

Directive No FXD/53/2018

Amendment to Directives No. FXD/52 /2017

Setting of Indicative Minimum Price for Selected Import Items

Whereas, it has been necessary to monitor under invoicing of some import items and take preventive measures for those who attempts to be involved in such malpractice by setting a minimum price for selected import items;

Now, therefore, pursuant to the authority vested in it by Articles 20(3), 20 (7) and 27(2) of the National Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008 and Article 31(3), (4), and 59(2) of the Banking Business Proclamation No. 592/2008, the National bank of Ethiopia is hereby issued these directives.

1. Short Title

These directives may be cited as “**Setting of Indicative Minimum Price for Selected Import Items Directives No. FXD/53/2018**”

2. Definition

In these directives, unless the context requires otherwise:

- 2 “Free on board or FOB”** means delivery of goods on board the vessel at the named port of origin (loading) at seller’s expense;
- 3 “Chapter”** means Harmonized Commodity Description and Coding Systems (HS) refers to headings for article/product descriptions that appear as the first two digits (HS-2) that identify where the goods are classified in.
- 4 “Commercial name/Brand”** means any word or words, a symbol, or combination of words and symbol, design or other feature used to distinguish a product from others;
- 5 “Country of origin”** means the country of manufacture or production where an import item comes from;
- 6 “Harmonized System of Commodity Description and coding system or (HS code)”** means an internationally standardized system of names and numbers for classifying traded product issued by Ethiopian Revenue and Customs Authority;

- 7 **“HS Description”** means the Harmonized System of Commodity Description which is an internationally standardized system of names to classify traded products;
- 8 **“Indicative Price”** means unit price/market price of import items calculated based on Ethiopian Revenue and Customs Authority price valuation or obtained from international market;
- 9 **“Proforma invoice”** means a document issued by a manufacturer or supplier which shows the price of goods;
- 10 **“Quantity”** means the extent, size, or sum of countable or measurable items, expressed as a numerical value;
- 11 **“Foreign Currency”** means any currency other than Ethiopian legal tender which is legal tender in any country outside Ethiopia as to which the bank has declared to be acceptable for payment in Ethiopia;
- 12 **“Under Invoicing”** means the act or practice of stating the price of a good on an invoice as being less than the price actually paid;
- 13 **“Unit of measurement”** means magnitude of a quantity defined and adopted by convention or by law that is used as a standard for measurement of the same kind of quantity such as litter, kilo gram, meter and unit.
- 14 **“bank”** means a company licensed by the National Bank to undertake banking business or a bank owned by the Government;
- 15 **“Senior Officer of a bank”** includes a chief executive officer or a senior executive officer of a bank;
- 16 **“chief executive officer”** means a person, by whatever title that person may be referred to, who is primarily responsible for the day-today management of the affairs of a bank;
- 17 **“senior executive officer”** means any officer of a bank who is deputy to the chief executive officer or is directly reporting to the board of directors;
- 18 **“person”** means any natural or juridical person;
- 19 **“National Bank”** means the National Bank of Ethiopia, which is the central bank of the country;

3. List of selected import items and HS code

3.1 The list of items for which a minimum indicative price is set based on eight digits Harmonized System of Commodity Coding shall be sent to a bank in hard and soft copy by the National Bank of Ethiopia.

3.2 The National bank of Ethiopia may revise the list and/or indicative prices from time to time as deemed necessary.

3.3 The following are list of selected import Chapters:

S.No	CHAPTER	DESCRIPTION
1	Chapter 07	Edible vegetables, tubers and certain roots
2	Chapter 10	Cereals
3	Chapter 15	Fats of animal and vegetables, cleavage products
4	Chapter 17	Sugar, Sugar confectionery
5	Chapter 19	Preparations of Flour, Cereals, Starch or Milk Pastry cooks
6	Chapter 30	Pharmaceutical Products
7	Chapter 33	Cosmetics, toilet preparations ,perfumery, essential oils
8	Chapter 38	Miscellaneous chemical products
9	Chapter 39	Plastics and articles
10	Chapter 40	Rubber and Rubber articles
11	Chapter 48	Paper, articles of paper pulp, paper board
12	Chapter 54	Man made textile materials, filaments, strips
13	Chapter 61	Articles of apparel and clothing accessories, knitted or crocheted
14	Chapter 62	Articles of not knitted or crocheted apparel and clothing
15	Chapter 63	Made up textile articles, clothing and worn textiles, sets
16	Chapter 64	Footwear, Gaiters and the like parts
17	Chapter 72	Steel and Iron
18	Chapter 73	Steel articles and Iron articles
19	Chapter 84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof
20	Chapter 85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles
21	Chapter 87	Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof
22	Chapter 90	Photographic, cinematographic, optical, measuring, medical, surgical
23	Chapter 94	Furniture, Bedding, Mattresses, Mattress Supports, Cushions
	AND SPARE PARTS	

4. Import approval requirements for the above listed items

4.1 Notwithstanding to all the required documentation for import of goods set under article 5.1 of Directive No. FXD/07/1998, a bank shall check the following:

- a) The import item listed on the proforma invoice shall use eight digit HS code, HS description, commercial/Brand name, country of origin, quantity, FOB value, type of Currency, Unit of measurement and unit price.
- b) A bank may not accept a proforma invoice of import items listed under article 3.3 above with a price less than the minimum indicative price.

4.2 Notwithstanding the provision of sub-article 4.1(b) of this Article, a maximum of 10% price reduction from the indicative price may be acceptable by a bank.

4.3 A bank is authorized to process import items, if the price of the item is not found as stated under Article 3.3 of these directives, as per the attached undertaking letter format; provided that the undertaking letter is signed by authorized signatory or a person who has a power of attorney.

4.4 Notwithstanding the Article 3.1 of these directives, a bank shall process a proforma invoice if the HS code up to 6 digits and the HS description in the proforma invoice match the corresponding list in the minimum price data base provided by the National Bank of Ethiopia

5. Reporting Requirement

5.1 Notwithstanding to reporting requirements set under article 9.1(b) of directive No. FXD/07/1998, which requires a bank to submit a copy of import application with other relevant documents on a weekly basis. A bank shall submit a separate summary of report on list of approved applications for selected import items using the attached format on a monthly basis in hard copy signed at least by IBD Managers accompanied by EXCEL spread sheet in soft copy through secured email to Foreign Exchange Monitoring and Reserve Management Directorate.

5.2 A bank shall send every week report for imports approved using undertaking letter, as per article 4.3, by attaching the undertaking letter and proforma invoice and other relevant documents of the signatory for further verification using reporting format attached to these directives.

6. Penalties

- 6.1 Any person who evolves in under invoicing and a bank who issues import permits for under invoiced transactions shall be penalized in accordance with Article 26(3) of the National Bank of Ethiopia Establishment (as amended) Proclamation No. 591/3008..
- 6.2 Notwithstanding the provisions of sub-article 6.1 of this Directives, a bank that fails to comply with the requirement of the provisions of these directives by any means shall be subject to penalty of USD 10,000(Ten Thousand United States Dollar) for each violation.

7. Repealed Directive and inapplicable Directives

- 7.1 The Setting of Indicative Minimum Price for Selected Import Items Directives No. FXD/52 /2017 is hereby repealed and replaced by these directives.

8. Effective Date

These directives shall enter into force as of March 15, 2018.