Actions Deemed Necessary for Goods Airfreighted Under L/C Payment Arrangement to Addis Ababa or to Other Airports in Ethiopia****A.1.1 Upon arrival of goods but before receipt of documents**

Banks may facilitate in issuing delivery order to clear the goods against payments or other facilities at the request of importers who wish to expedite the clearance of their goods.

**A.1.2 After arrival of documents**

- (a) Upon receipt of documents by the bank, the concerned Department of Branch office shall send advice within five days from the date of receipt of documents in writing/fax or telephone informing the customer to collect the documents.
- (b) In the event that the customer does not collect the documents within fifteen days of the 1st advice, a 2<sup>nd</sup> reminder should be served informing the customer again to collect the documents within five days from the date of 2<sup>nd</sup> reminder.
- (c) If the importer does not take up the documents within five days after the expiry of the 2<sup>nd</sup> reminder, banks shall send a final reminder informing the customer the seriousness of the issue and the implications on future dealing with banks. A copy of the advice should be sent to the NBE.
- (d) Upon failure to pick up the documents after the last reminder is served, the bank should notify the NBE, Ministry of Revenues and the Customs Authority, stating the reluctance of the importer to collect the documents. The Bank shall provide details of the content of the document in a format prepared for this purpose and attached to the procedure.

- (e) After all the above steps have been taken and the documents remained uncollected for the goods that are consigned to the order of commercial banks and have lien on the documents received, the banks shall take appropriate action based on the financial interest it may have and legal ownership they possess. Such actions will be taken within ten days after the elapse of forty-five days from the date of receipt of documents and in due time the information be communicated to the NBE within five days. However, as a whole the necessary actions should not take more than sixty days.

**B. Actions to be Taken on Documents Covering Airfreighted Goods with Payment Arrangements CAD at sight**

- (1) Upon receipt of documents, the bank shall advise immediately to the customer about the receipt of documents and instruct to collect against payment (customer advice should be sent within five days from the date of receipt of documents)
- (2) If the documents have not been collected the banks shall send a second reminder within fifteen days from the date of the first reminder and inform the client that the bank would be obliged to take the appropriate action unless there is response within five days.
- (3) If the second reminder could not subside as expected on the documents settlement, the bank shall send a final reminder informing the customer that it will return back the documents to the Remitter Bank unless the importer takes action within the next five days.
- (4) However, if the importer failed to pay and collect the documents after the elapse of five days given under the final reminder, stated under (3) above, then the bank arranges to send back the documents to the remitting bank, at most in sixty days from the date of receipt of documents and immediately inform in writing with a summary detail of the documents returned to the following organizations.

1. National Bank of Ethiopia
2. Ministry of Revenues
3. Ethiopian Customs Authority
4. The Importer
5. The Remitter Bank

**C. Actions to be taken by the National Bank of Ethiopia**

- (1) The National Bank of Ethiopia will arrange with Ministry of Revenues procedural framework to establish the route and facilities for banks to deal with the Customs Authority on goods consigned to their orders and documents lying with them because of importers failure to collect.
- (2) Based on receipt of details of documents uncollected from banks submitted as per article A1.2 (c), (d) and B(4), the NBE shall take appropriate measures and advise all banks on the action taken.

**D. Penalty Clause**

The NBE may impose penalty on concerned commercial banks for not performing in accordance with the conditions of these Directives and as per Proclamation No. 83/94.

**E. Effective Date**

This Directive shall come into force as of 1<sup>st</sup> day of December, 2001.

Teklewold Atnafu  
Governor  
National Bank of Ethiopia

**List of Customers (Importers) who Failed to Collect  
Documents Covering Shipment of  
Goods Delivered By Air**

Name \_\_\_\_\_ of \_\_\_\_\_ Reporting Bank: \_\_\_\_\_  
 Reporting Date: \_\_\_\_\_  
 Telephone No. \_\_\_\_\_  
 Fax No. \_\_\_\_\_

Details of the Items Imported

Item Ref.	Name Importer	of	Type Commodity	of	Invoice Value F/CY	AWB* * NO. & Date	Date Doc. Received	Remark

Signed: \_\_\_\_\_

- - F/CY\* = Document value in foreign currency  
 - AWB\*\* = Airway Bill

**AMENDMENT NO. FXD/20/2002**  
**AMENDMENT TO DIRECTIVE NO. FXD/07/1998**

**1. Issuing Authority:-**

These Directives are issued by the National Bank of Ethiopia pursuant to the authority vested in it by Article 39(2) of Monetary and Banking Proclamation No, 83/1994.

**2. Amendment:-**

The National Bank of Ethiopia Directive No. FXD/07/1998 Article 5.6B is hereby amended as follows:-

*5.6 Franco Valuta Imports*

Sub-article (d) of article 5.6B is hereby amended and replaced by the following:-

(d) 1% service charge shall be levied based on Customs Authority value estimation slip with the exception of article 5.6A - a i, a ii and a iii.

**3. Effective Date**

These Directives shall enter into force as of May 1, 2002.

TEKLEWOLD ATNAFU  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

**Amendment No. FXD/22/2004**  
**Amendment to Directive NO. FXD/07/1998**

**1. Issuing Authority**

This Directive is issued by the National Bank of Ethiopia pursuant to the authority vested in it by Article 39 (1) and (2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Short Title**

This Directive may be cited as '*Applicable Payment Methods for Exports*'.

**3. Amendment**

The National Bank of Ethiopia Directive No. FXD/07/1998 to transfer NBE's Foreign Exchange Functions to Commercial Banks on Export Permit Processing, Handling Payment and Documentation stated under Article 6 is hereby amended as follows:-

**6. Exports**

6.1 Export Valuable Goods

No person natural or juridical, may export, or enter into any commitment to export valuable goods without the prior approval of the authorized bank and unless there are payment instruments which secure the payment to be expected or the exporter undertakes to surrender the resultant sales proceeds in foreign exchange to an authorized bank either before the actual export, at the time of export, or within a period of not

later than three months or within such other period that the NBE may from time to time prescribe for any class of exports or for any particular export.

## 6.2 Payment for Exports

All payments for valuable goods shall be made in foreign exchange or by the debit of a " Non-Resident Transferable Birr or Foreign Currency Account" maintained with Commercial Banks by their correspondent banks abroad.

## 6.3 Exports by Commercial Banks

Commercial Banks are authorized to allow exports other than coffee\* under the following mode of payments.

- a) Letter of Credit
  - i) at sight
  - ii) on acceptance
  
- b) Cash Against Document
  - i) at sight
  - ii) on acceptance
  
- c) Consignment
  
- d) Advance Payment
  - i) bank transfers
  - ii) travellers cheques bought by the purchaser from abroad
  - iii) cash notes provided that the purchaser presents Customs Declaration Form signed and sealed.

---

\* NBE issues coffee export permits by applying the same export procedures & requirements.

#### 6.4 Bills of Lading for Exports to be made out in the name of a Local Bank

1. Notwithstanding any agreement to the contrary, bills of lading, airway bill or any other document evidencing shipment of goods from Ethiopia to any destination abroad shall be made out to the order of a bank duly licensed to operate in Ethiopia or the opening bank abroad for payments arrangement on letter of credit and cash against document.

However, bill of lading can be issued in the name of the buyer or his/her agent for the following payment arrangements.

- i) Advance Payment
  - ii) consignment
2. Exporters or Forwarding Agents shall indicate in their shipping instructions to the shipping companies or ship agents the name of the bank in whose favor that documents to be made out or the buyers who would receive the consignment in whose name the bill of lading, airway bill or any other equivalent document shall be issued in respect of the valuable goods to be shipped.
3. Upon receipt of the bills of lading or the equivalent documents issued in respect of the shipment of goods entrusted to them for export, forwarding or shipping agents shall, under their responsibility, deliver them to the bank in Ethiopia to whose order the shipping documents were issued.

### 6.5 Repatriation of Export Proceeds

Commercial Banks bear the responsibility for ensuring that export proceeds for all export permits approved are repatriated into the country within 90 days from the date of issue of export permits for all mode of payments applicable. Banks have to made follow-ups and exercise a reasonable care and take measures to insure timely repatriation of proceed.

### 6.6 Restrictions

The under listed goods shall not be approved for export unless specifically enumerated in the exporter's trade license.

- i. Forestry products
- ii. Wild animals and birds
- iii. Minerals
- iv. Other goods for which a certificate of competence must be obtained from the pertinent, government institution in order to prevent damaged to the public health, safety and the national economy.

### 6.7 Exports under Letter of Credit

A. Commercial Banks shall allow exports for goods to be exported abroad other than coffee against submission of the following documents.

- a) valid foreign trade license for export,
- b) copy of authenticated L/C,

- c) 5 copies of Customs Declarations duly completed, signed and sealed,
- d) 6 copies of Banks declarations duly completed, signed and sealed,
- e) 2 copies of invoices duly completed, signed and sealed. The invoices could be chamberized as the case may be.
- f) a copy of sales contract.

B. Terms of Payment Applicable under Letter of Credit

i) L/C Payment as Sight

Commercial Banks shall allow exports for goods to be exported abroad on irrevocable and/or confirmed letter of credit basis.

ii) Payment on L/C Acceptance Basis

Commercial Banks shall allow exports for goods to be exported abroad on L/C acceptances basis provided:

- a) The payment shall be secured by irrevocable confirmed Letter of credit advised through a local bank.
- b) The acceptance period shall be contained within the L/C validity date and is coherent to the 90 days repatriation time allowed.

- c) The maximum allowable time for the L/C acceptance shall be 60 days.

#### 6.8 Export on Cash Against Document (CAD)

Commercial Banks shall allow exports for goods to be exported abroad on CAD sight or on acceptance basis provided:

- a) All documents indicated under item 6.7A (a, c-f) are attached.
- b) Clearance issued by NBE for each export permit to be issued by Commercial Banks is attached.
- c) The repatriation of the foreign exchange value is to be secured within 90 days from the date of the issue of export permit.
- d) The exporter shall take a full undertaking in writing stating its obligation to repatriate the amount involved in the permit issued.
- e) The maximum allowable amount for a single permit shall not exceed USD 30,000 (Thirty Thousand); and subsequent permit shall only be issued upon full repatriation of the allowable amount.
- f) With the ceiling of USD 30,000 (thirty Thousand) approved for single permit, set under (e) above exporters shall have access to the remaining balance.

### 6.9 Exports Under Advance Payments

Exporters who wish to obtain export applications under Advance Payments are required to submit the following documents.

- a) All documents indicated under item 6.7A 1, c-f are required.
- b) Evidence of foreign currency receipt advised through banks.

### 6.10 Exports on Consignment Basis

Exporters who wish to obtain export applications on consignment basis are required to submit the following documents:-

- a) All documents indicated under item 6.7A a and c-f are required.
- b) Undertaking letter in writing for repatriation of export proceeds.
- c) The consignment sales are applicable to perishable items such as fruits, cut flowers, meat, live animals, molasses and others as may be approved by the NBE.

### 6.11 Dispatching Returns (Copies of Permits & Tickets)

Commercial Banks are strictly required to send copies of returns to NBE, IBOD Monitoring on weekly basis every Monday 10 o'clock in the morning.

### 6.12 Effective Date

This Directive shall come into force as of 19<sup>th</sup> day of March 2004.

TEKLEWOLD ATNAFU  
GOVERNOR

**Amendment No. FXD/26/2004**  
**Amendment to Directive NO. FXD/07/1998**

**1. Issuing Authority**

This Directive is issued by the National Bank of Ethiopia pursuant to the authority vested in it by Article 39 (1) and (2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Short Title**

This Directive may be cited as '*Applicable Payment Methods for Exports*'.

**3. Amendment**

The National Bank of Ethiopia Directive No. FXD/07/1998 to transfer NBE's Foreign Exchange Function to Commercial Banks on Export Permit Processing, handling Payment and Documentation stated under Article 6 is hereby amended as follows:-

**6 Exports**

**6.1 Export of valuable goods**

No person natural or juridical, may export, or enter into any commitment to export valuable goods without the prior approval of the authorized bank and unless there are payment instruments which secure the payment to be expected or the exporter undertakes to surrender the resultant sales proceeds in foreign exchange to an authorized bank either before the actual export, at the time of export, or within a period of not later than three months or within such other period that the NBE may from time to time prescribe for any class of exports or for any particular export.

## 6.2 Payment for exports

All payment for valuable goods shall be made in foreign exchange by the debit of a "*Non-Resident Transferable Bill or Foreign Currency Account*" maintained with Commercial banks by their correspondent banks abroad.

## 6.3 Exports by commercial banks

Commercial banks are authorized to allow exports other than coffee under the following mode of payments.

- a) Letter of credit
  - i) at sight
  - ii) on acceptance
  
- b) Cash Against Document
  - i) at sight
  - ii) on acceptance
  
- c) Consignment
  
- d) Advance payment received in the form of:-
  - i) bank transfers
  - ii) travellers cheques bought by the purchaser from abroad
  - iii) cash notes provided that the purchaser presents Customs Declaration form signed and sealed.

## 6.4 Bills of Lading for exports to be made out in the name of a local bank

1. Notwithstanding any agreement to the contrary, bills of lading, airway bill or any other document evidencing shipment of goods

from Ethiopia to any destination abroad shall be made out to the order of a bank duly licensed to operate in Ethiopia or the opening bank abroad for payments arrangement on letter of credit and cash against document.

However, bill of lading can be issued in the name of the buyer or his/her agent for the following payment arrangements.

- i) Advance payment
  - ii) Consignment
2. Exporters or forwarding Agents shall indicate in their shipping instruction to the shipping companies or ship agents the name of the bank in whose favor that documents to be made out or the buyer who would receive the consignment in whose name the bill of lading, airway bill or any other equivalent document shall be issued in respect of the valuable goods to be shipped.
  3. Upon receipt of the bills of lading or the equivalent documents issued in respect of the shipment of goods entrusted to them for export, forwarding or shipping agents shall, under their responsibility, deliver them to the bank in Ethiopia to whose order the shipping documents were issued.

#### 6.5 Repatriation of export proceeds

Commercial banks bear the responsibility for ensuring that export proceeds for all export permits approved are repatriated into the country within 90 days from the date of issue of export permits for all mode of payments applicable. Banks have to make follow-ups and exercise a reasonable care and take measures to insure timely repatriation of proceed.

## 6.6 Restrictions

The under listed goods shall not be approved for export unless specifically enumerated in the exporter's trade license.

- i. Forestry products
- ii. Wild animals and birds
- iii. Minerals
- iv. Other goods for which a certificate of competence must be obtained from the pertinent government institution in order to prevent damage to the public health, safety and the national economy.

## 6.7 Exports under Letter of Credit

- A. Commercial banks shall allow exports for goods to be exported abroad other than coffee against submission of the following documents.
  - a) valid foreign trade license for export
  - b) copy of authenticated L/C
  - c) 5 copies of Customs Declaration duly completed, signed and sealed.
  - d) 6 copies of Banks Declarations duly completed, signed and sealed.
  - e) 2 copies of invoices duly completed, signed and sealed. The invoices could be chamberized as the case may be.
  - f) A copy of sales contract.

B. Terms of payment applicable under Letter of credit

i) L/C payment at sight

Commercial banks shall allow exports for goods to be exported abroad on irrevocable and/or confirmed letter of credit basis.

ii) Payment on L/C acceptance basis

Commercial bank shall allow exports for goods to be exported abroad on L/C acceptances basis provided:

- a) The payment shall be secured by irrevocable confirmed Letter of Credit advised through a local bank.
- b) The acceptance period shall be contained within the L/C validity date and is coherent to the 90 days repatriation time allowed.
- c) The maximum allowable time for the L/C acceptance shall be 60 days.

6.8 Exports on Cash Against Document (CAD)

Commercial banks shall allow exports for goods to be exported abroad on CAD sight or on acceptance basis provided:

- a) all documents indicated under item 6.7 ( a and c-f),
- b) Clearance issued by NBE for each export permit to be issued by commercial banks is attached.

- c) The repatriation of the foreign exchange value is to be secured within 90 days from the date of the issue of export permit.
- d) The exporter shall take a full undertaking in writing stating its obligation to repatriate the amount involved in the permit issued.
- e) The maximum allowable amount for a single permit shall not exceed USD 30,000 (Thirty Thousand), however, the ceiling of USD 30,000 may be exceeded depending on the credibility of buyers and viability of the sales terms; and subsequent permit shall only be issued upon full repatriation of the allowable amount.
- f) With the ceiling of USD 30,000 (Thirty Thousand) approved for single permit, set under (e) above, exporters shall have access to the remaining balance.

#### 6.9 Exports under advance payment

Exporters who wish to obtain export applications under Advance Payments are required to submit the following documents.

- a) All documents indicated under item 6.7 (a and c - f required).
- b) Evidence of foreign currency receipt advised through banks.

#### 6.10 Exports on consignment basis

Exporters who wish to obtain export applications on consignment basis are required to submit the following documents:-

- a) All documents indicated under item 6.7 (a and c-f) are required.
- b) The consignment sales are applicable to perishable items such as fruits cut flowers, meat, live animals, molasses and others as may be approved by the NBE.

6.11 Exports with partial shipment

Banks shall issue separate partial shipment vouchers along with the original export permit to enable exporters process customs formalities and to show that the foreign exchange payment for the exports of each partial shipment is covered by one of the payment systems eligible.

6.12 Dispatching returns (Copies of Permits & Tickets)

Commercial banks are strictly required to send copies of returns to NBE, foreign Exchange Monitoring Department on weekly basis every Monday 10 o'clock in the morning.

6.13 Repeal

Directive No. FXD/22/2004 is hereby repealed and replaced by this Directive.

6.14 Effective Date

This Directive shall come into force as of January 1, 2005.

TEKLEWOLD ATNAFU  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

## **PART FIVE**

### **NOTICE TO THE PUBLIC**

#### **National Bank of Ethiopia**

#### **Foreign Exchange Auction Amendment** **Wholesale Foreign Exchange Auction** **NOTICE NO. 01/1998**

The National Bank of Ethiopia hereby announces the establishment of a wholesale foreign exchange auction effective August 31, 1998.

The wholesale forex auction shall be conducted openly in the presence of prospective bidders every week.

#### **1. Objective**

The objective of the wholesale foreign exchange auction is to allow the exchange rate to respond to changes in the demand for and supply of foreign exchange.

#### **2. General Conditions:** **Eligibility**

- 2.1 Commercial Banks and other organization with valid investment licenses;
- 2.2 The lower limit an applicant may bid at wholesale foreign exchange auction at a time is USD 500,000.
- 2.3 Eligible items for which foreign exchange may be bid from the auction.
  - 2.3.1 Bids for foreign exchange by organizations other than Commercial Banks will be limited to purchases of foreign exchange for import of goods and invisible payments.
  - 2.3.2 The NBE's buying/selling rate on any given day will be the average buying/selling rate prevailing in the interbank market on the preceding business day for official imports of goods and services as well as foreign exchange transactions undertaken such as:

- i. Import of petroleum and petroleum products
- ii. Pharmaceutical products including medical supplies
- iii. Fertilizers and agricultural chemicals
- iv. Official contributions to international organizations
- v. Official external debt service /payment/ of the Federal Republic of Ethiopia
- vi. Other authorized official invisibles

2.4 Bid submission and auction proceedings:

2.4.1 Applicants should complete the foreign exchange bidding application form of NBE.

2.4.2 Investors should fill separate application form for different categories of goods.

2.4.3 The wholesale foreign exchange application form shall be accompanied with:

A. Commercial Banks

A letter of authorization to debit their reserve accounts with NBE the 100% Birr equivalent of their auction proceeds.

B. Investors

i. A proforma invoice showing showing clearly a breakdown of FOB and freight costs duly signed by the overseas supplier and bearing an expiry date for which the proforma invoice is valid.

ii. A photo-copy of valid investment license.

iii. A letter of authorization from Commercial Banks to debit their reserve accounts with NBE the 100% Birr equivalent of their auction proceeds on behalf of their clients.

2.4.4 In addition to the above requirement, investors who wish to import second hand items shall submit:-

- i. Proforma invoice showing date of original manufacture,.

- ii. Chamberized documents showing full description of goods including type, model, date of manufacture and original purchase price from parties other than the seller.
- iii. In case of used vehicles ownership certificate (libre) from the country of purchase.

2.4.5 All bid applications should be submitted in waxed sealed envelope and marked "Bid for Wholesale Foreign Exchange Auction" and addressed to the National Bank of Ethiopia Wholesale Foreign Exchange Auction Committee, P.O. Box 5550, Addis Ababa. The envelopes should be deposited during working hours in the bid boxes place at the following locations.

A. National Bank of Ethiopia

International Banking Operations Department

B. Commercial Banks

- 1. Head Officers
- 2. Designated branch offices

2.4.6 The applicant should state his full address on the envelope. Bid applications should reach the above address on or before Friday 4:00 P.M before each auction date. Late submission of bids will not be accepted.

2.4.7 An applicant may submit separate bids (multiple bids) for the purchase of the foreign exchange needed to import different goods.

2.4.8 It is forbidden to offer different bid rate for similar items from the same supplier.

2.4.9 Import of goods of USD 1,000,000 (US Dollars One Million) and above are subject to open international competitive bidding procedures.

2.4.10 Commercial Banks may sell the foreign exchange they won at the auction to importers at a freely negotiated rates.

- 2.4.11 Foreign exchange won at the auction would be made available by the National Bank of Ethiopia within two business days after the auction.
- 2.4.12 The auction shall be conducted openly within the compound of the National Bank of Ethiopia near Unity Square, Addis Ababa in the presence of members of the Wholesale Foreign Exchange Auction Committee (WFEAC) and bidders beginning 10:00 A.M. Bidders are required to produce their own copy of the Foreign Exchange Bid Application form for access to the auction hall.
- 2.4.13 All bids submitted without the necessary attachments listed herein above will be disqualified.
- 2.4.14 The National Bank of Ethiopia shall make available to the successful auction bidders major convertible currencies which shall be listed and notified by the NBE such as:-

- |                       |                        |
|-----------------------|------------------------|
| i. U.S. Dollars       | xi. Belgium Franc      |
| ii. Pound Sterling    | xii. Dutch Guilder     |
| iii. Deutsche Mark    | xiii. Norwegian Kroner |
| iv. Japanese Yen      | xiv. Danish Kroner     |
| v. Swiss Franc        | xv. Austrian Shilling  |
| vi. French Franc      | xvi. Djibouti Franc    |
| vii. Italian Lire     | xvii. Indian rupee     |
| viii. Canadian Dollar | xix. Kenyan shilling   |
| ix. Swedish Kroner    | xx. Australian Dollar  |

The currency of bid quotation is in US Dollars.

- 2.4.15 The Birr value of bids for currencies other than US Dollar will be calculated by the wholesale Foreign Exchange Auction Secretariat using the bid rates in terms of the US Dollar and the cross rate between the US Dollar and the appropriate currencies prevailing on the business day preceding the date of the auction. Any differences between the Birr amount deposited by the bidder and the amount obtained by applying the appropriate cross rate will be adjusted for the account of the bidder.
- 2.4.16. Successful bidders shall use funds won from the auction only for purposes stated on the application form.

2.4.17 All foreign exchange won from the auction, other than by Commercial Banks, for which L/C is not established or transfer is not made will be cancelled within 60 days from the date the bid is won.

2.4.18 Repeal

The Foreign Exchange Auction Amendment Notices No. 20/1996 and No. 21/1997 issued on October 1, 1996 and January 6, 1997 respectively are hereby repealed and replaced by this Notice.

TEKELEWOLD ATNAFU  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

**NATIOANL BANK OF ETHIOPIA****OPERATION OF FOREIGN EXCHANGE BUREAUX  
DIRECTIVE NO. FXD/01/1996****17. Issuing Authority**

These Directives are issued by the National Bank of Ethiopia (hereinafter the "Bank") pursuant to the authority vested in it by article 39(1) and (2) of the Monetary and Banking Proclamation No. 83/1994.

**18. Short Title**

These Directives may be cited as "Operation of Foreign Exchange Bureaux directives No. FXD/01/1996".

**19. Definitions**

In these directives, unless the context otherwise requires:

- a) "Authorization Certificate" shall mean a document issued to a commercial bank by the Bank evidencing the formers' compliance with the conditions necessary to open a forex bureau;
- b) "Authorized Commercial Bank" shall mean any bank established in accordance with the law and issued authorization certificate by the Bank;
- c) "Foreign exchange" shall mean any foreign currency, and travelers cheques, drafts expressed or payable in foreign currencies;
- d) " A foreign exchange bureau" or forex bureau" shall mean a unit formed under an authorized commercial bank to engage in the transaction of buying and selling foreign exchange from and to the public in accordance with these directives.

**20. Submission and Approval of Application**

- 11.1 Any commercial bank who intends to open a forex bureau shall fill out the form prepared for the purpose and submit same to the bank for approval.
- 11.1 A commercial bank intending to open more than one forex bureau should submit separate application for each request.

**21. Conditions for Issuance of Authorization certificate**

Without prejudice to the other provisions of these Directives, a commercial bank shall be issued with an authorization certificate only where it fulfills the following requirements:

- a) have a premise(s) suitable in all respects to carry on the business of a forex bureau and that meets safety and security standard set by the Bank;
- b) indicate the locations(s) of the forex bureau(x);
- c) have the necessary device/equipment to detect counterfeit notes;
- d) provide list of names and designations of the forex bureau staff; and
- e) ensure that Head and staff of then forex bureau are people of integrity, credibility and competence, with no record of fraud and embezzlement.

**22. Security Requirements**

- 11.1 A forex bureau shall be situated in a secure place of business separate but accessible to customers.
- 11.1 A forex bureau must possess a security arrangement strong enough to properly protect its premise, staff, and property.
- 11.1 A forex bureau situated outside the premises of the authorized commercial bank must have:
  - a) an outer door of heavy duty metal or reinforced wood with a minimum of two locks;
  - b) windows with reinforced metal grills;
  - c) fire extinguishers installed at vantage points within the premises;
  - d) a fireproof safe/vault under the control of more than one person, the duplicate keys should be stored off the premise. The safe/vault shall not border the outside walls and must have adequate space to accommodate the needs of the forex bureau.

**23. Computerized Forex Bureau**

A computerized forex bureau must ensure that:

- a) proper controls are built into the system to eliminate the occurrence of irregularities which would adversely affect data processing;
- b) adequate back-up system is in place in case of a computer breakdown;
- c) all inputs to the computer are properly checked on daily basis; and
- d) access to computer is restricted only to authorized personnel.

**24. Nomenclature**

- 11.1 A forex bureau shall bear the name of the authorized bank where it is situated in the same premise or in a branch thereof.
- 11.1 A forex bureau shall have name of its own when situated outside the premises of the authorized bank's head office or its branches.
- 11.1 The name of the authorized bank shall always be placed before that of the forex bureau.

**25. Obligations of Staff**

- 11.1 All staff members shall sign a letter pledging to disclose no secret or confidential information revealed to them in connection with the forex bureau or its customers to third party.
- 11.1 All staff members of a forex bureau shall be bound to strictly adhere to a code of conduct, which must be prepared by the authorized commercial bank.
- 11.1 Neither the staff of a forex bureau nor the authorized bank shall disclose to any person other than in the discharge of their duties and through official channels, any information gained in the course of their official duties or otherwise, unless such information is generally known.

**26. Forex Bureau Transactions**

- 11.1 A forex bureau shall engage in buying and selling of designated convertible currencies which shall be listed and made public by the Bank from time to time.

11.1 A forex bureau shall engage in spot transactions only, with immediate delivery of currencies bought or sold.

11.1 All forex bureaux are required to sell and/or buy foreign exchange at displayed exchange rates.

11.1 All foreign exchange transactions by a forex bureau shall be done using forms approved by the Bank.

## **27. Determination of Exchange Rates**

A forex bureau shall be free to quote its foreign exchange buying and selling rates.

## **28. Displaying Exchange Rates**

A forex bureau shall display in a prominent manner:-

11.1 its buying and selling rates for foreign currencies and travelers cheques;

11.1 business hours; and

11.1 notice to the effect that all customers are entitled to get a receipt for all transactions with it.

## **29. Authority to Sell Foreign Exchange**

11.1 The National Bank of Ethiopia shall empower in writing authorized commercial banks to effect through their forex bureau sales of foreign exchange for imports of goods and services.

11.1 A forex bureau shall sell foreign exchange to licensed importers for imports of goods and services except for imports or used items and those included in the customs negative list.

11.1 Importers under 13.2 must open Letter of Credit (L/C) in commercial banks through the existing procedure.

## **30. Restrictions**

No forex bureau shall:-

11.1 buy or sale foreign exchange without completing the necessary forms;

- 11.1 deposit or accept Birr or a foreign exchange with intent to obtain or supply the foreign exchange or the Birr equivalent thereof, either wholly or in part, at future date;
- 11.1 fail to issue accurate official receipts to a customer for a foreign exchange transactions;
- 11.1 issue any other official receipts except receipts defined under 14.3 above; and
- 11.1 engage in any other banking business except in the business of buying and selling of currencies.

### **31. Financial Records**

- 11.1 Every forex bureau shall have a manual of accounting procedures detailed enough to exhibit clearly and correctly the state of the bureau's affairs and to explain its transactions and financial position.
- 11.1 A forex bureau shall open a general ledger and subsidiary ledgers sufficiently detailed to provide proper and effective control to the management.

### **32. Submission of Returns and Inspection**

- 11.1 Every forex bureau shall submit to the Bank information in prescribed forms giving details of their purchases and sales volumes and dealing rates:-
  - a) not later than 3:00 p.m. every working day; and
  - b) at 9:00 a.m. on every working Monday for the previous week's information.
- 11.1 Officials of the bank may undertake inspection at any time on the premise of a forex bureau, its books of accounts or any other records.
- 11.1 Officials charged by the Bank with inspection of a forex bureau are authorized to request from the personnel of the inspected forex bureau such documents, information or explanation of the records or transactions of the forex bureau that are necessary for the effective carrying out of the inspection.

**33. Penalties and Cancellation of Authorization Certificate**

The National Bank of Ethiopia may impose penalties or cancel in writing authorization certificate of any commercial bank if its forex bureau:-

- 11.1 refuses to sell foreign exchange, when available;
- 11.1 refuses to sell foreign exchange on the exchange rate that is displayed;
- 11.1 sales or purchases foreign exchange without the use of forms set for this purpose;
- 11.1 discriminates between customers;
- 11.1 issues receipt for a purchase other than to cover actual purchase or sale of foreign exchange;
- 11.1 transfers money to anywhere outside Ethiopia;
- 11.1 refuses to give receipts to buyers and sellers of foreign exchange; and
- 11.1 violates any of the provisions of these directives.

These Directives shall enter into force as of the 3<sup>rd</sup> day of August 1996.

Dubale Jale

Governor  
National Bank of Ethiopia

**NATIOANL BANK OF ETHIOPIA**  
**THE RETENTION AND UTILIZATION OF**  
**EXPORT EARNINGS DIRECTIVES NO. FXD/02/1996**

**1. Issuing Authority**

These Directives are issued by the National Bank of Ethiopia (hereinafter "the Bank") pursuant to the authority vested in it by article 39 (2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Short Title**

These Directives may be cited as "Procedures for the Retention and Utilization of Export Earnings Directives No. FXD/02/1996."

**4. Definitions**

For the purpose of these Directives, unless the context requires otherwise:-

- a) "Forex Retention account" shall mean a foreign currency account maintained by eligible exporters in accordance with the provision of these Directives;
- b) "Eligible Exporter" shall mean an exporter that has fully settled her/his foreign exchange commitments with the National Bank of Ethiopia.

**4. Opening of Forex Retention Account**

- 4.1 The National Bank of Ethiopia shall grant a written permit to an eligible exporter to open forex retention accounts in local banks. By copy of same permit local banks also shall be advised to open a forex retention account to the bearer of the permit.
- 4.2 List of exporters with no foreign exchange commitments shall be sent by the National Bank to all local banks on quarterly basis.

**5. Retention Right**

- 5.1 Eligible exporters of goods and services (other than those excluded under Art. 11 hereunder) shall have the right to retain thirty percent (30%) in foreign currency of their export earnings.

- 5.2 The remaining seventy percent (70%) of their export earnings shall be surrendered to the National Bank of Ethiopia via local banks at the prevailing marginal exchange rate within two days of the receipt.

## **6. Types of Forex Retention Accounts**

- 8.1 Every eligible exporter shall open two types of forex retention accounts which shall be designated '*forex retention account A*' and '*forex retention account B*'.
- 8.2 Such accounts shall not be credited from any other sources except in accordance with these Directives.

## **7. Forex Retention Account A**

- 8.1 Ten percent (10%) of the earned foreign currency shall be deposited in forex retention account A of an eligible exporter.
- 8.2 The utilization of the balance under 7.1 above shall have no time limit.
- 8.3 Subject to exchange existing control regulation, the balance in a Forex Retention Account A may be debited with business-related current payment such as:-
- a) import of goods and related services;
  - b) export promotion such as trade fair participation;
  - c) advertising and marketing expenses;
  - d) subscription of business magazines and news-papers;
  - e) payments for services rendered by non-residents against evidence that payment is contractually due; and
  - f) any other payment specifically approved by the Bank.

## **8. Forex Retention Account B**

- 8.1 Twenty percent (20%) of the earned foreign currency shall be deposited in Forex Retention Account B of an eligible exporter.
- 8.2 The balance under 8.1 above shall be offered for sale by the account holder not later than 21 days from date of entry to:-

- a) commercial banks at negotiated rates; or
  - b) to the foreign exchange auction market through the National Bank of Ethiopia.
- 8.3 The National Bank shall effect the payment of the Birr equivalent to the retention account holder after and on the basis of the auction result at weighted exchange rate.
- 8.4 Where the balance is not offered for sale within the specified time limit, the depository bank shall immediately transfer to the National Bank of Ethiopia the balance whose time limit has lapsed and credit the Birr account of the retention account holder with equivalent Birr at marginal exchange rate prevailing at the time.
- 8.5 The National Bank of Ethiopia shall refund the bank with equivalent amount.
- 8.6 Commission for the transfer under 8.4 shall be charged in local currency on the account of the retention account holder.

## **9. Limitation**

The balance in Forex Retention Account can not be utilized for acquisition of shares, stocks, bonds or any other security denominated in foreign exchange without the prior approval of the National Bank of Ethiopia.

## **10. Reporting Requirement**

- 8.1 Commercial banks with whom Forex Retention accounts are maintained shall submit to the National Bank of Ethiopia:-
- a) statements of both types of Forex Retention Accounts at the end of each month; and
  - b) debit and credit advices in relation to the Forex Retention Accounts on daily basis.
- 8.2 Debit and credit advices prepared by the commercial banks shall contain the information indicated in the formats prescribed by the National Bank.

## **11. Exclusions**

Exporters of services such as Hotels, Travel Agents, Shipping and other Carrier Agents, Commission Agents and others shall fully surrender their foreign

exchange earnings to the National Bank of Ethiopia at a prevailing marginal exchange rate.

## **12. Penalties**

The National Bank of Ethiopia may impose penalties or cancel in writing permit of retention of an exporter where the exporter:-

- 12.1 Under invoices and/or over invoices as the case may be;
- 12.2 Fails to repatriate all foreign exchange earnings;
- 12.3 Is found making prepayment of freight in local currency without prior approval of the National Bank of Ethiopia where the export permit is approved on F.O.B.;
- 12.4 Exports goods not approved;
- 12.5 Exports goods in excess of the approved quantity;
- 12.6 Changes any item on the export permit; and
- 12.7 Is found with any fraudulent activities when using his retention account.

## **13 Penalties for commercial banks**

Any commercial banks which violates any of the provisions in this directives shall be subjected to penalties in accordance with the licensing and supervision of Banking Business Proclamation No. 84/1994.

*These Directives shall enter into force as of the 3<sup>d</sup> day of August 1996.*

Dubale Jale

Governor  
National Bank of Ethiopia

**NATIONAL BANK OF ETHIOPIA**  
**OPERATION OF FOREIGN EXCHANGE BUREAUX**  
**DIRECTIVES NO. FXD/03/1996**

**1. Issuing Authority**

These directives are issued by the National Bank of Ethiopia (hereinafter the "Bank") pursuant to the authority vested in it by article 39(1) and (2) of the Monetary and Banking Proclamation No. 83/`994.

**2. Short Title**

These Directives may be cited as "Operation of Foreign Exchange Bureaux Directives No. FXD/03/1996".

**3. Definitions**

In these directives, unless the context otherwise requires:

- a) "Forex Bureau License" shall mean a document issued to a commercial bank by the Bank in compliance with these directives;
- b) "Authorized Commercial Bank" shall mean any bank established in accordance with the law and authorized by the Bank to engage in foreign exchange transactions;
- c) "foreign currency" shall mean any foreign currency cash notes and travelers cheques (T/Cs) expressed or payable in foreign currencies;
- d) "a foreign exchange bureau or forex bureau" shall mean a subsidiary of an authorized commercial bank to engage in the transaction of buying and selling major convertible currencies from and to the public in accordance with these directives.

**4. Submission and Approval of Application**

- 4.1 Any commercial bank which intends to open a forex bureau shall fill out the form prepared for the purpose and submit same to the Bank for approval.
- 4.2 A commercial bank intending to open more than one forex bureau should submit separate application for each request.

**5. Conditions for Issuance of Forex Bureau License**

Without prejudice to the other provisions of these Directives, a commercial bank shall be issued with forex bureau license only where it fulfils the requirements:

- a) have a premise(s) suitable in all respects to carry on the business of a forex bureau and that meets safety and security standard set by the Bank;
- b) indicate the physical address(es) of the forex bureau(x);
- c) have the necessary device/equipment to detect counterfeit notes;
- d) provide list of names and designations of the forex bureau staff; and
- e) ensure that Head and staff of the forex bureau are people of integrity, credibility and competence, with no record of fraud and embezzlement.
- f) Separately capitalize and register its bureau.

**6. Security Requirements**

- 6.1 A forex bureau shall be situated in a secure place of business separate but accessible to customers.
- 6.2 A forex bureau situated outside the premises of the authorize commercial bank must have:
  - a) a security arrangement strong enough to properly protect its premise, staff and property;
  - b) an outer door of heavy duty metal or reinforced wood with a minimum of two locks;
  - c) windows with reinforced metal grills;
  - d) fire extinguishers installed at vantage points within the premises;
  - e) a fireproof safe/vault under the control of more than one person, the duplicate keys should be stored off the premise. The safe/vault shall not border the outside walls and must have adequate space to accommodate the needs of the forex bureau.

**7. Requirements for Computerized Forex Bureaux**

A computerized forex bureau must ensure that:

- a) proper controls are built into the system to eliminate the occurrence of irregularities which would adversely affect data processing;
- b) adequate back-up system is in place in case of a computer breakdown;
- c) all inputs to the computer are properly checked on daily basis; and
- d) access to computer is restricted only to authorized personnel.

**8. Nomenclature**

- 8.1 A forex bureau shall bear the name of the authorized bank where it is situated in the same premise or in a branch thereof.
- 8.2 A forex bureau shall have a name of its own when situated outside the premises of the authorized bank's head office or its branches.
- 8.3 The name of the authorized bank shall always be placed before that of the forex bureau.

**9. Obligations of Staff**

- 9.1 All staff members shall sign a letter pledging to disclose no secret or confidential information revealed to them in connection with the forex bureau or its customers to third party.
- 9.2 All staff members of a forex bureau shall be bound to strictly adhere to a code of conduct which must be prepared by the authorized commercial bank.
- 9.3 Neither the staff of a forex bureau nor the authorized bank shall disclose to any person other than in the discharge of their duties and through official channels, any information gained in the course of their official duties or otherwise, unless such information is generally known.

**10. Forex Bureau Transactions**

- 10.1 A forex bureau shall engage in the buying and selling of major convertible currencies which shall be listed by the Bank from time to time.

- 10.2 A forex bureau shall engage in spot transactions only, with immediate delivery of currencies bought or sold.
- 10.3 All forex bureaux are required to sell and/or buy cash notes and T/Cs at displayed exchange rates before any subsequent change.
- 10.4 All foreign exchange buying and selling transactions by a forex bureau shall be done using forms authorized by the Bank.

## **11. Determination of Exchange Rates**

A forex bureau shall be free to quote its foreign exchange buying and selling rates.

## **12. Displaying Exchange Rates**

A forex bureau shall display in a prominent manner:-

- 12.1 its buying and selling rates for cash notes and T/Cs,
- 12.2 business hours.
- 12.3 notice to the effect that all customers are entitled to get a receipt for all transactions with it.

## **13. Authority to Sell Foreign Exchange**

- 13.1 The National Bank of Ethiopia shall empower in writing authorized commercial banks to effect through their forex bureau sales of foreign currency for services specified here under.

### 13.1.1 Holiday travel expense

A forex bureau may sell foreign exchange to an individual Ethiopian national or resident for holiday trip outside Ethiopia upon presentation of passport with valid exit visa and air ticket. The amount shall be endorsed at the back of the passport and on the air ticket with the required stamp. Refund of an air ticket is subject to the approval of the issuing forex bureau.

### 13.1.2 Business travel expense

A forex bureau may sell business travel allowance for businessmen engaged in foreign trade, manufacturing, mining, construction and/or export-oriented agricultural activities with valid license as well as passport with valid exit visa and air ticket. The forex bureau shall endorse the amount at the back of the passport and on the air ticket with the required stamp. Refund of an air ticket is subject to the approval of the issuing forex bureau.

### 13.1.3 Medical Expense

A forex bureau may sell foreign exchange to an applicant for medication abroad upon presentation of medical board certificate, passport with valid exit visa and air ticket. The amount shall be endorsed at the back of the passport and on the air ticket with the required stamp. The applicant will undertake to produce a bona-fide medical bills in the future.

### 13.1.4 Payment for publications, advertisement and others

A forex bureau may sell foreign exchange to professionals, public organizations, exporters, importers, industrialists, mining, construction, and/or export-oriented agricultural activities required for:

- purchase of publications, periodicals, journals etc and
- payment for advertisement, examination fee etc.

However, payment of same shall be made to institutions abroad through commercial Banks.

## **14. Restrictions**

A forex bureau shall not:

- 14.1 buy or sell foreign currency without completing the necessary forms;
- 14.2 deposit or accept Birr or a foreign currency with intent to obtain or supply the foreign exchange or the Birr equivalent thereof, either wholly or in part, at future date;
- 14.3 fail to issue official receipts to a customer for foreign currency transactions;

- 14.4 issue any other official receipts except receipts defined under 14.3 above; and
- 14.5 engage in any other banking business except in the business of buying and selling currencies,
- 14.6 sell foreign currency to international organizations, diplomatic missions or their employees but shall purchase foreign currencies from them.
- 14.7 Open a foreign currency account with banks abroad.

**15. Foreign Currency Accounts**

Every forex bureau shall open a foreign currency account with their parent bank through which their foreign exchange transactions will be operated.

**16. Financial Records**

- 16.1 Every forex bureau shall have manual of accounting procedures detailed enough to exhibit clearly and correctly the state of the bureau's affairs and to explain its transactions and financial positions including:-
  - a) basis of calculation of exchange rates
  - b) internal control
- 16.2 A forex bureau shall open a general ledger and subsidiary ledgers sufficiently detailed to provide proper and effective control.

**17. Submission of Returns and Inspection**

- 17.1 Every forex bureau shall submit to the Bank reports in prescribed forms giving details of their purchases and sales volumes and dealing rates:-
  - a) not later than 4:00 p.m. every working day; and
  - b) at 9:00 a.m. every working Monday for the previous week's information.
- 17.2 Officials of the Bank may undertake inspection at any time on the premise of a forex bureau, its books of accounts or any other records.
- 17.3 Inspectors of the Bank are authorized to request the personnel of the inspected forex bureau such documents, information or explanation of

the records or transactions of the forex bureau that are necessary for the effective carrying out of the inspection.

**18. Penalties and Cancellation of Forex Bureau License**

The Bank may impose penalties or cancel in writing forex bureau license of any authorized Commercial Bank if its forex bureau:-

- 18.1 refuses to sell foreign currency, when available;
- 18.2 refuses to sell foreign currency on the exchange rate that is displayed;
- 18.3 sales or purchase foreign currency without the use of forms set for this purpose;
- 18.4 discriminates between customers;
- 18.5 issues receipt other than to cover actual purchase or sale of foreign currency;
- 18.6 transfers money to anywhere outside Ethiopia;
- 18.7 refuses to give receipts to buyers and sellers of foreign currency; and
- 18.8 violates any of the provisions of these directives.

**19. Supersession**

The " *OPERATION OF FOREIGN EXCHANGE BUREAU DIRECTIVES NO, FXD/01/1996*" issued on July 26, 1996 are repealed and replaced by these DIRECTIVES.

These Directives shall enter into force as of the 1<sup>st</sup> day of October 1996.

DUBALE JALE  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

**NATIONAL BANK OF ETHIOPIA****THE RETENTION AND UTILIZATION OF  
EXPORT EARNINGS AND INWARD REMITTANCES  
DIRECTIVES NO. FXD/04/1996****1. Issuing Authority**

These Directives are issued by the National Bank of Ethiopia (hereinafter "the Bank") pursuant to the authority vested in it by Article 39(2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Short Title**

These Directives may be cited as "Procedures for the Retention and Utilization of Export Earnings and Inward Remittances Directives No. FXD/04/1996."

**3. Definitions**

For the purpose of these Directives, unless the context requires otherwise:

- a) "Forex Retention Accounts" shall mean foreign currency accounts maintained by eligible exporters and recipients of inward remittances in accordance with the provisions of these Directive.
- b) An "Eligible Exporter of Goods and Services" shall mean an exporter that has fully settled his/her foreign exchange commitments with the Bank.
- c) A "Recipient of Inward Remittances" shall mean a resident company, institution and individual other than a diplomatic mission who regularly receives foreign exchange transfers from abroad.
- d) An "Eligible Customer" shall mean an eligible exporter or a recipient of regular foreign exchange remittances from abroad.

**4. Opening of Forex Retention Account**

- 4.1 The Bank shall grant a written permit to an authorized Commercial Bank to open forex retention accounts in the name of an eligible customer. By a copy of same permit the eligible customer shall be advised to open a forex retention account.
- 4.2 List of exporters with no foreign exchange commitments shall be sent by the Bank to all local banks on a quarterly basis.

**5. Retention Right**

- 5.1 Eligible customers shall have the right to retain fifty percent (50%) of their export earnings and remittances in foreign currency in retention Accounts A & B.
- 5.2 Exporters of services shall surrender their foreign exchange earnings to authorized commercial banks in the usual manner. The Bank shall grant a written permit to exporters of services to retain 50% of their foreign exchange earnings upon presentation of the required documents (i.e. deposit ticket, prescribed Exchange Control receipts etc.)
- 5.3 The remaining fifty percent (50%) of the export earnings or remittances shall be surrendered to the National Bank of Ethiopia via local banks at the prevailing marginal exchange rate within five days of the receipt. But, the Commercial Banks shall immediately effect the payment of the Birr equivalent to an eligible customer.

**6. Types of Forex Retention Accounts**

- 6.1 Eligible customers may open two types of forex retention accounts (current accounts) which shall be designated 'forex retention account A' and 'forex retention account B'.
- 6.2 Such accounts shall not be credited from any other sources except in accordance with these Directives.

**7. Forex Retention Account A**

- 7.1 Ten percent (10%) of the foreign exchange earnings or remittances shall be deposited in forex retention account A of an eligible customer.
- 7.2 Upon the request of a beneficiary, the 10% of the inward foreign exchange remittances shall be deposited in Account A of the beneficiary under advice to Exchange Control Department.
- 7.3 The utilization of the balance under 7.1 and 7.2 above shall have no time limit.
- 7.4 Subject to the existing Exchange Control Regulation, the balance in a Forex Retention Account A of an eligible customer may be debited with business related current payments such as:-
  - a) import of goods and related services;

- b) export promotion such as trade fair participation
- c) advertising and marketing expenses;
- d) subscription of business magazines and news papers;
- e) payments for services rendered by non-residents against evidence that payment is contractually due, and
- f) any other payment specifically approved by the Bank.

## **8. Forex Retention Account B**

- 8.1 Forty percent (40%) of the foreign exchange earnings or inward remittances shall be deposited in Forex Retention Account B of an eligible customer.
- 8.2 The balance under 8.1 above shall be offered for sale by the account holder not later than 21 days from date of entry to:-
  - a) commercial banks at negotiated rates; or
  - b) to the foreign exchange auction market through their bankers.
- 8.3 The Bank shall open a foreign currency account under the name of "NBE - Forex Retention Account" with Commercial Banks.
- 8.4 Where the account holder sells the foreign exchange at the forex auction market, the commercial bank maintaining the retention account shall pay the equivalent in Birr to the eligible customer at the supply weighted average exchange rate after and on the basis of the auction result issued by the Bank from time to time and shall send a copy of the payment advice to the Exchange Control Department as the transaction takes place.
- 8.5 For the purpose of recording the payment made under 8.2 (b) the commercial banks shall open a receivable account in their books under the name of "*Accounts receivable - Retention transfer*" during the interim period.
- 8.6 The commercial banks shall transfer the available balance in "NBE - Forex Retention Account" in foreign exchange to the account of Bank with its correspondent banks at the end of each month.

- 8.7 Upon receipt of the fund from commercial banks, the Foreign Banking Department shall reimburse the commercial banks the amount they have initially paid to their customers.
- 8.8 Where the balance is not offered for sale within the specified time limit the depository bank shall pay the retention account holder in Birr at a marginal exchange rate and transfer the foreign currency to the Bank.
- 8.9 At the end of each month the Commercial Banks shall work out average exchange rates, one for foreign exchange purchases by themselves and the other for sales of account B balances through the foreign exchange auctions, within the month.

Any rate differential shall be posted to the customers' accounts on a transaction by transaction and pro rate basis.

## **9. Limitation**

The balance in Forex Retention Account can not be utilized for acquisition of shares, stocks, bonds or any other security denominated in foreign exchange without the prior approval of the Bank.

## **10. Reporting Requirement**

- 10.1 Commercial Banks with which Forex Retention Accounts are maintained shall send to the Bank:-
  - a) statements of both types of Forex Retention. Where the account holder sells the foreign exchange at the forex auction market, the commercial bank maintaining the retention account shall pay the equivalent in Birr to the exporter at supply weighted average exchange rate after and on the basis of the auction result issued by the Bank from time to time and shall send a copy of the payment advice to the exchange Control Department as the transaction takes place at the end of each month;  
and
  - b) debit and credit advises in relation to the Forex Retention Accounts on a daily basis.
- 10.2 Debit and credit advises prepared by the commercial banks shall contain the information indicated in the formats prescribed by the Bank.

**11. Penalties**

The Bank may impose penalties or cancel in writing the retention account right of an eligible customer where the customer:-

- 11.1 Under invoices and/or over invoices as the case may be;
- 11.2 Fails to repatriate all foreign exchange earnings;
- 11.3 Is found making prepayment of freight in local currency without prior approval of the Bank where the export permits is approved on F.O.B. basis;
- 11.4 Exports goods not approved;
- 11.5 Exports goods in excess of the approved quantity;
- 11.6 Changes any item on the export permit; and
- 11.7 Is found with any fraudulent activities when using his retention account.

**12. Penalties for commercial banks**

Any commercial bank which violates any of the provisions in this directives shall be subjected to penalties in accordance with the licensing and supervision of Banking Business Proclamation No. 84/1994.

**13. Supersession**

The "*THE RETENTION AND UTILIZATION OF EXPORT EARNINGS DIRECTIVES NO. FXD/02/1996.*" issued on July 26, 1996 are repealed and replaced by these directives.

These directives shall enter into force as the 1<sup>st</sup> day of October 1996.

DUBALE JALE  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

**EXCHANGE CONTROL DIRECTIVES**  
**FOR THE USE AND ACCEPTANCE OF CREDIT**  
**CARDS NO. FXD/06/98**

**1. Issuing Authority**

This Directive is issued by the National Bank of Ethiopia (herein after the "Bank") pursuant to the authority vested in it by Article No. 39/2 of the Monetary and Banking Proclamation No. 83/1994.

**2. Definitions**

For the purpose of this Directive, unless the context requires otherwise:

- a) "Credit Card" shall mean an embossed plastic plate with a magnetic strip bearing the logo of major credit card issuer and identifying a customer with a charge account.
- b) "Credit Card holder" shall mean a person whose full name and signature appear on a credit card.
- c) "Issuing Company" shall mean a legal entity that issues credit card and by doing so assumes the liability of the credit card holder.
- d) "Establishments" shall mean a business entity authorized by the NBE to accept credit cards in lieu of payments for goods and services.

**3. Establishments Eligible for Accepting Credit Cards**

Those establishments that cater to tourist and other foreign nationals are eligible to accept credit cards. This include:

- Hotels with three stars and above
- Travel and tour operators
- Duty free shops
- National airlines, and
- Hotels that are certified by the Ethiopian Tourism Commission to have the capacity or meet the standard to provide services to tourists.

**4. Agency/Representation of Credit Card Issuers**

Any licensed Commercial Bank, operating in Ethiopia may represent or act as an agent of approved credit card issuers.

**5. Types of approved Credit Cards**

First class credit cards acceptable in Ethiopia shall be;

- American Express
- Visa Card
- Master Card
- Euro Card
- Diners Club Card
- Cart Blanche

However, the NBE can revise the list of acceptable cards from time to time.

**6. Submission of Application**

An establishment which intends to accept credit cards shall fill the form prepared for the purpose and submit same to the NBE for approval.

**7. Conditions for Issuance of Credit Card Permit**

Without prejudice to the other provisions of these Directives, an establishment may be granted with permit to accept credit card upon fulfilling the following requirements.

- a) should have a license from the appropriate Government Authority to conduct business at the specified address.
- b) Should have trained personnel to examine, authenticate and book credit card sales as well as lodge proper claim from foreign sources through the agent bank.
- c) Must submit agency agreement concluded with issuing companies or banks to the National Bank of Ethiopia for registration and approval.

- d) Have a favorable appraisal report by the Inspection team of NBE.
- e) Undertakes the responsibility to submit the credit card vouchers to any licensed commercial bank in Ethiopia to be sent to the credit card issuer or Bank, for collection.

## **8. Obligation of Commercial Banks**

Commercial banks which are licensed to operate in Ethiopia are authorized to accept and process credit cards documents on behalf of approved establishments and send same for collection to the credit card issuer or Bank. The Commercial banks shall institute the most expeditious means of settlement with credit card issuer or Bank.

## **9. Mode of Settlement**

Upon receipt of payment, the commercial bank shall credit or transfer to the account of the establishment the equivalent amount in Birr. The commercial bank shall send a copy of such advice to the Exchange Control Department of NBE for follow-up.

## **10. Claims Returned Unpaid**

In the event that claims presented by any commercial bank to the credit card issuer or Banks is not honored, the commercial bank shall immediately inform the client the reason for non-payment, if any, under advice to the National Bank of Ethiopia.

## **11. Retention Rights**

Establishments may apply to be enrolled in the Retention Accounts scheme as provided by the Retention and Utilization of Export Earnings and Inward Remittances Directives No. FXD/04/96.

## **12. Submission of Returns and Inspection**

- a) Every establishment shall submit reports in prescribed formats giving details of credit card transactions together with a copy of commercial bank advises to the Exchange control Department on a monthly basis.
- b) The NBE may conduct inspection at any time on the premises of the Establishment. The inspection may include reviewing books of accounts,

request for information or explanations of the records or transactions and examination of any records related to credit card sales.

- c) Notwithstanding any other provision of law to the contrary, the Establishments are required to maintain records of the last three consecutive years.

### **13. Measures Against Non-Compliance with this Directive**

#### 13.1 Warning

When the NBE finds that an Establishment commits one or several of the following acts;

- a) fails to submit monthly reports of credit card transactions to the NBE;
- b) Fails to keep proper records of credit cards transactions and
- c) Violates any one of the provisions of these directives; it will issue to the establishment a warning in written.

#### 13.2 Cancellation of Credit Cards Permits

For one or several of the following reasons, the NBE may cancel in writing Credit card Permit of any Establishment if it finds that the Establishment:

- a) accepts credit cards without obtaining a permit from NBE,
- b) Operates under an expired permit,
- c) Fails to forward vouchers of credit cards to the designated Commercial Bank in Ethiopia.
- d) Fails to repatriate the proceeds of credit cards in foreign exchange.
- e) Fails to submit for three consecutive months reports of credit card transactions to the NBE.
- f) Submits false and misleading information.

**14. Prior License**

License issued before the coming into force of this Directive, to operate as an Authorized Dealer in Foreign Exchange, to purchase convertible foreign currency notes, travelers cheques and credit cards is hereby canceled.

**15. Laws**

15.1 Exchange Control Amendment No. 12, 1987 is hereby repealed and replaced by this Directive.

15.2 Any directive which is inconsistent with this directive shall not apply to matter provided for under this directive.

**16. Effective Date**

This Directive shall enter into force as of the 8<sup>th</sup> day of June 1998.

Teklewold Atanfu  
Governor  
National Bank of Ethiopia

**NATIOANL BANK OF ETHIOPIA****DIRECTIVE****For Foreigners Salary Remittances****Directive No. FXD/10/1998****1. Issuing Authority**

These directives are issued by the National Bank of Ethiopia (hereinafter the "NBE") pursuant to the authority vested in it by Article 39(2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Short Title**

These Directives may be cited as "Foreigners Salary Remittances Directive No. FXD/10/1998".

**3. Salary Remittances by Foreign Employees**

- 3.1 Commercial Banks shall allow foreign exchange to a foreign employee for payment of salary remittance upon submission of the following documents.
- 3.2 Commercial Banks shall allow to avail foreign exchange for salary remittances to a foreign employee during the terms of his/her service. The amount of salary remittance upon such departure shall not exceed his/her net earnings. However, the value of free accommodation, gratuity and accumulated leave pay and the like shall not be included for remittance purpose.

**4. Submission of Returns and Inspection**

Commercial Banks shall submit to the NBE reports in a prescribed forms as follows:-

- 4.1 Two copies of foreigner's salary remittances application together with a copy of bank advices every working day not later than 10:00 A.M.

- 4.2 Inspectors of the NBE are authorized to demand from Commercial Banks documents or any other required information.
- 4.3 The NBE may undertake an inspection of any Commercial Bank at any time to verify compliance with these Directives and to sanction any bank ban/or its customer that infringes these Directives.

## **5. Validity of Permit**

The permit is valid for payment during the month of issue only and may extend for good cause for 10 days.

## **6. Penalties**

Any authorized Commercial Bank who:-

- remits funds abroad without filling out the prescribed application form by the applicant; or
- avails foreign exchange for whose name appears in the black list; or
- violates any of the provisions of these directives shall be subjected to the penalties provided in Proclamation No. 83/1994.

If a Commercial Bank refuses to give receipts to the applicant for payment of salary transfers in foreign exchange or fails to submit regular returns in time, the NBE shall impose penalty in accordance with the provision of Proclamation No. 83/1994.

## **7. Exemptions**

Foreign Employees of foreign Embassies, Legations, Consulates, E.C.A, O.A.U., U.N., etc., whose salaries are fully paid in foreign exchange from sources outside Ethiopia can take out and/or transfer their net earnings to extent of the balance in their Non-Resident foreign Currency Account, Non-Resident Transferable Birr account and/or Non-Transferable Birr Account.

## **8. Repeal**

The Amendment Notice No. 24/1997 issued on the 17 day of February, 1997 is hereby repealed and replaced by these Directives.

**9. Effective Date**

These Directives shall enter into force as of 31<sup>st</sup> day of August, 1998.

TEKELEWOLD ATNAFU  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

**NATIONAL BANK OF ETHIOPIA****DIRECTIVE FOR****The Retention And Utilization of  
Export Earnings And Inward Remittances  
Directives No. FXD/11/1998****1. Issuing Authority**

These Directives are issued by the National Bank of Ethiopia (hereinafter the "NBE") pursuant to the authority vested in it by Article 39 (2) of the Monetary and Banking Proclamation No. 83/1994.

**2. Short Title**

These Directives may be cited as "The Retention and Utilization of Export Earnings and Inward Remittances Directives No. FXD/11/1998".

**3. Definitions**

For the purpose of these Directives, unless the context requires otherwise:

- 3.1 "Forex Retention Accounts" shall mean foreign currency accounts maintained by eligible exporters of goods and services and recipients of inward remittances in accordance with the provisions of these Directives.
- 3.2 The "Delinquent list" is a list containing names of exporters who have not settled their foreign exchange commitments with NBE.
- 3.3 An "Eligible Customer" shall mean a regular recipient of foreign exchange remittances from abroad and/or an exporter of goods or services whose name does not appear on the delinquent list.
- 3.4 A "Recipient of Inward Remittances" shall mean a resident company, institution or individual, government organizations, other than a diplomatic mission, who receives foreign exchange transfers from abroad.
- 3.5 An "Eligible Exporter of Goods and Services" shall mean an exporter who has fully settled his/her foreign exchange commitments with the NBE and whose name does not appear on the delinquent list.

**4. Opening of Forex Retention Accounts**

- 4.1 Commercial Banks may open foreign exchange retention accounts for eligible exporter of goods and recipient of inward remittances without prior approval from the NBE.
- 4.2 List of non-delinquent exporters shall be sent by NBE to Commercial Banks on a monthly basis.
- 4.3 Exporters of services shall open Forex Retention Account upon the approval of NBE.

**5. Types of Foreign Exchange Retention Account**

- 5.1 Eligible customers may open two types of foreign exchange retention accounts (current accounts) which shall be designated as "Foreign Exchange Retention Account A" and "foreign Exchange Retention Account B".
- 5.2 Such accounts shall not be credited from any other sources except in accordance with these directives.

**6. Retention Rights**

- 6.1 Exporters of goods and services as well as recipients of inward remittances shall have the right to retain their foreign exchange earnings in Retention Accounts A & B as follows:

Account A: Ten percent (10%) of his/her account balance for an indefinite period of time.

Account B: Ninety percent (90%) of his/her account balance for upto 29 days after which period any balance shall automatically be converted in the next working day into local currency by the customer's bank, using the NBE's marginal rate of the week.

- 6.2 After the expiry of 28 days i.e. on the next working day, Commercial Banks are obliged to convert balances on Account B for their own account and pay the Birr equivalent to such customers, using the NBE's marginal rate for that week. The foreign exchange balances so converted shall form part of a bank's foreign exchange position surrenderable to the NBE in accordance with the Open Position Directive No. SBB/23/97.

**7. Utilization of Foreign Exchange Retention Accounts**

7.1 Eligible exporters of goods and services as well as recipients of inward remittance may use their foreign exchange retention account B for only 28 days, and Foreign Exchange Account A for an indefinite period of time to transact business related to current payments for the:

- 7.1.1.1 import of goods and related services;
- 7.1.1.2 export promotion;
- 7.1.1.3 payment of advertising and marketing expenses;
- 7.1.1.4 subscriptions to business publications;
- 7.1.1.5 payment for services rendered by non-residents against evidence that payment is contractually due;
- 7.1.1.6 training fee and educational expenses;
- 7.1.1.7 payment for settlement of external loans;
- 7.1.1.8 payment for settlement of suppliers credit;
- 7.1.1.9 payment of specifically approved transactions by the NBE.

7.2 All eligible customers shall be free to:

Sell all part of their account balances to a commercial banks as follows:

Retention Account A: At any time at a freely negotiated rate;

Retention Account B: At any time up to 28 days at a freely negotiated rates.

**8. Commercial Bank Purchases of Export Proceeds and Customers Foreign Exchange**

8.1 Commercial Banks are free to intermediate between exporters and importers without prior transaction-by-transaction approval of the NBE. The NBE may carry out ex-post examination of all relevant documents for any transaction.

- 8.2 Commercial Banks are free to accumulate foreign exchange on their own accounts with their correspondents for the purposes of inter-mediation.
- 8.3 Commercial Banks shall operate their foreign exchange accounts in accordance with the Net Open Position Directive No. SBB/23/97.

**9. Utilization of Foreign Exchange Receipts by Commercial Banks**

In line with the Open Position Directive No. SBB/23/97, Commercial Banks can utilize their foreign exchange balances against any NBE approved transaction.

**10. Penalties on Persons Other than Commercial Banks**

The NBE may impose penalties or cancel the retention account right of an eligible customer where the customer:-

- 10.1 under invoices and/or over invoices;
- 10.2 fails to repatriate all foreign exchange earnings;
- 10.3 exports goods without approval;
- 10.4 exports goods in excess of the approved quantity;
- 10.5 changes any item on an export permit; and
- 10.6 engages in any fraudulent activities when using his/her retention account.

**11. Reporting Requirement**

Commercial Banks operating foreign exchange retention accounts shall send to NBE:

- 11.1 a list of customers who have opened foreign exchange retention Account "A" and "B" on the following working day;
- 11.2 debit and/or credit tickets emanating from foreign exchange retention accounts "A" and "B" on the following working day;
- 11.3 A copy of bank statement of foreign exchange retention account "A" and "B" on a monthly basis.

**12. Penalties on Commercial Banks**

Any commercial bank that violates any of the provisions in these Directives shall be subject to penalties in accordance with the Licensing and Supervision of Banking Business Directive No. SBB/20/96.

**13. Repeal**

The "Retention and Utilization of Export Earnings Directives No. FXD/04/1996" issued on 1<sup>st</sup> October 1996 is hereby repealed and replaced by these Directives.

**14. Effective Date**

These Directives shall enter into force as of 31<sup>st</sup> day of August, 1998.

TEKLEWOLD ATNAFU  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

## **NATIONAL BANK OF ETHIOPIA**

### **TRANSFER OF FREIGHT EXPENSES FOR GOODS TRANSPORTED BY TRUCKS OWNED BY DJIBOUTI NATIONALS TO AND FROM DJIBOUTI DIRECTIVE NO. FXD/14/2000**

#### **1. Issuing Authority**

These Directives are issued by the National Bank of Ethiopia (hereinafter the "Bank") pursuant to the authority vested in it by Article 39(2) of the Monetary and Banking Proclamation No. 83/1994.

#### **2. Definitions**

For the purpose of these Directives unless the context requires otherwise;

- a) "Freight Expenses" shall mean cost of inland freight for transporting goods from Djibouti to Ethiopia and vice versa by trucks owned by Djibouti Nationals.
- b) "Transit and Forwarding Agents" shall mean a company which has a valid license to engage in the business of transit and forwarding of goods in Ethiopia.
- c) "Truck Way Bill" shall mean a valid document issued by truck owners of Djibouti nationality as prescribed by the Ethiopian Road transport Authority.
- d) "Suppliers Invoice" shall mean an invoice issued by the foreign supplier of goods.
- e) "Customs Declaration" shall mean a valid document issued by the Ethiopian Customs Authority.
- f) "Truck voyage Permit" shall mean a permit given for the voyage of the truck by the Ethiopian Road Transport Authority.
- g) " Djibouti National" shall mean a person who has a Djiboutian nationality by birth.

**3. Approval of Foreign Exchange by Commercial Banks to Cover Truck Freight Expenses**

Commercial Banks shall avail foreign exchange to cover freight expenses for goods transported by trucks owned by Djibouti nationals to and from Djibouti upon submission of the following documents by licensed Transit and Forwarding Agents in Ethiopia.

**A. For Imports**

- a) Two copies of import transit and freight expenses application forms duly completed, signed and sealed.
- b) A copy of import permit issued by Commercial Banks and/or the National Bank of Ethiopia.
- c) Truck Way Bill.
- d) A copy of suppliers invoice
- e) Customs Declaration or Notice of Goods Arrival
- f) Original Truck voyage permit issued by the Ethiopian Road Transport Authority.
- g) Copy of the document evidencing Djiboutian Nationality.

**B. For Exports**

- a) A copy of Export permit issued by Commercial Banks and/or the National Bank of Ethiopia
- b) Two copies of export transit and freight expenses application forms duly completed signed and sealed.
- c) Customs declaration or notice of goods departure.
- d) Original invoice issued by transit and forwarding agents in Ethiopia.
- e) Truck Way Bill.
- f) Truck voyage permit issued by Ethiopian Road Transport Authority.
- g) Copy of the document evidencing Djiboutian Nationality.

**4. Submission of Returns**

Commercial Banks are required to send to the National Bank of Ethiopia, at the end of each week, a copy of the approved foreign exchange applications with the documents listed herein above.

**5. Penalties**

The National Bank of Ethiopia may impose penalty on authorized Commercial Banks for violation of the provisions of these Directives in accordance with Proclamation No. 83/94.

**6. Effective Date**

These Directives shall enter into force as of June 1, 2000.

TEKLEWOLD ATNAFU  
GOVERNOR

**FOREIGN EXCHANGE DIRECTIVE**  
**FOR THE USE AND ACCEPTANCE OF CREDIT CARDS,**  
**CASH NOTES AND TRAVELLERS CHEQUES**  
**REVISED DIRECTIVE NO. FXD/21/2003**

*Whereas*, it is necessary to enhance the payment systems and introduce instruments acceptable, which facilitate transaction.

*Whereas*, the existing Directive issued to the use and acceptance of credit cards needs amendment to widen the scope of operations and supplementing the service with cash notes and traveller cheques concurrently used in settlement of service bills; and

*Now, therefore*, this Directive is issued by the National Bank of Ethiopia (herein after the "Bank") pursuant to the authority vested in it by Article No. 39/2 of the Monetary and Banking Proclamation No. 83/1994.

**ARTICLE - 1**  
**Definitions**

For the purpose of this Directive, unless the context requires otherwise:

- 1.1 *"Credit Card"* shall mean an embossed plastic plate with a magnetic strip bearing the logo of a major credit card issuer and identifying a customer with a charge account.
- 1.2 *"Credit Card Holder"* shall mean a person whose full name and signature appear on a credit card.
- 1.3 *"Issuing Company"* shall mean a legal entity that issue credit card and by doing so assumes the liability of the credit card holder.
- 1.4 *"Establishments"* shall mean business entities authorized by the NBE to accept credit cards, foreign currency cash notes and travellers cheques in lieu of payments for goods and services.
- 1.5 *"Cash Notes"* shall mean foreign currency notes acceptable and convertible to Birr in Ethiopian Banks and Forex Bureaus.
- 1.6 *"Hotels"* shall mean list of hotels considered by the Ethiopian Tourism Commission to have the capacity to provide the standard lodging service to tourists, foreign business travelers and guests.

- 1.7 *"Traveller Cheques"* A check sold by a bank to a person intending to travel abroad, exchangeable at most banks and may hotels, restaurants etc. for the money of the particular country.

## **ARTICLE - 2** **Credit Cards**

### *2.1 Eligibility to Accept Payments on Credit cards*

- 2.1.1 Establishments whose operational activities involve catering service and sales of goods to foreign customers and guests are eligible to accept credit cards.
- 2.1.2 Banks who have entered into agreements with the credit card issuer to provide encashment services.

### *2.2 Agency/Representation of Credit Card Issuers*

Any licensed commercial bank operating in Ethiopia may represent or act as an agent approved credit card issuers.

### *2.3 Types of Acceptable Credit Cards*

- |                    |                    |
|--------------------|--------------------|
| - American Express | - Euro Card        |
| - Visa Card        | - Diners Club Card |
| - Master Card      | - Cart Blanché     |

However, this list is subject to revision and may change from time to time as deemed necessary by the National Bank of Ethiopia.

### *2.4 Submission of Application*

Any establishment which intends to accept credit cards shall fill the form prepared for the purpose and submit same to the NBE for approval.

### *2.5 Conditions for Issuance of Credit Card Permit*

- 2.5.1 It should have a license from the appropriate government authority to conduct a business at a specified address.

- 2.5.2 The establishment should have trained personnel to examine, authenticate and book credit card sales as lodge proper claim on the issues through the agent bank.
- 2.5.3 It must submit agency agreement concluded with the card issuing companies or banks to the National Bank of Ethiopia for registration and approval.
- 2.5.4 Undertake the responsibility to submit the credit vouchers to any licensed commercial bank in Ethiopia to be sent to the credit card issuers or bank for collection.

## *2.6 Requirement for Routing Vouchers of Credit Cards through Banks*

- 2.6.1 Establishments will have the responsibility for timely presentation of credit card vouchers to the agent bank for payments.
- 2.6.2 It is mandatory that vouchers processed against credit cards must be forwarded for payment via a commercial bank having agency arrangement with card issuers and are acting on behalf of their customers to collect proceeds and credit to the client account. Clients shall issue their authorizations for the agent bank to collect proceeds on their behalf.

## *2.7 Obligations of Commercial Banks*

Commercial banks who take-up vouchers of credit card from establishments and those who are providing agency services are required to dispatch the items for collections to the credit card issuer of the agent bank, as the case maybe, seeking payment redemption. The commercial banks shall institute the most expeditious means of settlement with credit issuers or banks.

## *2.8 Settlement of Credit Card Proceeds by Banks*

Upon receipt of payment, banks shall credit or transfer to the account of the establishment the equivalent amount in Birr. They should send a copy of such advice to the International Banking Operations Department (IBOD Monitoring) of NBE for follow-up and recording.

### 2.9 Claims Returned Unpaid

In the event that claims presented by any commercial bank to the credit card issuer or banks are not honored and paid, the bank shall immediately inform the client the reason for non-payment, under advice to the National Bank of Ethiopia. The establishment shall have the responsibility to take a close follow-up and make efforts to secure the payments based on agreements concluded and service rendered.

## **ARTICLE - 3**

### **Foreign Currency Cash Notes, T/Cheques Payment Acceptability**

#### 3.1 Eligible Entities for Accepting Payments in Foreign Cash Notes/Cheques

The following entities are eligible to accept payments in foreign cash notes and travellers cheques.

- 3.1.1 Hotels certified by the Ethiopian Tourism Commission,
- 3.1.2 Duty free shop operators,
- 3.1.3 Immigration Office,
- 3.1.4 Civil Aviation Authority, and
- 3.1.5 Airline ticket offices.

#### 3.2 Submission of Application

Establishments/hotels which intend to accept foreign currency cash notes/T/Cheques shall fill the form prepared for the purpose and submit same for approval.

#### 3.3 Condition for Issuance of Permit to Accept Foreign Cash Notes/T/Cheques

Establishment/hotel may be granted a permit to accept cash notes/T/cheques upon fulfilling the following requirements.

- 3.3.1 Establishment hotel should have knowledgeable personnel who can handle the transactions and provide the appropriate service to the segmented customers.
- 3.3.2 Should have currency validators and the appropriate instruments to verify notes and T/cks.

- 3.3.3 Establishment/hotel will required to standardize the currency mix acceptable for payment in line with the list if currencies convertible with banks in the country.

3.4 *Obligation of Establishments/Hotels*

- 3.4.1 Establishments/hotels are required to forward all foreign currency items collected during one business day to the nearest forex bureau or bank for conversions or deposits within two working days.
- 3.4.2 Establishments/hotels shall have the responsibility to report the earnings recorded to the NBE. The report should be supported and accompanied by conversion tickets indicating that the currencies and instrument collected are channeled and processed through banks.
- 3.4.3 Establishment/hotels are required to identify the customer and retain copies of documents incase there arises a need for trace back, and a recourse action is needed.
- 3.4.4 Establishments/hotels are required to use the appropriate instruments for verifying currencies and validations.
- 3.4.5 Establishments/hotels are required to use the appropriate instrument for verifying currencies and validations.

**ARTICLE - 4**

**Permit Issuance by NBE**

- 4.1 An establishment may obtain permit both for accepting foreign currency cash notes, T/checks or to use credit cards in settlement of payments under one permit or separately, as the case may be,
- 4.2 The permit shall strictly be applicable for the permitted activity/ies only. The permit shall clearly state the type of instruments acceptable.

**ARTICLE - 5**

**Requirement to Fix and Post the Exchange Rate Applicable**

- 5.1 Establishments/hotels are required to fix their own buying rate for payments in credit cards and different currencies and traveller cheques.

- 5.2 The rates fixed for different types of currencies shall be clearly shown and placed in a visible position put up on a visible display panel
- 5.3 Entities shall carefully estimate the prices for buying different currencies and travellers cheques and consider processing costs that may subsequently be involved.
- 5.4 Establishments/hotels shall only quote one way buying rate and must not involve in currency trading.
- 5.5 Establishments/hotels permitted to accept payments using credit cards and cash notes/travellers cheques shall clearly post specially the rate at which they buy USD, EUR, GBP, JPY etc.

### **ARTICLE - 6** **Retention Rights**

Establishments/hotels may apply to be included in the Retention Accounts scheme as provided by the Retention and Utilization of Export Earnings and Inward Remittances Directives No. FXD/11/98.

### **ARTICLE - 7** **Submission of Returns and Inspection**

- 7.1 Every establishment/hotel including banks, rendering encashment services, shall submit reports in prescribed formats providing details of credit card transactions, cash notes, T/cks received, together with a copy of bank credit advises to the International Banking Operation Department of NBE on a monthly basis.
- 7.2 The NBE may conduct inspection at any time on the premises of the establishment/hotel and banks as well. The inspection may include reviewing books of accounts, request for information or explanations of the records of transactions and examination of records related to payments received against credit cards, cash notes, T/cks.
- 7.3 Notwithstanding any other provision of the directive to the contrary, the establishments/hotels are required to maintain records of the last three consecutive years.

**ARTICLE - 8****Measures Against Non-compliance with this Directive****8.1 Warning Notice**

When the NBE finds that an establishment/hotel commits one or several of the following acts, it will issue a warning to the establishment/hotel advising the establishment/hotel to take prompt action to comply with the Bank's rules and procedures.

The Bank may also cancel the permits it issued, if the establishment:-

- a) fails to submit monthly reports of credit card transactions;
- b) fails to keep proper records of credit cards transactions or cash note/T/cheques payments;
- c) violates any one of the provisions of these directives;
- d) operates under an expired permit;
- e) fails to forward vouchers of credit cards to the designated commercial bank in Ethiopia and diverts resources to other purposes;
- f) fails to repatriate the proceeds of credit cards in foreign exchange;
- g) fails to deposit cash notes/T/cks collected to banks on time;
- h) fails to submit for three consecutive months reports of credit card transaction or payments collected in cash notes/T/cheques to the NBE; and
- i) submit false and misleading information.

**8.2 Penalty**

Any one who is found accepting payments using credit cards, cash notes or T/cheques without obtaining the required permit in conformity with the eligibility criteria established, shall without prejudice to the confiscation of the property with which the offense is committed be punished with the proper penal code provision and Art.59-1(h) of Proclamation No.83/93.

**ARTICLE - 9****Repeal**

Directive No. FXD/06/1998 is hereby repealed and replaced by this Directive.

**ARTICLE - 10****Effective Date**

This Directive shall enter into force as of the 21<sup>st</sup> day of July, 2003.

TEKLEWOLD ATNAFU  
GOVERNOR  
NATIONAL BANK OF ETHIOPIA

**DIRECTIVE NO. FXD/23/2004**  
**FOREING CURRENCY CASH NOTES HOLDING**  
**BY COMMERCIAL BANKS**

*Whereas*, regulating the flow of foreign currency cash notes and holdings need an utmost care and close follow-up;

*Whereas*, it is necessary to facilitate the smooth purchase and sales of foreign currency cash notes through forex bureaux and bank branches operating in the country;

*Whereas*, there is a need to ensure a proper management of foreign currency cash notes and institute a uniform procedure applicable to all banks and arrange prompt conversion procedure in an efficient and effective manner;

*Whereas*, it is necessary that the National Bank of Ethiopia (NBE) play a major role in the handling of foreign currency cash stocks management and act as a primary custodian;

*Now, therefore*, in accordance with Article 39(1) and (2) of the Monetary and Banking Proclamation No. 83/1994, this Directive is issued for the handling of foreign currency cash notes and related business by commercial banks.

**Article - 1**

**Definitions**

For the purpose of this Directive, unless the context provides otherwise;

- 1.1 "Foreign Currency Cash Notes" shall mean currencies, which are acceptable by banks, forex bureaux and authorized dealers as listed by the National Bank of Ethiopia from time to time.

- 1.2 "Counterfeits" shall mean a note printed illegally and which doesn't bear all the original characteristics and security features of legal tender money issued by countries, whose currencies are acceptable under the Ethiopian banking system.
- 1.3 "Currency Shipment" shall mean the transportation of foreign currency cash notes of different types of both inward and outward consignments ordered under the auspicious of the National Bank of Ethiopia.
- 1.4 "Conversion" shall mean the arrangements made through a correspondent bank or currency dealers to process the sales of cash notes through a bid to credit the proceeds into a bank account.
- 1.5 "Conversion Cost" shall mean the expenses incurred for converting the cash notes such as cost of freight, insurance and processing costs etc. with currency dealers or correspondent banks abroad.
- 1.6 "Trading Margin" shall mean the difference between the face value of the notes delivered and the discounted value offered by the overseas buyer of the cash notes and agreed by the NBE.

**Article - 2**  
**Limits to the Cash Note Holding by Banks**

- 2.3 Commercial banks can only hold up to 5 percent of their paid up capital in foreign currency cash notes as working balance at the close of each calendar month. Any excess holding shall be surrendered to the NBE within 5 working days from the end of the calendar month.
- 2.3 Notwithstanding the article 2.1 above, commercial banks have the right to sell part of their 5% foreign currency holding at any time if they wish to do so.
- 2.3 Commercial banks are allowed to trade and hold currencies which have a reasonable turnover and advantageous to them but limited to the list provided by NBE.

**Article - 3**  
**Conversion Requirement**

- 3.1 Commercial banks shall furnish NBE along with the cash note stocks delivered, the list of currencies identified by type of currencies, serial numbers and denominations only).
- 3.2 If the commercial bank surrendering the cash notes opts to credit the proceeds into its correspondent bank account, the NBE will credit the correspondent account of the commercial bank with face value of the cash notes delivered. However, the commercial bank shall pay to NBE a service charge of 0.15% on the total surrendered amount.

- 3.3 Trading margin cost is for the account of commercial banks to which they will be required to submit a standing authorization to debit their Reserve Account with NBE after the completion of the trade abroad.
- 3.4 In the event the commercial banks wish to sell their foreign currency notes to NBE if Birr, the Bank will purchase the notes on the basis of the interbank forex market rate fixed for the day. No charges will be levied on such purchase.

**ARTICLE - 4**  
**Responsibility of Commercial Banks**

- 4.1 Commercial banks shall take due care to verify and check the genuinity of notes purchases using reliable detecting machines and necessary skills.
- 4.2 Commercial banks shall register the full identity of the seller while buying the notes.
- 4.3 Commercial bank shall be responsible for the counterfeits in case found in the process of trading and the equivalent in Birr shall be debited to their reserve account with NBE. Reports of counterfeits and the price at which the trade is concluded shall be delivered to banks by NBE for their documentations.

**Article - 5**  
**Supply of Foreign Currency Cash Notes**

Commercial banks who are in need of foreign currency cash notes shall be supplied from the stocks of the National Bank of Ethiopia upon written request. The rates applicable for cash deal and delivery shall be the linked to the inter-bank forex market directives.

**Article - 6**  
**Prohibitions**

Commercial banks are neither allowed to engage in the shipment of foreign currency cash notes abroad nor can they order either or received a consignment of foreign currency cash notes.

**Article - 7**  
**Penalty**

Any bank that is in a breach of the provisions of these Directives shall be subject to a penalty in accordance with NBE's Directive No. SBB/35/2004 Artcile 2.1.

**Article - 8**  
**Effective Date**

This Directive shall come into force as of 1<sup>st</sup> day of June 2004.

TEKLEWOLD ATNAFU  
GOVERNOR



የኢትዮጵያ ብሔራዊ ባንክ  
NATIONAL BANK OF ETHIOPIA  
ADDIS ABABA

TELEGRAPHIC ADDRESS  
N A T I O N B A N K  
TELEX 21020  
CODES USED  
PETERSON 3<sup>rd</sup> & 4<sup>th</sup> ED.  
BENTLEY'S 2<sup>nd</sup> PHRASE  
A. B. C. 6<sup>th</sup> EDITION.

PLEASE ADDRESS ANY REPLY TO  
P. O. Box 5550  
ADDIS ABABA

**Directive No. FXD/24/2004**

**Establishment and Operation of Foreign Currency  
Account for Non-Resident Ethiopians and Non-  
Resident Ethiopian Origin**

Whereas, it is necessary to create incentives for Ethiopians in Diaspora to maintain foreign currency account at home country so as to encourage domestic investment;

Whereas, operation of foreign currency account by non-resident Ethiopians can support the international foreign exchange reserves and ease the balance of payments problem of the country;

Whereas, allowing Ethiopians abroad to open foreign currency account could encourage foreign direct investment;

Now, therefore, in accordance with Article 6 and 61 of the Monetary and Banking Proclamation No. 83/1994, the National Bank of Ethiopia hereby issues these directives on the establishment and operation of foreign currency account for non-resident Ethiopians in domestic commercial banks.

## **Article 1**

### **Definitions**

For the purpose of these directives, unless the context provides otherwise,

- 1.1 "Non-resident Ethiopians" shall mean:
  - a) All Ethiopian nationals living and working abroad outside Ethiopia for more than one year
  - b) Business entities owned by non-resident Ethiopians and located outside the Ethiopian territory for more than one year
- 1.2 "Non-Resident (NR) Foreign Nationals of Ethiopian Origin" shall mean
  - (1) A non-resident (NR) foreign national, other than a person who forfeited Ethiopian nationality and acquired Eritrean nationality, who had been Ethiopian national before acquiring a foreign nationality; or at least one of his parents or grand parents or great grand parents was an Ethiopian national.
  - (2) Business entities owned by NR foreign nationals of Ethiopian origin and located outside the Ethiopian territory.
- 1.3 "Non- Resident (NR) Foreign Currency Account" refers to the two types of accounts stated under Article 4 of this Directive and maintained in foreign currency by the debit of which funds can be transferred abroad and/or used locally without any permit from the Bank.
- 1.4 "Opening Banks" are authorized commercial banks in Ethiopia,
- 1.5 "The Bank" is the National Bank of Ethiopia,
- 1.6 "The account" is a foreign currency account opened by non-resident Ethiopians or foreign nationals of Ethiopian origin.
- 1.7 "Certificate" means commercial banks' deposit certificate issued to the depositor in recognition of his/her ownership of the deposited sum of money;
- 1.8 "Foreign Currencies" refer the four types of currencies indicated under Article 5 of this Directive and which the Bank accept for purposes of foreign exchange.

- 1.9 "Deposits" shall mean foreign currency deposits received by the opening bank and shall also include cash certificate, cheque or other deposit of similar nature.

## **Article 2** **Eligibility Criteria**

- 2.1 The following individuals and/or enterprises may open a foreign currency account in any of the authorized commercial banks in Ethiopia.
- a) Non-Resident Ethiopian
  - b) Non-Resident Foreign Nationals of Ethiopian origin
- 2.2 Non-Resident Ethiopians/Foreign Nationals of Ethiopian Origin shall present the following documents to open an NR Foreign currency account in domestic banks.
- a) Application forms properly filled and signed by the account holder
  - b) For individuals, passport of the applicant
  - c) For businesses, certificate of ownership entitlement for the organization and/or article and memorandum of association
- 2.3 Applicants who could not be physically present to open the NR account in the domestic banks shall use the Ethiopian Embassies nearby to prove their identities.

## **Article 3** **Opening Foreign Currency Account**

- 3.1 A foreign currency account may be opened for individuals and/or enterprises that fulfill the eligibility criteria set under Article 2 (2.1) of this Directive.
- 3.2 Persons residing abroad may contact the opening bank in person, by post, e-mail, fax, telex and/or other electronic media authorized by the Bank to open an account in his/her name.
- 3.3 A request for opening an account for deposit in foreign currency shall be accompanied by a letter of application and a specimen signature.

- 3.4 An individual and/or enterprises may open all or one of the foreign currency accounts enumerated under Article 4 (4.1) of this Directive.
- 3.5 Power of attorney holders are not allowed to open foreign currency accounts and credit the account on behalf of non-residents and/or foreign nationals of Ethiopian origin. However, when it is needed for domestic investment activities, a power of attorney is allowed to withdraw money in local currency from the account provided that his is legally authorized by the account holder to use it for such purpose.
- 3.6 The minimum amount required for an initial deposit to open a current account foreign currency account shall be USD 100 or its equivalent in any of the eligible currency under Article 5 (5.1) of this Directive.
- 3.7 The minimum amount required in an initial deposit to open a fixed deposit foreign currency account shall be USD 1000 or its equivalent in any of the eligible currencies under Article 5 (5.1) of this Directive.
- 3.8 The maximum amount to be deposited in current account shall not exceed USD 5000.
- 3.9 Two or more eligible joint depositors may together open a single account.

#### **Article 4** **Types of Permitted Account**

- 4.1 Commercial banks may open the following types of non-resident foreign currency accounts
  - a) Fixed (time deposit) account, which takes the form of a deposit certificate, issued in the name of the depositor. Maturity period may vary based on the agreement made between the depositor and the opening bank. However, the minimum maturity period for such an account shall be six months.
  - b) Current account, which takes the form of current deposits where withdrawals may be made at any time upon demand by writing a check and/or a pre-arranged procedure adopted by the opening bank.

## **Article 5** **Types of Currency**

- 5.1 Foreign currency accounts are restricted to the following types of currency
- a) The US dollar
  - b) Pound Sterling
  - c) Euro
  - d) Japanese Yen

## **Article 6** **Crediting the Account**

- 6.1 A foreign currency account opened by non-resident Ethiopians shall be credited only with resources transferred or originated from abroad in one or a combination of the following ways.
- a) Direct crediting of the account from foreign sources through the banking system.
  - b) Traveler's cheques brought by the account holder from abroad
  - c) Cash notes provided that the account holder presents a signed and sealed foreign currency declaration form
  - d) Check deposits that originate from abroad
    - a) A transfer from another type of non-resident foreign currency account owned by individuals and/or enterprises.

## **Article 7** **Use of the Account**

- 7.1 The foreign currency accounts may be used
- a) To make local payments in Birr
  - b) To transfer to other foreign currency accounts which may include transfer to another foreign currency accounts in any of the authorized commercial banks in Ethiopia.

- c) To make foreign payments such as import and other foreign service payments provided the account holder has the required business license to do so
- d) To effect transfer abroad.
- e) To convert into a Birr account at the ruling exchange rate
- f) Payments for bank charges, if any, levied by the opening bank.

## **Article 8**

### **Closure of the Account**

- 8.1 A fixed deposit foreign currency account stated under Article 4 of this Directive can be closed upon request by the depositor with a prior notification of not less than 7 working days. Withdrawal of the fund prior to maturity is subjected to interest penalty.
- 8.2 If a fixed deposit is not closed on maturity, the opening bank in consultation with the depositor, may renew it for another similar period.
- 8.3 A fixed account may be withdrawn against the deposit certificate and the specimen signature previously left with the bank or according to pre-arranged procedure
- 8.4 Current accounts may be withdrawn against a cheque written and a withdrawal slip or according to any other pre-arranged procedure.
- 8.5 Opening bank maintaining these account shall allow repatriation abroad of the deposits opened in any of the account stated in Article 4 of this Directive upon the request of the account holder.
- 8.6 Repatriation of the deposits shall not exceed the initial deposit plus any interest receipt on the deposit amount.

## **Article 9**

### **Interest Rates**

- 9.1 Interest shall not be paid to a non-resident foreign currency current account.

- 9.2 Interest on a non-resident fixed foreign currency account shall be 50 percent of the interest paid by the correspondent bank of the opening bank.
- 9.3 Interest on a non-resident fixed deposit shall be payable only if they are kept for a minimum period of six months.
- 9.4 Payment of interest on fixed deposit maturing on Saturday/Sunday/holiday/non-business working day shall be determined based on the succeeding working day.

### **Article 10** **Issuance of Certificate**

- 10.1 The opening bank shall issue to the depositor a fixed deposit certificate in depositor's name if the established account is a fixed account.
- 10.2 The interest rate that a correspondent bank agrees to pay, and which the account holder and the opening bank agree to share shall be clearly stated on the deposit certificate.
- 10.3 For a current account, the opening bank shall issue to the depositor a chequebook or an advice notifying of the opening of the account.
- 10.4 In the case of Article 3.2, the certificate of deposit (CD) or a chequebook may be kept in the custody of the opening bank and a certificate of custody shall be issued to the depositor or the deposit book may be sent to the depositor through post if he/she wishes to do so.

### **Article 11** **Conversions of non-resident foreign currency accounts to resident Birr account**

- 11.1 When non-resident Ethiopian change their permanent residence to Ethiopia, their non-resident forex account shall be converted to resident Birr account at the prevailing inter-bank exchange rate by the opening bank; or

- 11.2 For fixed deposit, the account may remain as non-resident foreign currency account if the account holder return to Ethiopia for permanent settlement before the maturity date of the account. Upon maturity of the account, however, such deposit should be converted to resident Birr account.
- 11.3 Provision of Article 7.1(e) of this Directive shall apply if requested by the account holder.

### **Article 12** **Prohibitions**

- 12.1 Foreign exchange acquired either from forex bureaus or any other local sources or foreign exchange held locally shall not be used to credit and/or open a foreign currency account.
- 12.2 Opening banks shall not honour cheque drawn or endorsed by a non-resident foreign currency account in favour of a resident who does not hold similar non-resident foreign currency account.

### **Article 13** **Obligations of the Opening Bank**

- 13.1 The-opening bank has the following obligations:-
- a) It shall be responsible for maintaining confidentiality of the account of the depositor
  - b) It shall send a copy of bank statement showing the balance on all accounts and the list of account opened together with the number of depositors every month to the International Banking Operations Department (IBOD) of the Bank.
  - c) The overall open foreign currency position of each bank at the close of business each day shall not exceed 15% (fifteen percent) of its total capital as per the Directive No. SBB/23/97.

### **Article 14** **Inspection**

The Bank may undertake inspection of any opening bank at any time to verify that the opening bank complies with the provisions of these directives.

## **Article 15** **Penalties**

- 15.1 Any opening bank that violates any of the provisions of these directives shall be subject to penalties in accordance with the Licensing and Supervision of Banking Business Directives No.SBB/27/2001.
- 15.2 Where an account holder violates the provision of these directive, the opening bank may suspend the account and immediately report the case to the Bank.

## **Article 16** **Miscellaneous Provisions**

- 16.1 This directive shall enter into force as of the 13<sup>th</sup> of May 2004.

TEKLEWOLD ATNAFU  
GOVERNOR

## **PART SIX**

### **OTHER FOREIGN EXCHANGE DIRECTIVES AMENDMENTS**

#### **EXCHANGE CONTROL** **NATIONAL BANK OF ETHIOPIA**

#### **Amendment to** **"The Operation of Foreign Exchange bureau** **Directive No. FXD/05/1996"** **Notice No. 22/1997**

#### **Amendment**

The following amendment and addition is made to "The Operation of Foreign Exchange Bureaux Directives No. FXD/03/1996 issued on September 17, 1996"

##### 13.1.1 Holiday Travel Expenses

A forex bureau may sell upto USD\$ 300 per trip to an individual Ethiopian national or resident for holiday trip outside Ethiopia upon presentation of passport with valid exit visa and air ticket. The amount shall be endorsed at the back of the passport and on the air ticket with the required stamp. Refund of an air ticket is subject to the approval of the issuing forex bureau against refund of forex approved.

Subsequent sells to the same individual shall be conditional upon proof of previous travel.

##### 13.1.2 Business Travel Allowance

A forex bureau may sell business travel allowance against Exchange Control Declaration (showing the actual balance and/or entitlement that a client has at that specific period) upto USD\$ 10,000.- (US\$ ten thousand only) per license per annum for businessmen engaged in foreign trade, manufacturing, mining, construction, banking, insurance, and/or export oriented agricultural activities upon presentation of valid license as well as passport with valid exit visa and air ticket. The forex bureau shall endorse the amount at the back of the passport and on the air ticket with the required stamp. Refund of an air ticket is subject to the approval of the issuing forex bureau against refund of forex approved. The applicant will undertake to produce a bona-fide medical bills in the future.

Additional forex may be approved to a patient being treated abroad against his application by such documents as medical bills or hospital accounts showing how the foreign exchange initially granted was expended and medical certificate issued and signed by the attending foreign specialist or medical center giving estimate of the medication fee that may be needed in the immediate future.

#### 13.1.4 General Transfer

A forex bureau may sell foreign exchange to professionals, public organizations, exporters, importers, industrialists, mining, construction bank, insurance, and/or export oriented agricultural activities for their own use to the extent of their request for purchase of publications, periodicals, journals etc. However, payment of same shall be made to institutions abroad through Commercial banks.

#### 13.1.5 Educational Expenses

A forex bureau may sell upto USD\$ 2000 (US\$ two thousand only) or equivalent per student per year for education fee and subsistence allowance subject to the following:-

1. against valid exchange control permit from Exchange control Department.
- \*2. Evidence that the student is a citizen of Ethiopia or a dependent of a resident of Ethiopia (Ethiopian national).
- \*3. Proof that the beneficiary pursuing higher studies in an accredited University of College abroad has a bona-fide admission letter from learning, evidencing that the student has been enrolled for the period claimed;
- \*4. In the case of a continuing student; evidence that the student is still enrolled and attending the institution;
- \*5. The relevant statement and letters from the educational institutions showing details of the various costs involved for a given academic period, signed by the principal or top executive of the educational institution concerned.
- \*6. Payment for same shall be made to the institutions abroad through Commercial banks.

\* *Activity of Exchange Control, National Bank of Ethiopia*

### 13.1.6 Cash Note

In the case of Art. NO. 13.1.1, 13.1.2, and 13.1.3 maximum cash note to be approved should not exceed US\$ 300 or equivalent per person per trip. However, in the case of article 13.1.3 when ever exceptional treatment is required (such as blind, disabled) should be referred to Exchange Control Department.

- 13.1.6 A person/organization applying to purchase for business, medical and education allowance may also benefit from the holiday travel allowance. However, cash note payment shall not exceed US\$ 300.- or equivalent in which ever cases or the combination of them.

### **EFFECTIVE DATE**

This Notice shall enter into force as of 17<sup>th</sup> day of February 1997.

FEBRUARY 13, 1997

NATIONAL BANK OF ETHIOPIA



የኢትዮጵያ ብሔራዊ ባንክ  
**NATIONAL BANK OF ETHIOPIA**  
ADDIS ABABA

TELEGRAPHIC ADDRESS  
N A T I O N B A N K  
TELEX 21020  
CODES USED  
PETERSON 3<sup>rd</sup> & 4<sup>th</sup> ED.  
BENTLEY'S 2<sup>nd</sup> PHRASE  
A. B. C. 6<sup>th</sup> EDITION.

PLEASE ADDRESS ANY REPLY TO  
P. O. Box 5550  
ADDIS ABABA

**Directive No. FXD/25/2004**

**Amendment to Directive No. FXD/24/2004**

**Establishment and Operation of Foreign Currency  
Account for Non-Resident Ethiopians and Non-  
Resident Ethiopian Origin**

Whereas, it is necessary to create incentives for Ethiopians in Diaspora to maintain foreign currency account at home country so as to encourage domestic investment;

Whereas, operation of foreign currency account by non-resident Ethiopians can support the international foreign exchange reserve and ease the balance of payments problem of the country;

Whereas, allowing Ethiopians abroad to open foreign currency account could encourage foreign direct investment;

Now, therefore, in accordance with Article 6 and 61 of the Monetary and Banking Proclamation No. 83/1994, the National Bank of Ethiopia hereby amends Directive No. FXD/24/2004 issued on the establishment and operation of foreign currency account for non-resident Ethiopians in domestic commercial banks.

## **Article 1**

### **Definitions**

For the purpose of these Directives, unless the context provides otherwise,

- 1.1 **“Non-resident Ethiopians”** shall mean:
- a) All Ethiopian nationals living and working abroad outside Ethiopia for more than one year
  - b) Business entities owned by non-resident Ethiopians and located outside the Ethiopian territory for more than one year
- 1.2 **“Non-Resident (NR) Foreign Nationals of Ethiopian Origin”** shall mean
- (1) A non-resident and holder of a valid identification card, obtained pursuant to Proclamation 270/94, attesting that he/she is a foreign national of Ethiopian origin.
  - (2) Business entities owned by non-resident foreign nationals of Ethiopian origin and located outside the Ethiopian territory.
- 1.3 **“Non- Resident (NR) Foreign Currency Account”** refers to the two types of accounts stated under Article 4 of this Directive and maintained in foreign currency by the debit of which funds can be transferred abroad and/or used locally without any permit from the Bank.
- 1.4 **“Opening Banks”** are authorized commercial banks in Ethiopia,
- 1.5 **“The Bank”** is the National Bank of Ethiopia,
- 1.6 **“The account”** is a foreign currency account opened by non-resident Ethiopians or foreign nationals of Ethiopian origin.
- 1.7 **“Certificate”** means commercial banks’ deposit certificate issued to the depositor in recognition of his/her ownership of the deposited sum of money;
- 1.8 **“Foreign Currencies”** refer the four types of currencies indicated under Article 5 of this Directive and which the Bank accept for purposes of foreign exchange.

- 1.9 **“Deposits”** shall mean foreign currency deposits received by the opening bank and shall also include cash certificate, cheque or other deposit of similar nature.

## **Article 2**

### **Eligibility Criteria**

- 2.1 The following individuals and/or enterprises may open a foreign currency account in any of the authorized commercial banks in Ethiopia.
- a) Non-Resident Ethiopian
  - b) Non-Resident Foreign Nationals of Ethiopian origin
- 2.2 Non-Resident Ethiopians/foreign nationals of Ethiopian origin shall present the following documents to open an NR Foreign Currency Account in domestic banks.
- a) Application forms properly filled and signed by the account holder
  - b) For individuals, valid passport and/or identification card of foreign nationals of Ethiopian origin of the applicant
  - c) For businesses, certificate of ownership entitlement for the organization and/or article and memorandum of association.
- 2.3 Applicants who could not be physically present to open the NR account in the domestic banks shall use the Ethiopian Embassies nearby to prove their identities.

## **Article 3**

### **Opening Foreign Currency Account**

- 3.1 A foreign currency account may be opened for individuals and/or enterprises that fulfill the eligibility criteria set under Article 2 (2.1) of this Directive.

- 3.2 Persons residing abroad may contact the opening bank in person, by post, e-mail, fax, telex and/or other electronic media authorized by the Bank to open an account in his/her name.
- 3.3 A request for opening an account for deposit in foreign currency shall be accompanied by a letter of application and a specimen signature.
- 3.4 An individual and/or enterprises may open all or one of the foreign currency accounts enumerated under Article 4 (4.1) of this Directive.
- 3.5 Power of attorney holders are not allowed to open foreign currency accounts and credit the account on behalf of non-residents and/or foreign nationals of Ethiopian origin. However, when it is needed for domestic investment activities, a power of attorney is allowed to withdraw money in local currency from the account provided that his is legally authorized by the account holder to use it for such purpose.
- 3.6 The minimum amount required for an initial deposit to open a current account foreign currency account shall be USD 100 or its equivalent in any of the eligible currency under Article 5 (5.1) of this Directive.
- 3.7 The minimum amount required in an initial deposit to open a fixed deposit foreign currency account shall be USD 1000 or its equivalent in any of the eligible currencies under Article 5 (5.1) of this Directive.
- 3.8 The maximum amount to be deposited in current account shall not exceed USD 5000.
- 3.9 Two or more eligible joint depositors may together open a single account.

#### **Article 4**

##### **Types of Permitted Account**

- 4.1 Commercial banks may open the following types of non-resident foreign currency accounts
  - a) Fixed (time deposit) account, which takes the form of a deposit certificate, issued in the name of the depositor. Maturity period may

vary based on the agreement made between the depositor and the opening bank. However, the minimum maturity period for such an account shall be six months.

- b) Current account, which takes the form of current deposits where withdrawals may be made at any time upon demand by writing a check and/or a pre-arranged procedure adopted by the opening bank.

### **Article 5** **Types of Currency**

- 5.1 Foreign currency accounts are restricted to the following types of currency
  - a) The US Dollar
  - b) Pound Sterling
  - c) Euro
  - d) Japanese Yen

### **Article 6** **Crediting the Account**

- 6.1 A foreign currency account opened by non-resident Ethiopians shall be credited only with resources transferred or originated from abroad in one or a combination of the following ways.
  - a) Direct crediting of the account from foreign sources through the banking system.
  - b) Traveler's cheques brought by the account holder from abroad
  - c) Cash notes provided that the account holder presents a signed and sealed foreign currency declaration form
  - d) Check deposits that originate from abroad
  - e) A transfer from another type of non-resident foreign currency account owned by individuals and/or enterprises.

## **Article 7**

### **Use of the Account**

- 7.1 The foreign currency accounts may be used
- a) To make local payments in Birr
  - b) To transfer to other foreign currency accounts, which may include transfer to another foreign currency accounts in any of the authorized commercial banks in Ethiopia.
  - c) To make foreign payments such as import and other foreign service payments provided the account holder has the required business license to do so
  - d) To effect transfer abroad
  - e) To convert into a Birr account at the ruling exchange rate
  - f) Payments for bank charges, if any, levied by the opening bank.

## **Article 8**

### **Closure of the Account**

- 8.1 A fixed deposit foreign currency account stated under Article 4 of this Directive can be closed upon request by the depositor with a prior notification of not less than 7 working days. Withdrawal of the fund prior to maturity is subjected to interest penalty.
- 8.2 If a fixed deposit is not closed on maturity, the opening bank in consultation with the depositor, may renew it for another similar period.
- 8.3 A fixed account may be withdrawn against the deposit certificate and the specimen signature previously left with the bank or according to pre-arranged procedure
- 8.4 Current accounts may be withdrawn against a cheque written and a withdrawal slip or according to any other pre-arranged procedure.

- 8.5 Opening bank maintaining these account shall allow repatriation abroad of the deposits opened in any of the account stated in Article 4 of this Directive upon the request of the account holder.
- 8.6 Repatriation of the deposits shall not exceed the initial deposit plus any interest receipt on the deposit amount.

## **Article 9**

### **Interest Rates**

- 9.1 Interest shall not be paid to a non-resident foreign currency current account.
- 9.2 Interest on a non-resident fixed foreign currency account shall be 50 percent of the interest paid by the correspondent bank of the opening bank.
- 9.3 Interest on a non-resident fixed deposit shall be payable only if they are kept for a minimum period of six months.
- 9.4 Payment of interest on fixed deposit maturing on Saturday/Sunday/holiday/non-business working day shall be determined based on the succeeding working day.

## **Article 10**

### **Issuance of Certificate**

- 10.1 The opening bank shall issue to the depositor a fixed deposit certificate in depositor's name if the established account is a fixed account.
- 10.2 The interest rate that a correspondent bank agrees to pay, and which the account holder and the opening bank agree to share shall be clearly stated on the deposit certificate.
- 10.3 For a current account, the opening bank shall issue to the depositor a chequebook or an advice notifying of the opening of the account.

- 10.4 In the case of Article 3.2, the certificate of deposit (CD) or a chequebook may be kept in the custody of the opening bank and a certificate of custody shall be issued to the depositor or the deposit book may be sent to the depositor through post if he/she wishes to do so.

**Article 11**  
**Conversions of Non-Resident Foreign Currency Accounts**  
**To Resident Birr Account**

- 11.1 When non-resident Ethiopian change their permanent residence to Ethiopia, their non-resident forex account shall be converted to resident Birr account at the prevailing inter-bank exchange rate by the opening bank; or
- 11.2 For fixed deposit, the account may remain as non-resident foreign currency account if the account holder return to Ethiopia for permanent settlement before the maturity date of the account. Upon maturity of the account, however, such deposit should be converted to resident Birr account.
- 11.3 Provision of Article 7.1(e) of this Directive shall apply if requested by the account holder.

**Article 12**  
**Prohibitions**

- 12.1 Foreign exchange acquired either from forex bureaus or any other local sources or foreign exchange held locally shall not be used to credit and/or open a foreign currency account.
- 12.2 Opening banks shall not honour cheque drawn or endorsed by a non-resident foreign currency account in favour of a resident who does not hold similar non-resident foreign currency account.

### **Article 13**

#### **Obligations of the Opening Bank**

- 13.1 The-opening bank has the following obligations:-
- a) It shall be responsible for maintaining confidentiality of the account of the depositor
  - b) It shall send a copy of bank statement showing the balance on all accounts and the list of account opened together with the number of depositors every month to the International Banking Operations Department (IBOD) of the Bank
  - c) The overall open foreign currency position of each bank at the close of business each day shall not exceed 15% (fifteen percent) of its total capital as per the Directive No. SBB/23/97.

### **Article 14**

#### **Inspection**

The Bank may undertake inspection of any opening bank at any time to verify that the opening bank complies with the provisions of these Directives.

### **Article 15**

#### **Penalties**

- 15.1 Any opening bank that violates any of the provisions of these Directives shall be subject to penalties in accordance with the Licensing and Supervision of Banking Business Directives No.SBB/27/2001.
- 15.2 Where an account holder violates the provision of these Directives, the opening bank may suspend the account and immediately report the case to the Bank.

**Article 16**  
**Repeal**

Regulation related to the establishment and operation of foreign currency account for non-resident Ethiopians and non-resident Ethiopian origin issued under directive No. FXD/24/2004 is hereby repealed and replaced by directive No. FXD/25/2004.

**Article 17**  
**Miscellaneous Provisions**

This Directive shall enter into force as of the 12<sup>th</sup> of July 2004.