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Prepared by:

SOMCONSULT

P.O.Box 137

Tel: 20061

Mogadishu/Somalia

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FOREIGN EXCHANGE MARKET IN SOMALIAI. Background

At the time of independence, Somalia inherited two separate exchange control systems. The system in the North was liberal and non discriminatory and generally followed the pattern existing in Sterling area countries; while the system in the South was both restrictive and discriminatory. Preferential treatment was given to a wide range of transactions with Italy. Exchange control was administered by the Ministry of Industry and Commerce which issued Licenses for both visible and invisible transactions. The system was unsatisfactory and had many drawbacks. For example, goods which were allowed freely in one region, but subject to licence in the other region, could move between the two regions after a special authorization has been obtained. Besides, it was difficult to detect capital flight because of a lack of appropriate organization in the Ministry of Industry and Commerce. Early in 1964, with the help of technical assistance from the IMF, a unified system of exchange control was prepared and the relevant legislation embodying the new system was enacted in September 1964.

During the years 1965 to 1970 the system functioned very satisfactorily, not only that but it saw a remarkable reduction in its level of restrictiveness and interfered as little as possible with the private economic activities. However, from 1970 a radical change occurred in the government's political and economic orientation. Socialism was adopted and, among other things, all import trade was nationalized and placed under state monopoly. As a result, the system, which was originally private sector oriented, became obsolete.

In 1976 a parallel market for foreign exchange known as Franco Valuta became operational and with it emerged a vigorous private sector which thrived in spite of the existence of the public enterprises.

In 1981 following the adoption of a stabilization program the Franco Valuta system was abolished; a dual exchange market was introduced which was a year later unified with substantial devaluation, these public enterprises⁽¹⁾ were abolished and private traders were authorized to open letters of credit for imports⁽²⁾.

At present the country is suffering from a severe drought, an acute shortage of foreign exchange and very high inflationary rate and a wide gap between the exchange rate in the official market (So.Sh. 17.5 per US Dollar) and the rate in the parallel market (over So.Sh. 50 per US Dollar).

II. Legal Aspects

The legislation governing the system of exchange control consists chiefly of the following (Annex A):

- Decree Law No. 12 of 26 September 1964 converted into Law No. 8 of 29 October 1964 on foreign economic transactions. It sets out the broad legal framework within which the system operates.

- Presidential Decree No. 203 of 26 September 1964, which details the restrictions on goods, services and capital. It also establishes an advisory commission and Licensing Committees.

- Decree of the Minister of Industry and Commerce No. 204 of 26 September, 1964, which lays down rules and regulations

(1) These were the Livestock Development Agency, The Agency for textiles and household appliances and Agency for building materials.

(2) See Annex AX

governing day to day operations.

- Law No. 54 of 1 January 1975 which raises penalties for foreign exchange law offences.

- Circular No. WG/G/1-86 of 15 January, 1976, authorizing FV imports.

- Law No.2 of 14 January 1979, on National Committee for procurement and development.

- Law No.65 of 12 December 1981, which re-establishes back the Licensing Committee whose powers had been transferred to the National Procurement Committee in 1979.

- Law No.64 of 12 December 1981, which permits private traders to engage in import and export business and in effect denationalizes foreign trade.

- Law No.4 of 30 October 1981, which bans the Franco Valuta system (imports without foreign exchange transfer) and extends its validity until 15 November 1981.

- Law No.4 of 11 August 1982, which permits the export of some specific items in exchange for imports of the same value.

- Law No.12 of 11 August 1982, which reforms the Licensing Committees.

- Law No.1 of 1 January 1984, which authorizes the Franco Valuta system on temporary basis (till 31 March 1984).

- Circular No. WG/G/1-85/84 extending the Franco Valuta system up to 30 June 1984.

III. Administrative bodies

The outline of the functions of the administrative bodies in charge of exchange control is the following:

- The Ministry of Commerce: Is the principal organ of the government concerned with the operation of the system of exchange control. It is empowered to regulate and control all foreign economic transactions and to establish policies governing licensing in conformity with the law. In recent years, and because of foreign exchange shortage, the power of the Ministry of Commerce declined as licenses approved by the Ministry have to be further scrutinized and approved by the Central Bank.

- Central Bank of Somalia: Implements the exchange control on behalf of the Ministry of Commerce. It also determines the rates at which foreign exchange are transacted, establishes a list of convertible currencies⁽³⁾, and appoints authorized exchange dealers⁽⁴⁾. As noted above, it is the Central Bank that in effect rations foreign exchange. It issues and approves licenses for invisibles and together with the Commercial Bank authorizes payments for imports.

- Advisory Commission: It is chaired by the Director General of the Ministry of Commerce and consists eight of other members representing the said Ministry, the Ministry of Finance, the Ministry of Planning, the Ministry of Health, the Ministry of Agriculture, the Central Bank of Somalia (Secretary), the customs authority and the Fiscal Police. The responsibility of the commission consists in laying down, in the form of directives at the Central Bank and to the Licensing Committee, criteria for the licensing of imports and other foreign transactions. It advises

(3) The list of convertible currencies includes the following currencies: US Dollar, UK Pound, D.Mark, Italian Lira, F. Franc, S. Franc, Saudi Riyal, Djibouti Franc, Kuwait Dinar, UAE Dirham, Bahrain Dinar, Oman Riyal and Qatar Riyal.

(4) The Commercial and Savings Bank of Somalia is the sole authorized exchange dealer. Major hotels are authorized to purchase foreign exchange from their customers.

also the Ministry of Commerce on policy questions relating to the regulation and control of foreign economic transactions. After issuing some initial directives the commission ceased to be active from 1965 and remains so upto the present time.

- The Licensing Committee: It is recently reformed and consists of the Director General of Ministry of Commerce (chairman), the Director of Licenses and Exchange Department of the Ministry of Commerce, the Director of the Exchange Control Department of the Central Bank of Somalia, the Director of the International Department of the Commercial and Savings Bank of Somalia, the Director of the customs department,, the Director of the Inland Revenue Department of the Ministry of Finance and the Head of the Fiscal Police.

Besides the Licensing Committee of Moga dishu which operates at a Head Quarter level, there are four other Licensing Committees established in four main trading centres: Kismayo (lower Juba), Bosaso (Bari), Burao (Togdher), and Berbera (North-west). The members of regional Licensing Committees are the following:

1. Regional Representative of the Ministry of Commerce(Chairman).
2. Regional Representative of the Ministry of Finance.
3. Regional Superintendent of the Customs authorities.
4. Regional Superintendent of the Commercial & Savings Bank of Somalia.
5. Branch Director of the Central Bank of Somalia.
6. Regional Commander of the Fiscal Police.

The task of the Licensing Committees is to decide upon applications for licences for imports, services and capital.

At present, the Licensing Committees are not in a position to perform their traditional functions for balance of payments

reasons. Their powers are informally exercised by an adhoc Committee consisting of: Director General of the Ministry of Commerce, the Director General of the Central Bank and the Director General of the Commercial Bank.

- Foreign Investment Committee: It consists of the Minister of Planning (Chairman) and the Directors General of the Ministry of Planning, of the Ministry of Finance, of the Ministry of Industries, of the Ministry of Commerce, of the Ministry of Agriculture, of the Ministry of Livestock, of the Ministry of Fisheries, of the Central Bank of Somalia, of the Development Bank of Somalia, and of the Commercial and Savings Bank of Somalia. The Committee is empowered to register foreign investments and authorizes the transfer of capital in connection with foreign investments.

- The Customs houses and Fiscal Police: The Customs houses and the Fiscal Police are in a position to control the movement of persons and goods from and into the country. They are therefore required to make sure that foreign economic transactions are conducted in conformity with the exchange control legislation.

IV. Registration.

Any resident can obtain an import/export licence provided he fulfils the following conditions:

a) That the applicant produces a penal certificate from CID (Criminal Investigation Department). Anyone who has a criminal record and has been convicted of any crime committed with criminal intent within a period of five years prior to his application will be denied for registration.

b) That the applicant submits a certificate showing that he has not been declared bankrupt.

c) A report from Fiscal Police showing the financial status, movable as well as immovable property of the applicant. At present the minimum financial requirement that can be considered for registration as trader is So.Sh. 200,000 in cash and So.Sh. 300,000 in immovable properties.

d) An application requesting grant of an import/export licence.

e) An application for registration certificate as foreign trader (Form 1). This application form is obtainable from the Commercial Bank.

f) Two passport sized photos of the applicant.

The Ministry of Commerce, being satisfied that the application is in due and proper form, issues the certificate of registration with the photograph of the holder affixed on it. Exempted from registration are the Somali government, the Central Bank of Somalia and public bodies engaged in foreign trade.

F. The Concept of resident

In accordance with article 11 of Law No. 12, resident is defined as:

- a) a natural person domiciled or customarily resident in the Somali Democratic Republic;
- b) a representative of a non-resident, provided the administration of the representative or any accounting office is situated in the Somali Democratic Republic;
- c) a juridical person or personal company with its main office or place of management in Somali Democratic Republic.

On the other hand, a non-resident is defined as:

- a) a natural person domiciled or customarily resident in a foreign country;
- b) a juridical person or personal company, with its main office or place of management in a foreign country;
- c) a representative of a resident, provided the administration of the representative or any accounting office is situated in foreign country.

The practice followed by the central Bank to ascertain whether a Somali national is a non-resident is to check if his passport carries any indication of a foreign residence. Once he is considered a non-resident he has to pay his airticket and hotel accomodation in foreign exchange.

VI. Non-resident and external accounts

Non-resident accounts in foreign currency may be opened with the Commercial and Savings Bank of Somalia by Somali nationals residing abroad, by foreign nationals and foreign institutions having diplomatic status and by foreign companies engaged in mineral prospecting or consultancy services.

External accounts denominated in US Dollars may be opened by any registered importer/exporter. These accounts may be credited with funds remitted through the banking channel in favour of the account holder or with the proceeds from foreign banknotes, traveller's cheques, drafts brought into the country by the account holder himself and declared at the airport. Balances in the external accounts may be used for payments for imports under letters of credit and for the purchase of foreign currency for travel expenses by the account holder and his family.

Transfers of funds from one external account to a similar one are permitted.

Since funds deposited with the external accounts are acquired through the parallel market, the scheme operates like the abolished Franco. Valuta system (for more details about the parallel market see annex E).

VII. Surrender Obligation

Every resident other than an authorized exchange dealer must declare within 5 business days after the receipt of the foreign assets or in the case of resident travellers upon arrival in Somalia, and offer for sale to the Central Bank of Somalia or an authorized exchange dealer such foreign assets. The assets deriving from economic transactions in the territory of Somalia or received in the said territory consist of:

- (a) Gold;
- (b) means of payment denominated in foreign currency;
- (c) claims against non-residents; and
- (d) foreign securities.

No resident who has a claim of a commercial nature against a non-resident in a foreign currency or in So.Sh. shall, unless the Central Bank has expressly authorized him to do so, refrain from collecting the sum due to him. Any resident who has such a claim shall inform the Central Bank of Somalia one hundred days from the date on which the claim has become due.

Resident and non-resident travellers are required to make a currency declaration at the time of their entry into or exit from Somalia. Failure to do so will result in stiff penalties upto a maximum of 15 years of prison.

Authorized exchange dealer, shall daily declare to the Central Bank of Somalia transactions in foreign-exchange of the previous working day.

VIII. Transactions in goods, services and capital

I. Exports

All exports are subject to licence (Form A) and should be declared to the customs authorities (Form F). The export of the following commodities is under Public Sector monopoly:

- a) Somali Fruit, a joint venture Company (ex Banana Board);
- b) Hides and Skins exported by the Hides and Skins Agency;
- c) Incence and Myrrah exported by the Frankincence Agency;

Exports are classified into ~~five~~^{Four} main groups of commodities:

- Group A: are those commodities that should be exported on letter of credit basis. These include: Livestock, hides and skins, meat and meat preparations, fish and fish preparations, incence, amber, and pure alcohol.
- Group B: are those commodities that could be exported on collection basis (export proceeds to be repatriated in foreign exchange after goods have been sold abroad). These include: Myrrah and other gums, beverages, fruits other than Banana and vegetables.
- Group C: are those commodities that could be bartered with other specified imported goods. These include: Dry fish, salt and handicrafts. The goods that can be imported in exchange are: Coffee, Radio batteries, Potatoes, garlic, Cardamon, Cloves and other spices. Imports should be originated from the same countries to which salt, dry fish and handicrafts were previously exported.
- Group D: are those commodities whose export is prohibited: Charcoal, domestically produced cereals, ghee, ivory, iron scraps.

For more details about the procedures relating to export transactions (see Annex B).

2. Imports

All imports are subject to licence (Form B) and should be declared to the customs authorities (Form G). The import of some specified commodities is under public sector monopoly:

- a) Crude petroleum imported by Somali Oil Refinery
- b) Fuel products imported by the National Petroleum Agency
- c) Medicines imported by the Pharmaceutical Agency.

The National Agency for Trade (ENAC) is responsible for the import and distribution of certain commodities received under said program. It is also the state agent for the importation of animal and vegetable oils and fats, corn, rice, wheat, flour, coffee, tea, sugar, pasta etc.

For balance of payments reasons letters of credit are, on exceptional cases, opened in favour of private traders. Instead the private sector finances its imports with its own foreign exchange (external accounts). In order to overcome the effects of the severe drought, the government has authorized the importation under Franca Valuta system of some specified goods, namely water tanks, trucks, motor vehicles, flour, rice, sugar, edible oil, powdered milk and tea. For more details about the procedures relating import transactions (see Annex B).

3. Services

a) Payments

All payments for service transactions require licence, the purpose being to avoid capital flight. The licence (Form D) is approved by the Central Bank of Somalia. The transfer of investment income, salaries and wages, and professional earnings is permitted under law No.7 of 29 June 1977. Investment income may

be transferred up to 30 percent per year of the capital invested if the investment is considered productive for the Somali economy, with the right to accumulate the unused portion of this percentage for transfer in the succeeding three years, in case the profits earned in the year be less than 30% of the capital invested. For investments considered not productive, the investment income is fixed up to 10 percent of the capital invested.

The transfer of salaries, wages, and professional earnings is permitted up to 50% of the amount earned in Somalia. It can be raised to a maximum of 75 percent with the approval of the Foreign Investment Committee.

Non-resident travellers may take out without authorization any foreign exchange they brought in and declared at the time of their entry. When they leave the country they are required to show up the declaration. In case they stay more than three months the declaration has to be renewed. Non-residents also can take out up to So.Sh. 200 in Somali banknotes and coins. Resident travellers may take out without authorization up to US\$ 30 and 200 in Somali banknotes and coins together with any amount of foreign exchange brought into the country and not included in the list of convertible currencies.

b) Proceeds

Proceeds from services must be repatriated and surrendered by residents within five business days after their receipt. Proceeds from services may be exempted from the surrender obligation by the Central Bank of Somalia.

Residents and non-residents may bring in freely any foreign means of payment but they must make a currency declaration and in case of residents surrender their holding of gold and foreign exchange upon arrival.

4) Capital transactions

In accordance with the provisions of the Foreign Investment Law, foreign enterprises must be registered with the Planning Ministry. For productive enterprises capital may be freely transferred abroad after five years from the date of registration.

The following capital transactions are subject to licence:

a) Outgoing capital

1. Acquisition against payment of real estate in foreign countries and of right to such estate.
2. Acquisition against payment, by residents, of foreign securities and of bills issued or accepted by a non-resident.
3. Transfer, by residents, to accounts at banks or other financial institutions abroad.
4. Granting, to non-residents, of loans and other credits and of deferred payment facilities which are not customary in the trade and branch of activity in question.
5. Acquisition against payment of, or the financial participation in, enterprises with their main offices abroad.

-
- (5) Productive enterprises are defined as those engaged in the development of agriculture, livestock, fishery, industry, transport, energy, water and minerals, reclamation and improvement of land, establishment of factories, workshops, power generators, transmission lines, drilling of wells, construction of aqueducts, reservoirs, roads, bridges, buildings, hotels and construction and use of boats, floating equipments and aircrafts. Non productive enterprises are defined as those engaged in services, e.g. restaurants.

6. Personal capital movements of the following kinds: gifts and endowments, dowries, inheritances, settlement of immigrant debts in their country of origin, transfers of capital belonging to emigrants returning to their country of origin.

b) Incoming capital

1. Acquisition against payment by non-residents, of real estate in the Somali Democratic Republic and of rights to such estate.
2. Acquisition, by non-residents, of enterprises with their main office in the Somali Democratic Republic or the financial participation in such enterprises.
3. Formation of enterprises with their main offices in the Somali Democratic Republic by non-residents or the formation of such enterprises with the participation of non-residents.
4. Acquisition against payment, by non-residents, of securities issued in the Somali Democratic Republic or of bills issued or accepted by a resident.
5. Granting of loans and other credits and of deferred payments facilities which are not customary in the trade and branch of activity in question, by non-residents to a resident.

IV. Summary, Conclusions and Recommendations

There are two exchange markets in Somalia, the official market and the parallel market. In the official market the rate is pegged to the SDR and stands at 1 US \$ = So.Sh.17.5 whereas the rate in the parallel market is determined freely by market forces. The latest information indicates a quotation of 1 US \$ = 50 So.Sh. in this market. At present, the shortage of foreign exchange is so

acute that even imports of essential goods are channeled through the parallel market, with very harmful consequences on prices and hence on the standard of living of the lower income groups.

The basic legislation governing foreign exchange control in Somalia was enacted in 1964; since then innumerable regulation, decrees and circulars were issued, making the procedures for applying for foreign exchange more complex, cumbersome and time-consuming.

It would be unrealistic to expect that Somalia would, in the near future, be able to completely liberalize foreign trade or to unify the two exchange markets in one market by floating the exchange rate. At a time when the country is facing a severe drought, foreign reserves are at their lowest ebb ever, and livestock exports are still adversely affected by the ban imposed by the Saudi Government on cattle exports from the region, liberalization of foreign trade and floating of the exchange rate will put the economy in a vicious circle of devaluation-inflation-devaluation, this is causing social tensions, increased corruption in public administration and ultimately disrupt the adjustment process itself. An interim period is, therefore, required in order to mitigate the painful effects of the adjustment until the economy responds to the new measure. During the interim period:

- a) the official exchange market should coexist with the parallel market;
- b) the present SDR peg is a suitable built-in devaluation mechanism;
- c) the official market shall apply to the following transactions:
 - Importation of goods such as: rice, sugar, flour, pasta, tea, coffee, edible oil, wheat, dates, medicines and petroleum.
 - Government services.
 - Exports.

- d) abolition of the licensing system to do away with the cumbersome administrative procedures. Imports and exports shall be free from the licensing requirement but should be carried through the banking system. However, the government should, before hand, raise and stabilization fund of at least US Dollars 100 million to finance imports and meet foreign debt obligations;
- e) abolition of the FV system. The parallel market will operate under external accounts scheme. The advantage of the external accounts is that one can monitor the size of the market as well as the uses of its foreign exchange resources. Moreover, external accounts should be further liberalized by allowing any Somali citizen to hold such account and use its balances without authorization for payment of imports and services other than those placed under official market;
- f) state monopoly on exports should be abolished by allowing the private sector to compete with state agencies involved in the export business;
- g) Fiscal and Credit policies are to be further tightened if inflation isto be effectively dealt with.

(17)

ANNEX A I

Decree - Law No. 9 of 8 August, 1964,
On Foreign Economic Transactions.

FIRST PART

LAWS AND DECREES

12 of 26 Sept, 1964
DECREE-LAW No. 9 of 8 August 1964

FOREIGN ECONOMIC TRANSACTIONS

THE PRESIDENT OF THE REPUBLIC

HAVING SEEN Article 63 of the Constitution;
RECOGNIZING that, following the lapse of Decree-law No. 5 of 10 May 1964 relating to Foreign Economic Transactions, there is an urgent necessity to issue a new decree-law on the subject;
HAVING HEARD the Council of Ministers:
ON THE PROPOSAL of the Minister of Industry and Commerce;

DECREES :

PART I

GENERAL PROVISIONS

Article 1

Competence of the Ministry of Industry and Commerce

The Ministry of Industry and Commerce shall be responsible for the regulation and control of foreign economic transactions, as provided by this decree-law and by supplementary legislation and regulations issued under or in accordance with this decree-law.

Article 2

Restrictions

1. Foreign economic transactions, namely:
 - (a) transactions in goods, services and capital, and payments and other economic transactions with foreign countries;

(b) transactions in gold and other foreign assets between residents of the Somali Republic;
are subject to the restrictions which are contained in this decree-law or in supplementary legislation and regulations issued under Articles 34 and 35 of this decree-law.

2. Foreign economic transactions may be restricted or prohibited in order :

- (a) to safeguard the security of the Somali Republic;
- (b) to protect the balance of payments and the development of the agricultural resources, the commerce and the industry of the Somali Republic;
- (c) to prevent any major disturbance of the peaceful and friendly cooperation between nations; and
- (d) to ensure the implementation of lawful measures enacted by international institutions or organizations to which the Somali Republic is a party or the implementation of multilateral international agreements to which the Somali Republic has adhered.

3. Restrictions shall be limited in their nature and scope to what is necessary in order to achieve the objects stated in paragraph (2) of this Article. They shall interfere as little as possible with private economic activity.

4. Restrictions shall be relaxed or removed as soon as the reasons justifying their imposition cease to exist.

5. Insofar as restrictions are permitted by virtue of this decree-law, it may be laid down by supplementary legislation or regulations that certain foreign economic transactions and other related acts :

- (a) require a licence or other authorization, or
- (b) be prohibited.

Article 3

Registered Traders

1. Foreign economic transactions in goods of a commercial nature and related services may be carried out in Somalia by residents registered for this purpose with the Ministry of Industry and Commerce.

2. The transactions referred to in paragraph (1) may also be carried out by non residents of Somali nationality and by a juridical person with its main office or place of management in a foreign country

provided they are registered with the Ministry of Industry and Commerce for this purpose.

Article 4

Exemption of the Somali National Bank

The restrictions and prohibitions which are contained in this decree-law or in supplementary legislation or regulations issued under or in accordance with Articles 34 and 35 of this decree law shall not apply to transactions which are carried out by the Somali National Bank within its sphere of operations in accordance with the provisions of the law on the establishment of the Somali National Bank or which are carried out in relation to the Somali National Bank.

Article 5

Licences

1. Licences may be granted as general or individual licences. They may be granted subject to time-limits, conditions, provisos and reservations regarding their withdrawal insofar as this is necessary in order to safeguard the public welfare.
2. A licence may be used only for the purpose for which it has been granted. Licences are not transferable.
3. A licence may be withdrawn:
 - (a) if it has been granted subject to a reservation regarding its withdrawal;
 - (b) if the holder of the licence has not complied with the requirements prescribed therein;
 - (c) if the licence was obtained fraudulently, or by other unlawful means or by transfer.
4. Licences or other authorizations provided in this decree law or in any supplementary legislation or regulations issued under Articles 34 and 35 of this decree-law shall be granted:
 - (a) by the Ministry of Industry and Commerce as regards foreign trade (imports, exports, transit transactions re-imports, re-exports of goods and related services);
 - (b) by the Somali National Bank, in accordance with regulations, as regards other services, capital movements, payments and transactions in gold or foreign assets.

Article 6

Legal Invalidity

1. Any legal transaction for which a licence or other authorization is required in accordance with this decree-law shall be subject to an implied condition that the licence or authorization will be obtained. The licence or authorization will render the transaction valid from the time of the granting of such licence or authorization.
2. If a debtor's performance requires a licence or other authorization in accordance with this decree-law, a compulsory execution related to the debtor's performance cannot take place, even if a judgment has been given, before the necessary licence or authorization has been granted.

Article 7

Information

1. The Somali National Bank, within the limit of its competence and on behalf of the Ministry of Industry and Commerce, shall exercise control over the implementation of the provisions of this decree-law and of any supplementary legislation or regulations issued under Articles 34 and 35 of this decree-law. The Bank may request that any person provide it with information concerning circumstances deemed by the Bank to be important for the above purpose. Any person so requested by the Bank shall furnish the information requested and shall submit books, accounts or other documents in his possession for examination.
2. Article 29 of the law on the establishment of the Somali National Bank and Article 20 of the Banking Law, both concerning official secrecy, are applicable to paragraph (1) of this Article.
3. The Finance Guard, within the limits of its competence, shall normally investigate and suppress the offences specified in this decree-law.

Article 8

Fees and Charges

The Ministry of Industry and Commerce and the Somali National Bank may collect fees and charges, the amount of which shall be fixed in agreement with the Ministry of Finance, for the processing of

licence applications, in order to cover expenses relating to the control of foreign economic transactions.

PART II

MEANS OF PAYMENT AND GOLD

Article 9

Authorized Exchange Dealers

1. Transactions in means of payment and claims denominated in a foreign currency, transactions in gold and in gold coins not regarded as means of payment may be effected only by and with the Somali National Bank and authorized exchange dealers. The Somali National Bank may revoke the dealer's authorization with prior notice.
2. «Authorized exchange dealer» means any bank or other person authorized by the Somali National Bank to act as authorized exchange dealer in relation to gold or foreign currencies.

Article 10

Exchange Rates

1. The Somali National Bank shall determine, from time to time and with binding force, the rates at which means of payment denominated in a foreign currency or gold may be traded against means of payment in Somali currency.
2. The rates referred to in paragraph (1) shall be published in the Official Bulletin.
3. For the purposes of this decree-law «gold» means:
 - (a) fine gold and alloying gold in the form of bars or semi-processed material;
 - (b) gold coins which have been removed from circulation and are not legal tender in any country.

PART III

PAYMENTS

Article 11

Payments in the Somali Republic

1. In accordance with Article 13, an authorization shall be required:

- (a) to make any payment to the credit of an account held by a nonresident;
 - (b) to make any payment to or for the credit of a resident by order or on behalf of a nonresident;
 - (c) to place any sum to the credit of a nonresident other than in acknowledgement of a payment by the nonresident in or towards the satisfaction of a debt due from the nonresident.
2. For the purposes of this decree-law, «resident» means :
- (a) a natural person domiciled or customarily resident in the Somali Republic;
 - (b) a juridical person or personal company with its main office or place of management in the Somali Republic;
 - (c) a representative of a nonresident, provided the administration of the representative or any accounting office is situated in the Somali Republic.
3. For the purposes of this decree law, «nonresident» means :
- (a) a natural person domiciled or customarily resident in a foreign country;
 - (b) a juridical person or personal company with its main office or place of management in a foreign country;
 - (c) a representative of a resident, provided the administration of the representative or any accounting office is situated in a foreign country.

Article 12

Payments Outside the Somali Republic

In accordance with Article 13, an authorization shall be required:

- (a) to make any payment to or for the credit of a nonresident outside the Somali Republic;
- (b) to place any sum to the credit of a nonresident outside the Somali Republic.

Article 13

Authorization in Respect of Payments

1. Any person in the Somali Republic who engages in a foreign economic transaction - whether it be in goods, services or capital - for which a licence is not required, shall be authorized to make a payment or to place a sum to credit in respect of that transaction.

provided he submits documentary evidence relating to the transaction, and provided further that the Somali National Bank or an agent appointed in accordance with paragraph (4) is satisfied that the transaction is legitimate.

2. Any person in the Somali Republic who engages in a foreign economic transaction - whether it be in goods, services or capital - for which a licence is required and has been obtained, shall be authorized to make a payment or to place a sum to credit in respect of that transaction, provided he submits documentary evidence relating to the transaction to the Somali National Bank or an agent appointed in accordance with paragraph (4).
3. Any person in the Somali Republic who engages in a foreign economic transaction - whether it be in goods, services or capital - for which a licence is required and has not yet been obtained, shall not be authorized in advance to make a payment or to place a sum to credit in respect of that transaction.
4. The Somali National Bank is hereby authorized to appoint authorized exchange dealers as agents in respect of the granting of authorization relating to a payment or the placing of a sum to credit.

Article 14

Exportation of Means of Payment and of Gold

Means of payment and gold may be sent or taken abroad only after authorization by the Somali National Bank or any agent appointed in accordance with Article 13 paragraph (4). This is also applicable to articles made entirely or partly of gold and which are ordinarily not made of gold.

Article 15

Surrender of Gold and Foreign Assets

1. Every resident other than an authorized exchange dealer must declare, within such time as will be prescribed by regulation, and offer for sale to the Somali National Bank or an authorized exchange dealer, the following assets deriving from economic transactions in the territory of the Somali Republic, or received in the said territory:
 - (a) gold;
 - (b) means of payment denominated in a foreign currency.

- (c) claims against nonresidents;
 - (d) foreign securities, namely: securities issued by Governments or other public bodies, shares, bonds, other credit instruments, coupons or dividend warrants.
- 2 The Minister of Industry and Commerce, in consultation with the Somali National Bank, is hereby authorized to limit by decree the declaration and surrender obligation or to extend it to assets other than those listed in paragraph (1).
 3. Assets declared and offered for sale in accordance with paragraph (1) may be purchased by the Somali National Bank or an authorized exchange dealer under customary business conditions and at published rates or prices. If a rate or price has not yet been published, the transferor will be issued a receipt and settlement will be made after publication of the rate or price. Advance payments may be made on assets surrendered.
 4. Paragraph (1) shall not apply if the assets have been received from an authorized exchange dealer.
 5. The requirements concerning the declaration and surrender obligations of authorized exchange dealers will be laid down by regulation.

Article 16

Payments in Convertible Currency

1. Any person in the Somali Republic who has been authorized to make a payment to or for the credit of a nonresident or to place a sum to the credit of a nonresident, whether it be inside or outside the Somali Republic, may do this in Somali Shillings or in any convertible currency.
2. Any person in the Somali Republic who has a claim against a nonresident may receive payment in or towards the satisfaction of such claim in Somali Shillings or in any convertible currency.
3. «Convertible currency» means any currency that is freely negotiable and transferable in international exchange markets at exchange rate margins consistent with the Articles of Agreement of the International Monetary Fund.
4. The Somali National Bank will, in consultation with the International Monetary Fund, from time to time and with binding force, determine and publish a list of convertible currencies.

Article 17

Collection of Debts

1. No resident who has a claim of a commercial nature against a nonresident in a foreign currency or in Somali Shillings shall, unless the Somali National Bank has expressly authorized him to do so, refrain from collecting the sum or sums due to him or shall do anything that may cause the receipt by him of the whole or part of such moneys to be delayed or that the moneys cease, in whole or in part, to be receivable by him.
2. Unless otherwise prescribed by regulation, paragraph (1) does not impose an obligation, in relation to any claim arising in trade or other business, to procure payment at an earlier time than is customary in the trade and branch of activity in question.

PART IV

TRANSACTIONS IN GOODS AND SERVICES

Article 18

General Restrictions

Without prejudice to anything contained in Article 2, paragraph (2), imports, exports, and legal transactions associated therewith or preparatory to them may, by decree of the President of the Republic, be restricted or prohibited:

- (a) within the framework of international cooperation designed to ensure the implementation of a common export control with respect to primary products;
- (b) with regard to the following:
 - (i) arms, munition and military equipment;
 - (ii) objects which are of use for the development, production or employment of arms, munition and military equipment;
 - (iii) constructional diagrams and other production documents for the objects mentioned in sub-paragraphs (i) and (ii) above;
 - (iv) narcotics, drugs or any other material dangerous to health;
 - (v) books, prints or any other material of offending character to, or endangering, religion, morals or the democratic constitution of the Somali Republic.

Article 19

Export of Goods

Without prejudice to anything contained in Article 2, paragraph (2), the export of goods may, by decree of the President of the Republic, be restricted or prohibited:

- (a) in order to prevent or counteract a situation endangering the vital needs of the Somali Republic, in particular with regard to foodstuff and other agricultural products;
- (b) in order to prevent or counteract disruptions of exports owing to the delivery of low-quality products. Minimum requirements for the quality of the products may be imposed by regulation.

Article 20

Import of Goods

1. The import of goods shall be permitted without licence, except for goods specified by and Import Schedule. The Import Schedule shall be issued by decree of the President of the Republic and it may be amended in the same manner.
2. It may be laid down by regulation that imports which would otherwise require a licence require no licence:
 - (a) if the goods are not brought into free or final circulation in the Somali Republic;
 - (b) if the amount or value of the goods are so limited that the import of such goods is not likely to affect the interests to be protected in accordance with Article 2, paragraph (2).Subparagraphs (a) and (b) above apply in particular to importation in connection with travel for personal nonprofessional use and to the importation of migrants' effects and inherited property.

Article 21

Transit and Other Special Trade

1. The requirements to be observed in connection with transit and other special trade shall be laid down in the manner provided in Articles 34 and 35.
2. For the purposes of this decree-law, «transit trade» means the transport of objects from foreign countries through the Somali

Republic without the objects coming into free circulation in the Somali Republic.

Article 22

Transactions in Services

Service transactions of residents of the Somali Republic with or on behalf of nonresidents and service transactions of nonresidents with or on behalf of residents of the Somali Republic shall be permitted without licence, except for service transactions specified by a Schedule of Service Transactions. The Schedule shall be issued by decree of the President of the Republic and it may be amended in the same manner.

Article 23

Re-imports and Re-exports

1. In the case of exports of goods intended to be re-imported after having been processed or transformed abroad, the Ministry of Industry and Commerce may, where the import of like goods would be subject to licence, grant an advance exemption from the requirement of such licences in respect of the goods to be processed or transformed.
2. In the case of imports of goods intended to be re-exported after having been processed or transformed in the Somali Republic, the Ministry of Industry and Commerce may, where the import of like goods would be subject to licence, grant an advance exemption from the requirement of such licence in respect of the goods to be processed or transformed.

PART V

CAPITAL TRANSACTIONS

Article 24

Capital Exports

Transactions between residents and nonresidents may be restricted or prohibited by decree of the President of the Republic if their object is:

- (a) the acquisition against payment of real estate in foreign coun-

- tries and of rights to such estate;
- (b) the acquisition against payment, by residents, of foreign securities and of bills issued or accepted by a nonresident;
- (c) the transfer, by residents, to accounts at banks and other financial institutions abroad;
- (d) the granting of loans and other credits and of deferred payment facilities, which are not customary in the trade and branch of activity in question, by residents to nonresidents;
- (e) the acquisition against payment of, or the financial participation in, enterprises with their main offices abroad;
- (f) personal capital movements.

Article 26

Capital Imports

Transactions between residents and nonresidents may be restricted or prohibited by decree of the President of the Republic if their object is:

- (a) the acquisition against payment, by nonresidents, of real estate in the Somali Republic and of rights to such estate;
- (b) the acquisition, by nonresidents, of enterprises with their main offices in the Somali Republic and the participation in such enterprises;
- (c) the formation of enterprises with their main offices in the Somali Republic, by nonresidents, or the formation of such enterprises with the participation of nonresidents;
- (d) the acquisition against payment, by nonresidents, of securities issued in the Somali Republic or of bills issued or accepted by a resident;
- (e) the granting of loans and other credits and of deferred payment facilities, which are not customary in the trade and branch of activity in question, by nonresidents to a resident.

PART VI

PENAL PROVISIONS

Article 26

Transactions Without Licence or Other Authorization

1. Whoever violates with criminal intent any provision concerning li-

cences contained in this decree-law or in any supplementary legislation or regulations issued under Articles 34 and 35 of this decree-law by:

- (a) carrying out foreign economic transactions without a licence when a licence is required;
- (b) failing to observe any time-limit, condition, proviso or reservation imposed by the licence;
- (c) using the licence for a purpose other than the purpose for which it has been granted;
- (d) transferring a licence;

shall be punished, with imprisonment for a crime up to three years or fine for a crime up to ten times the value of the transaction, or in particularly serious cases, with both imprisonment and fine.

2. Whoever, with criminal intent, commits any offence referred to in the preceding paragraph in violation of any provision concerning authorizations other than licences, shall be punished as provided in paragraph (1).
3. Whoever commits any of the offences specified in paragraphs (1) and (2) with culpa, shall be punished with imprisonment for a crime up to one year or fine for a crime up to five times the value of the transaction or, in particularly serious cases, with both imprisonment and fine.

Article 27

Breach of Secrecy

Whoever violates the official secrecy in carrying out the operations referred to in Article 7 of this decree-law shall where the act does not constitute a more serious offence, be punished, at the request of the injured party, with imprisonment for a crime up to one year or with a fine for a crime up to Sh. So. 10,000 or, in particularly serious cases, with both imprisonment and fine.

Article 28

Unauthorized Exchange Rates

Whoever, with intent to obtain illegal profit for himself or for another, trades means of payment denominated in a foreign currency or gold against Somali means of payment at rates other than those fixed and published by the Somali National Bank, shall be punished with imprisonment for a crime up to one year or fine for a crime up to Sh. So. 10,000 or, in particularly serious cases, with both imprisonment and fine.

Article 29

Violation of Surrender Requirements and Debt Collections

1. Whoever, with criminal intent, fails to comply with the obligations referred to in Article 15, paragraph (1), or Article 17, paragraph (1), of this decree-law, shall be punished with imprisonment for a crime up to one year or fine for a crime up to ten times the amount of the sum or value of the assets involved or, in particularly serious cases, with both imprisonment and fine.
2. Where the offences referred to in the preceding paragraph are committed with culpa, the punishment shall be imprisonment for a crime up to three months or fine for a crime up to five times the amount of the sum or value of the assets involved.

Article 30

Acts on Behalf of Another

The penal provisions specified in Articles 26, 27, 28 and 29 of this decree-law shall apply to anyone who, acting as an organ of a juridical person or as the representative of another person, commits any of the offences referred to therein.

Article 31

Juridical Persons

Where a representative, manager or employee of a juridical person has, while acting in such capacity, been found guilty of any of the offences referred to in Article 26, 27, 28 and 29 of this decree-law, the said juridical person shall be jointly civilly liable for the payment of a sum equivalent to the fine and for the payment of any damages, without prejudice to any rights of recourse which it may have against the responsible party.

Article 32

Jurisdiction of Regional Courts

The Regional Courts shall have jurisdiction with respect to offences under this decree-law.

PART VII

FINAL PROVISIONS

Article 33

Rules of International Law

Nothing in this decree-law shall affect any examination, privilege and immunity arising from generally accepted rules of international law and from the provisions of international treaties binding upon the Somali Republic.

Article 34

Supplementary Legislation

The Government is hereby authorized to issue legislative decrees

for supplementing, coordinating and implementing the provisions of this decree-law, within twenty-four months from the entry into force of this decree-law.

Article 35

Regulations

The Minister of Industry and Commerce, having heard the Somali National Bank, and any other authorities concerned, may issue regulations for the execution of this decree-law.

Article 36

Abrogation

The following provisions are hereby abrogated:

- (a) Exchange Control Ordinances No. 26 (1950) and No. 17 (1952);
- (b) Foreign Exchange Law (Decree-law No. 2 of 21 April 1956 converted into Law No. 15 of 8 December 1956);
- (c) any other provision contrary to or inconsistent with this decree-law.

Article 37

Entry into Force

This decree-law, together with the Decree of the President of the Republic No. 112 of 16 May 1964 and the Decree of the Ministry of Industry and Commerce No. 113 of 16 May 1964 both of which have been published in Supplement No. 2 to Official Bulletin No. 5 of 21 May 1964, shall be deemed to have come into force with effect from 31 May 1964. This decree-law shall be presented to the National Assembly for conversion into law in accordance with Article 63 of the Constitution.

Mogadiscio, 8 August 1964

ADEN ABDULLA OSMAN

Abdirazak Hagi Hussen
PRIME MINISTER

Osman Mohamud Adde Ali
MINISTER OF INDUSTRY AND COMMERCE

ANNEX A II

Ministry of Industry and Commerce

Decree No. 204 of 26 September 1964.

Regulation and control of foreign economic transactions.

Decree of the President of the Republic No. 203 of 26 September, 1964.
Restrictions under the Decree-Law No. 12 of 26 September 1964 on
Foreign Economic Transactions.

THE PRESIDENT OF THE REPUBLIC

HAVING SEEN Article 85 of the Constitution;

HAVING SEEN Articles 18, 19, 20, 22, 24 and 25 of Decree-Law
No. 12 of 26 September 1964 on foreign economic transactions;

RECOGNIZING the necessity to issue supplementary legislation
and regulations for the implementation of the above mentioned arti-
cles of the Decree-Law;

ON THE PROPOSAL of the Minister of Industry and Commerce;

HAVING HEARD the Council of Ministers;

DECREES :

Article 1

Restrictions in accordance with Article 18 of the Decree-Law

1. Imports, exports and any legal transactions associated therewith or preparatory to them shall require a licence when they involve:
 - (a) firearms, munitions and military equipment of any kind;
 - (b) objects which are of use for the development, production or employment of firearms, munitions and military equipment;
 - (c) constructional diagrams and other production documents for the objects mentioned in sub-paragraphs (a) and (b) above;
 - (d) narcotics, drugs or any other material dangerous to health.
2. Imports, exports and any legal transactions associated therewith or preparatory to them shall be prohibited when they involve: books, prints or any other material of offending character to, or endangering, religion, morals or the democratic constitution of

the Somali Republic. The prohibition shall not apply where the objects are to be used exclusively for scientific purposes by persons who can justify such use. In such cases a licence shall be obtained from the Ministry of Industry and Commerce.

Article 2

Restrictions in accordance with Article 19 of the Decree-Law

The export of goods specified in the attached Export Schedule (Schedule A) shall be subject to licence.

Article 3

Restrictions in accordance with Article 20 of the Decree-Law

1. Subject to paragraph 2 of this Article, the import of goods specified in the attached Import Schedule (Schedule B) shall be subject to licence.
2. The import of goods specified in the Import Schedule mentioned above shall not require a licence in the case of the following:
 - (a) goods exempt from the licensing requirement in accordance with the generally accepted rules of international law and international treaties duly concluded by the Somali Republic and published in the Official Bulletin;
 - (b) goods not brought into free or final use in the Somali Republic by remaining in free port or under customs consignment for re-exportation, including goods to be exhibited in trade fairs, goods for ships or aircraft supplies, for bunkering and the like;
 - (c) goods imported for emergency aid in cases of national disaster;
 - (d) normal baggage and other used personal effects of travellers arriving in the Somali Republic or of travellers in transit and new articles purchased abroad and brought into the Somali Republic by resident travellers provided such articles are exclusively for the personal use of the traveller or of his family;
 - (e) equipment to be used temporarily in connection with construction and other technical projects to be carried out in the Somali Republic and which is to be re-exported upon completion of the projects;
 - (f) goods exhibited in trade fairs held in the Somali Republic and distributed as free samples;
 - (g) goods previously exported and subsequently returned as non-

- conforming with contract specifications;
(h) personal effects of immigrants.

Article 4

Restrictions in accordance with Article 22 of the Decree-Law

The service transactions of residents of the Somali Republic with or on behalf of nonresidents and service transactions of nonresidents with or on behalf of residents of the Somali Republic specified in the attached Schedule of Service Transactions (Schedule C) shall be subject to licence.

Article 5

Restrictions in accordance with Article 24 of the Decree-Law

Without prejudice to anything contained in Law No. 10 of 18 February, 1960 on Foreign Investments in Somalia, the following transactions between residents of the Somali Republic and nonresidents shall be subject to licence provided they involve capital exports:

- (a) acquisition against payment of real estate in foreign countries and of rights to such estate;
- (b) acquisition against payment, by residents, of foreign securities and of bills issued or accepted by a nonresident;
- (c) transfer, by residents, to accounts at banks or other financial institutions abroad;
- (d) granting, to nonresidents, of loans and other credits and of deferred payment facilities which are not customary in the trade and branch of activity in question;
- (e) acquisition against payment of, or the financial participation in, enterprises with their main offices abroad;
- (f) personal capital movements, of the following kinds:
gifts and endowments, dowries, inheritances, settlement of immigrants debts in their country of origin, transfers of capital belonging to residents emigrating and transfers of capital belonging to emigrants returning to their country of origin.

Article 6

Restrictions in accordance with Article 25 of the Decree-Law

Without prejudice to anything contained in Law No. 10 of 18 February 1960 on Foreign Investments in Somalia, the following econo-

mic transactions between residents of the Somali Republic and non-residents shall be subject to licence provided they involve capital imports :

- (a) acquisition against payment, by nonresidents, of real estate in the Somali Republic and of rights to such estate;
- (b) acquisition, by nonresidents, of enterprises with their main offices in the Somali Republic or the financial participation in such enterprises;
- (c) formation of enterprises with their main offices in the Somali Republic by nonresidents or the formation of such enterprises with the participation of nonresidents;
- (d) acquisition against payment, by nonresidents, of securities issued in the Somali Republic or of bills issued or accepted by a resident;
- (e) granting of loans and other credits and of deferred payments facilities which are not customary in the trade and branch of activity in question, by nonresidents to a resident.

Article 7

Advisory Commission on Foreign Economic Transactions

1. An Advisory Commission shall be established at the Ministry of Industry and Commerce which shall advise the Minister of Industry and Commerce on the policy questions relating to the regulation and control of foreign economic transactions.
2. The Advisory Commission shall consist of:
 - (a) the Director General of the Ministry of Industry and Commerce as Chairman;
 - (b) the Head of the Trade and Foreign Exchange Department of the Ministry of Industry and Commerce as Vice-Chairman;
 - (c) a representative of the Planning Department of the Presidency of the Council of Ministers;
 - (d) a representative of the Ministry of Health, Veterinary and Labour;
 - (e) a representative of the Ministry of Finance;
 - (f) a representative of the Ministry of Agriculture and Animal Husbandry;
 - (g) a representative of the Customs Authority;
 - (h) a representative of the Finance Guard;
 - (i) a representative of the Somali National Bank.

3. The members of the Advisory Commission shall be appointed by decree of the Minister of Industry and Commerce on the nomination of the competent Ministers or, in the case of paragraph 2 (1), of the President of the Somali National Bank.
4. The Secretary of the Commission shall be appointed by the President of the Somali National Bank. He shall have no right to vote.
5. The Advisory Commission shall meet at least once every three months and at such other times as it may find necessary.
6. The Chairman of the Advisory Commission may, in his discretion, invite other representatives of governmental bodies or of public or private bodies or any other person to participate in meetings of the Advisory Commission as experts. He may also invite persons having a legitimate interest to participate in meetings as observers. Such experts or observers shall have no right to vote.

Article 8

Licensing Committee

1. A Licensing Committee shall be established at the Ministry of Industry and Commerce which shall decide on applications for licenses for transactions in goods, services and capital.
2. The Licensing Committee shall consist of:
 - (a) the Head of the Trade and Foreign Exchange Department of the Ministry of Industry and Commerce as Chairman;
 - (b) a second representative of the Ministry of Industry and Commerce who shall act also as secretary of the Committee;
 - (c) a representative of the Ministry of Finance;
 - (d) a representative of the Customs Authority;
 - (e) a representative of the Finance Guard;
 - (f) a representative of the Somali National Bank.
3. The members of the Licensing Committee shall be appointed by decree of the Minister of Industry and Commerce on the nomination of the competent Ministers or, in the case of paragraph 2 (f), of the President of the Somali National Bank.
4. The Minister of Industry and Commerce may, by decree, appoint in certain areas of the Somali Republic one or more Local Licensing Committees which shall decide on applications for licenses for transactions in goods and service; the decree shall indicate the territorial jurisdiction and the powers of each Local Licensing Committee.

- The composition of each Local Licensing Committee shall be determined by the Minister of Industry and Commerce and shall conform as far as possible with the composition of the Licensing Committee.
5. The Licensing Committee and the Local Licensing Committees shall be guided in their decisions by the economic policies and directives of the Advisory Commission established in accordance with Article 7 of this Decree, as approved by the Minister of Industry and Commerce.

Article 9

Transitional Provisions

1. The Advisory Commission on Foreign Economic Transactions and the Licensing Committee shall be established before 31 October 1964.
2. Pending the formulation of the economic policies and general directives of the Advisory Commission referred to in the preceding Article, and in any case until 30 November 1964 the Licensing Committee and the Local Licensing Committees shall be guided in their decisions by the instructions issued by the Ministry of Industry and Commerce.

Article 10

Entry into Force

This Decree shall enter into force on the day of its publication in the Official Bulletin.

Mogadiscio, 26 September 1964

Aden Abdulla Osman

Abdirazak Hagi Hussen
Prime Minister

Osman Mohamud Adde Ali
Minister of Industry and Commerce

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Mogadiscio 26 September 1964

The Acting Magistrate of Accounts: MOHAMED HAGI OSMAN ADEN

EXPORT SCHEDULE

ITEMS

Live animals

Meat and Meat Preparations

Ghee

Cereals and Cereal Preparations

Skins in value exceeding So. Sh. 200

Animal and Vegetable Oils and Fats

Firewood

Charcoal

Iron, Cast iron, and Steel scrap

Non-processed ivory and horns of Rhinos in value exceeding So. Sh. 200

IMPORT SCHEDULE

ITEMS

Meat and Meat preparations
Dairy Products, Eggs and Honey
Fish and Fish preparations
Cereals and Cereal preparations (excluding rice)
Fruits and Vegetables
Sugar and Sugar preparations
Chocolate and Chocolate preparations
Beverages
Tobacco and Tobacco Manufactures
Hides and Skins
Cotton
Mineral fuels, Lubricants and related materials
Animal and Vegetable Oils and Fats
Medicinal and Pharmaceutical Products
Essential Oils and Perfume Materials; toilet, polishing and cleansing
preparations
Explosives
Leather, Leather Manufactures and Dressed Furs
Grey Sheeting
Cement
Silver, Platinum, Gems and Jewellery
Firearms and Ammunition
Road Motor Vehicles
Furniture and Fixtures
Ready-made Suits and Shirts
Shoes - leather
Cameras
Projectors
Cinematographic films printed
Watches and Clocks
Matches

Ministry of Industry and Commerce
Decree No. 204 of 26 September 1964.
Regulation and control of foreign economic transactions.

THE MINISTER

HAVING SEEN Article 85 of the Constitution;
HAVING SEEN Article 35 of Decree-Law No. 12 of 26 September 1964 on foreign economic transactions;
RECOGNIZING the necessity to issue regulations for the implementation of the above-mentioned Decree-Law;
HAVING HEARD the Minister of Finance and the Small National Bank;
HAVING HEARD the Council of Ministers;

DECREES:

Article 1

Registered Traders

1. Without prejudice to anything contained in Articles 2, 15 and 18 of this Decree, no physical or juridical person shall carry out foreign economic transactions of a commercial nature in goods without having first registered for the purpose with the Ministry of Industry and Commerce, in accordance with Article 3 of Decree-Law No. 12 of 26 September 1964.
2. The application for registration as a foreign trader shall be made by submitting the form contained in Annex No. 1. The Ministry of Industry and Commerce, being satisfied that the application for registration is in due and proper form, shall issue and transmit to the trader a certificate of registration as a foreign trader.
- 3 The registration shall be denied if the trader or, in the case of

a juridical person, its legal representative:

(a) within a period of five years prior to his application for registration, has been convicted:

(i) of any crime committed with criminal intent against the Public Administration, the National Economy, Industry and Commerce, or against property, punishable with a maximum imprisonment of not less than three years, or of any crime committed with fraud;

(ii) of any crime committed with criminal intent, punishable in accordance with Articles 26, paragraphs 1 and 2, Article 28 or Article 29, paragraph 1, of Decree-Law No. 12 of 26 September 1964;

(iii) of any crime committed with criminal intent, punishable in accordance with any financial or custom law;

(b) has been declared bankrupt and has not been discharged.

4 The registration shall be suspended if the applicant has been summoned to appear before a court in order to answer a charge of any of the offences referred to in paragraph 3 (a) above.

5. The registration shall be withdrawn if the trader, after having been registered, is convicted of any of the offences referred to in paragraph 3 above.

6 Registered traders may be required to pay a special fee according to law.

Article 2

Exemption from Registration

The following shall be exempt from the requirement of registration provided for in the preceding Article:

(a) The Somali Government or any branch thereof;

(b) The Somali National Bank;

(c) Public bodies established in the Somali Republic which by law or their statute or by-laws are authorized to engage in foreign trade;

(d) Physical persons carrying out occasional import and export transactions in goods exclusively meant for their own personal or professional use;

(e) Physical or juridical persons importing goods exempt from the licensing requirement in accordance with the provisions of

Article 3, paragraph 2, of the Decree of the President of the Republic N. 203 of 26 September, 1964.

Article 3

Types of Licenses

A licence may be granted for a limited period of time and for a specified number of transactions. It may also be granted for a limited period of time and for an unspecified number of transactions of the same nature in cases where the authority competent to decide on the application deems it to be useful and advisable in view of the likelihood that such transactions will be repeated.

Article 4

Applications for Licences

1. Applications for licenses concerning the export of goods and related services shall be made by submitting Form A (Annex No. 2) to the Ministry of Industry and Commerce.
2. Applications for licences concerning the import of goods and related services shall be made by submitting Form B (Annex No. 3) to the Ministry of Industry and Commerce.
3. Applications for licences concerning transit transactions shall be made by submitting Form C (Annex No. 4) to the Ministry of Industry and Commerce.
4. Applications for licences concerning transactions in services not related to transactions in goods and capital transactions other than foreign investments as specified in paragraph 6 below, shall be made by submitting Form D (Annex No. 5) to the Somali National Bank.
5. The Ministry of Industry and Commerce or the Somali National Bank respectively, having ascertained that the applications referred to in paragraphs 1 through 4 above are in due and proper form, shall forward them to the Chairman of the Licensing Committee established in accordance with Article 8 of Decree No. 203 of 26 September 1964 of the President of the Republic.
6. Applications for licences concerning foreign investments by nonresidents in the Somali Republic or by residents in foreign countries shall be made by submitting Form E (Annex No. 6) to the Somali National Bank which shall act, where applicable, in accordance with

the provisions of Law No. 10 of 18 February 1960 on Foreign Investments in Somalia.

7. All applications for licences involving transactions in goods shall be made in one original and five copies. Upon issuance of the licence, the Ministry of Industry and Commerce shall retain two copies for its files and shall transmit the original and one copy to the applicant and a copy each to the customs authorities and to the Somali National Bank.
8. Applications for licences concerning economic transactions in services and for licences concerning capital transactions shall be made in one original and two copies. Upon issuance of the licence, the Somali National Bank shall retain one copy for its files and shall transmit the original and one copy to the applicant and to the Ministry of Industry and Commerce respectively.
9. The application for a licence shall be signed by the person intending to carry out the transaction. If the applicant does not intend to carry out the transaction on his own behalf but on behalf and at the request of a third person, the person on whose behalf the transaction is to be carried out shall also sign the application for the licence.

Article 5

Return of Licences

The holder of a licence shall immediately return the licence to the issuing authority:

- (a) if the licence has been withdrawn;
- (b) if the licence has been invalidated or otherwise become invalid for any reason other than withdrawal;
- (c) if the licence has expired and its validity has not been extended;
- (d) if he does no longer intend to use it.

Article 6

Export Declaration

1. Subject to paragraph 3 of this Article, all exports whether subject to licence or not, shall be declared to the customs authorities by submitting Form F (Annex No. 7) and shall be made available to the same authorities for inspection.
2. The export declaration shall be made in one original and three

copies. The customs authorities, being satisfied that the declaration is in due and proper form and having inspected the goods, shall return the original, on behalf of the exporter, to the Bank concerned, retain a copy for their files, and transmit a copy each to the Ministry of Industry and Commerce and to the Somali National Bank.

- 3 No export declaration shall be required if the goods to be exported have previously been imported and have remained under customs consignment or in free port.

Article 7

Import Declaration

- 1 Subject to paragraph 3 of this Article, all imports, whether subject to licence or not, shall be declared to the customs authorities by submitting Form G (Annex No. 8) and shall be made available to the same authorities for inspection.
2. The import declaration shall be made in one original and three copies. The customs authorities, being satisfied that the declaration is in due and proper form and having inspected the goods, shall return the original on behalf of the importer, to the Bank concerned, retain a copy for their files and transmit a copy each to the Ministry of Industry and Commerce and the Somali National Bank.
3. No import declaration shall be required when the import involves goods specified in Article 3, paragraph 2, of Decree No. 203 of 26 September 1964, of the President of the Republic.

Article 8

Inspection of Imported Goods by the Customs Authorities

1. All imported goods shall be inspected by the customs authorities with a view to ascertaining:
 - (a) whether the import is permissible and, in particular, whether a licence, if necessary, has been obtained;
 - (b) whether an import declaration, if necessary, has been made in accordance with Article 7 of this Decree.
- 2 The importer may apply for customs inspection in order to obtain:
 - (a) admission of the goods to free and final use in the Somali Republic;
 - (b) admission of the goods to use under customs consignment;

- (c) admission of the goods to processing in the Somali Republic with subsequent exportation;
 - (d) admission of the goods in connection with coastal and circular trade.
- 3 The customs authorities shall reject the admission of the goods imported if they do not conform to the specifications contained in the import licence, provided that the customs authorities may admit goods whose actual weight, quantity or value does not exceed by more than 10 per cent the weight, quantity or value specified in the import licence. In cases exceeding this tolerance a new import licence shall first be obtained by the importer
 4. The value of goods imported, exported, or subject to transit or special trade as defined in Articles 9 and 10 respectively of this Decree shall be deemed to be the price of the goods charged to the recipient or, in the absence of any such charge, the average price of goods of a like nature crossing the border of the Somali Republic within a comparable period of time

Article 9

Transit Trade Transactions

- 1 Transit trade transactions in goods referred to in Article 13, paragraph (b), of the Decree Law No. 12 of 26 September 1964 shall be subject to a transit licence.
- 2 Transit trade transactions in goods for which a transit licence is not required shall be processed directly by the customs authorities. The authorities shall examine the permissibility of the transit transaction and shall take appropriate measures to ensure that the goods are not brought into the Somali Republic for free and final use.
3. Transit trade transactions shall not be subject to the declaration requirements referred to in Articles 7 and 8 of this Decree.

Article 10

Coastal and Circular Trade

1. Coastal Trade, within the meaning of this Decree, is the transport by sea, from one port to another port in the Somali Republic, of goods of Somali origin or of goods previously imported into the Somali Republic

2. Circular trade within the meaning of this Decree is the transport by land or by air, from one place to another in the Somali Republic, across foreign territory or through a foreign customs area, of goods of Somali origin or of goods previously imported into the Somali Republic
3. Coastal and Circular Trade transactions in goods whose export or import or both would be subject to licence shall require authorization from the customs authorities. The customs authorities shall take appropriate measures to ensure that the goods will be returned, within a period of time to be fixed by the customs authorities, to the territory and the customs area of the Somali Republic.

Article 11

Carriage of Goods

The carriage of goods subject to export or import licensing, shall be permitted without such licence exclusively for on-board consumption provided the quantity is limited, in the judgement of the customs authorities, to the needs of the voyage

Article 12

Authorization in Respect of Payments

1. Authorizations in respect of payments as provided in Articles 11, 12, and 13 of the Decree Law No. 12 of 26 September 1964 may be applied for by submitting to the Somali National Bank or to an authorized exchange dealer a certified copy of the import declaration together with the import licence, where applicable, and such other documentary evidence relating to the transactions, as may be necessary, to enable the Somali National Bank or the authorized exchange dealer, as the case may be, to provide the necessary foreign exchange.
2. The documentary evidence referred to in paragraph 1 of this Article means bills, bills of lading, manifests, shipping notices or other documents suitable to establish proof of the transaction
3. In case where an import declaration is not applicable or required or in case of advance payments, the application for a payments authorization shall be made by submitting Form H (Annex No. 9) to the Somali National Bank or to an authorized exchange dealer
4. Provided the Somali National Bank or the authorized exchange

dealer to whom the application has been made is satisfied that the transaction is lawful, the amount or amounts or foreign exchange applied for will be made available to the applicant not later than on the third business day following the receipt of the application or on such other subsequent date as may be specified by the applicant.

5. Authorizations in respect of payments may be granted for a limited period of time and for a specified number of payments. They may also be granted for a limited period of time and for an unspecified number of payments of the same nature, in cases where the Somali National Bank deems this to be useful and advisable in view of the likelihood that such payments will be repeated.

Article 13

Exportation of Means of Payment and of Gold

1. Subject to paragraph 2 below, the provisions of Article 12 of this Decree shall equally apply to the exportation of means of payment and of gold.
2. Non-resident travellers shall be entitled to import and re-export, without authorization, means of payment owned by them and consisting of:
 - (a) cheques, traveller cheques, letters of credit denominated in a foreign currency and foreign currency notes and coins;
 - (b) Somali Shillings in notes and coins, provided that such non-resident travellers leave the Somali Republic not later than three months after their arrival;
3. Resident travellers shall be entitled, without authorization, to export the following means of payment:
 - (a) not more than 200 Somali Shillings in notes and coins;
 - (b) foreign banknotes and coins in amounts not exceeding the equivalent of 200 Somali Shillings; and
 - (c) any other amount in foreign banknotes and coins which had previously been offered for sale in accordance with the provisions of Article 14 of this Decree and the purchase of which had been rejected by the Somali National Bank.
4. Resident or nonresident travellers shall be required to make a currency declaration at the time of their entry into or exit from the Somali Republic.

Article 14

Surrender of Gold and Foreign Assets

1. Within five business days after the receipt of the foreign assets referred to in Article 15, paragraph 1, of Decree-Law No. 12 of 28 September 1964, or in the case of resident travellers, upon arrival in the Somali Republic, every resident other than an authorized exchange dealer shall declare and offer for sale to the Somali National Bank or to an authorized exchange dealer such foreign assets. In the case of resident travellers arriving in the Somali Republic, the declaration shall be made to the customs authorities.
2. Authorized exchange dealers shall declare to the Somali National Bank:
 - (a) payments made and received in foreign exchange;
 - (b) payments made to the debit or received to the credit of an account in Somali Shillings held by a nonresident;
 - (c) purchases and sales of foreign means of payments in connection with travelling.
3. The declaration referred to in paragraph 2 of this Article shall be made daily and shall include the transactions of the previous working day.
4. The Somali National Bank may, for a limited period of time or for an indefinite period of time, but subject to withdrawal at any time, grant exemptions from the provisions of paragraph 1 of this Article concerning the surrender of foreign assets. In such cases, all persons temporarily exempted from the surrender requirements shall be required to submit to the Somali National Bank periodic reports on the exchange transactions of each previous period. The details of the reports and the reporting procedure shall be determined by the Somali National Bank.
5. The Somali National Bank shall submit to the Ministry of Industry and Commerce periodic reports, in consolidated form, on the information received in accordance with paragraphs 2 and 4 above.
6. The forms of the declaration referred to in paragraphs 1 and 2 above shall be devised by the Somali National Bank.

Article 15

Trade Transactions with Neighbouring Countries

1. Without prejudice to any licensing requirements and subject to the

provisions of Articles 6 and 7 of this Decree, persons residing in areas of the Somali Republic, to be specified by decree of the Minister of Industry and Commerce, and travelling with goods to neighbouring countries to be also specified in the above-mentioned decree, shall be entitled, without further authorization, to sell the goods in these countries and to use the proceeds for the purchase and import of goods in and from such countries, provided the total value of such transactions does not exceed Sh. So. 10,000 per month for each person.

2. Any balance of the proceeds not used as described above shall be subject to the declaration and surrender requirements of Article 14 of this Decree.

Article 16

Information on Collection of Debts

- 1 Any resident who has a claim of a commercial nature against a nonresident in a foreign currency or in Somali Shillings, shall inform the Somali National Bank, within one hundred days from the date on which the claim has become due.
2. The information shall be submitted on a form prepared by the Somali National Bank.

Article 17

Investigation and Suppression of Violations

In case of any violation of the provisions of Decree-Law No. 12 of 26 September 1964, and of any supplementary legislation or regulations issued under or in accordance therewith, the provisions governing the investigation and suppression of acts committed in violation of financial laws shall be applicable.

Article 18

Transitional Provisions

1. The persons referred to in Article 1, paragraph 1, of this Decree who, at the time of the entry into force of this Decree, are registered as foreign traders with the Ministry of Industry and Commerce, may continue to engage in foreign transactions in goods and related services until December 31, 1964.

- 2 The persons referred to in Article 1, paragraph 1, of this Decree who, at the time of the entry into force of this Decree, engage in foreign transactions in goods and related services and who, prior to the entry into force of this Decree, were not required to be registered as foreign traders with the Ministry of Industry and Commerce, may, without such registration, continue to engage in foreign transactions in goods and related services until December 31, 1964.
3. The persons referred to in paragraphs 1 and 2 of this Article shall, if they intend to engage in foreign transactions in goods and related services after December 31, 1964, apply for registration with the Ministry of Industry and Commerce not later than November 30, 1964. The Ministry of Industry and Commerce, being satisfied that the application for registration has been made in due time and in proper form, shall issue and transmit to the trader not later than December 15, 1964, a certificate of registration as foreign trader, in accordance with the provisions contained in Article 1 of this Decree.
4. The restrictions established by this Decree on the import and export of goods and related services shall not apply to transactions already concluded, or in course of execution, on the date of entry into force of this Decree.

Article 19

Entry into Force

This Decree shall enter into force on the day following the date of publication in the Official Bulletin.

Mogadiscio, 26 September 1964

Osman Mohamud Adde Ali

SEEN and Registered - Register No. 1, Page No. 155

--- *Mogadiscio, 29 September 1964.*

The Acting Magistrate of Accounts: MOHAMED HAGI OSMAN ADEN

Domanda per la registrazione quale operatore commerciale con l'estero
Application for Registration as Foreign Trader

Ministero dell'Industria e Commercio / Ministry of Industry and Commerce

Nome del richiedente (per esteso) _____
Name of Applicant in full

Luogo e data di nascita _____
Place and date of birth

Indirizzo _____
Address

Se attualmente è registrato presso il Ministero dell'Industria e Commercio. In caso afferma-
Are you presently registered with the Ministry of Industry and Commerce? *If YES*

tivo, la registrazione ha il n. _____
give Registration No.

Allegare, il certificato penale, il certificato fallimentare ed il certificato dei carichi pendenti.
Please attach, penal certificate, certificate of bankruptcy, and certificate of pending penal
(procedimenti penali, in corso)
procedures.

Io (noi) sottoscritto dichiaro che le informazioni di cui sopra corrispondono a verità e
I/we declare that the information given above is true and correct and that to the best
sono corrette. Io (noi) non sono altresì impedito in conformità a quanto dispone il comma
of my/our understanding I/we am/are not disqualified by the provisions of Article 1, pa-
terzo dell'art. 1 del Decreto del Ministro dell'Industria e Commercio 28 settembre 1964, n. 204,
raggrph (3) of the Decree of the Minister of Industry and Commerce No. 204 of 28 Sept. 1964,
sulla disciplina ed il controllo delle operazioni economiche con l'estero. Io (noi) con la pre-
on Regulation and Control of Foreign Economic Transactions. I/We therefor ap-
sente rivolgo la domanda per la registrazione quale operatore commerciale con l'estero, e
ply for registration as foreign trader in accordance with Article 1, paragraph (2) of the said
per il rilascio del certificato di registrazione, in conformità al comma secondo dell'art. 1
Regulation and the issue of a Certificate of Registration.
del citato decreto ministeriale.

Data _____ firma del richiedente
Date _____ Signature of Applicant

Spazio riservato alle annotazioni d'ufficio/Space for office use

NOTA: La presente domanda deve essere compilata a macchina, o in caratteri a stampa-
tello, ed è soggetta ad essere respinta se contiene abrasioni e/o errori.
NOTE: The above application must be typewritten, or written in capital letters. It is liable
to be rejected if it contains erasures and/or errors

Modulo
Form A

REPUBBLICA SOMALA / SOMALI REPUBLIC

Allegato
Annex 2

Domanda per Licenza d'Esportazione / Application for Export Licence

Al Ministero dell'Industria e Commercio:
To the Ministry of Industry and Commerce

Se il richiedente è un operatore registrato la
If you are a Registered Trader
registrazione ha il n. _____
give Registration Number

Il sottoscritto _____ rivolge domanda per
The undersigned hereby applies for

Ottenere la licenza ad esportare le merci qui di seguito elencate.
a license to export the goods set out below.

Io (noi) dichiaro che le informazioni fornite con la presente domanda, corrispondono a verità e sono corrette.
I/We declare that the information stated herein is true and real.

Classificazione Statistica Statistical Classification	DESCRIZIONE DELLE MERCI DESCRIPTION OF GOODS	Quantità Peso Quantity Weight	Paese d'origine Country of origin	Paese di destinazione Country of destination

Valore complessivo delle merci espresso in valuta come da Isitura _____ Equivalente in Scellini Somali _____
Total value of the goods in the currency in which it is invoiced Somali Shilling Equivalent

Prezzo unitario _____ cil/fob. Se la transazione è cif, il valore del nolo/assicurazione è di _____
Unit price _____ If the transaction is cif, give the value of freight/insurance

Nome ed indirizzo di chi percepirà il nolo/assicurazione _____
Name & address of the party to whom freight/insurance will be paid

Nome ed indirizzo dell'importatore straniero _____
Name & address of the foreign importer

Modalità di pagamento _____ Luogo d'uscita dalla Somalia _____
Terms of payment Place of exit from Somalia

Io (noi) dichiaro che il dettaglio di cui sopra corrisponde a verità.
I/We declare that the above is a true and accurate statement.

Io (noi) mi impegno ad importare, in Somalia il valore complessivo delle merci di cui sopra, in un periodo
I/We undertake to bring into Somalia the full value of the exports stated, within a period

di _____ mesi dalla data di spedizione, attraverso la Banca _____
of _____ months from the date of shipment, through our Bankers

Oppure Io (noi) dichiaro che nessun pagamento sarà ricevuto per la predetta esportazione, per i seguenti motivi: _____
Or I/We declare that no payment will be received in respect of the above exports, due to the following reasons

Nome ed indirizzo del richiedente: _____
Name and address of applicant

Data/Date _____ Firma/Signature _____

LICENZA D'ESPORTAZIONE N. _____
EXPORT LICENCE NUMBER

Visto il parere favorevole del Comitato per le Licenze N. _____
Having seen the favourable opinion of the Licensing Committee No. _____

In data _____ il richiedente è autorizzato ad esportare le merci specificate nella sua domanda. Questa
dated _____ the applicant is hereby authorized to export the goods mentioned in its application. The

licenza è valida, ai fini doganali, fino a _____
present licence is valid, for Customs purposes, until _____
e non è trasferibile.
and is not transferable.

Data del rilascio _____ Per il Ministero dell'Industria e Commercio
Date of issue _____ for the Ministry of Industry and Commerce

Spazio riservato alle annotazioni d'ufficio
Space for office use.

[Empty rectangular box for office annotations]

NOTA: Questa domanda deve essere compilata a macchina, o in caratteri a stampatello, ed è soggetta ad essere respinta se contiene abbreviazioni e/o errori.

NOTE: The above application must be typewritten, i. written in capital letters. It is liable to be rejected if it contains crasures and/or errors.

Modello **B**
Form

Allegato **3**
Annex

REPUBBLICA SOMALA / SOMALI REPUBLIC

Domanda per Licenza d'importazione - Application for Import Licence

Al Ministero dell'Industria e Commercio
To the Ministry of Industry and Commerce

Se il richiedente è un operatore registrato
If you are a Registered Trader,
la Registrazione ha il n. _____
give Registration Number

Il (i) Sottoscritto
The undersigned

rivolge domanda per ottenere la licenza ad importare le merci
hereby applies for a licence to import the goods set out below

qui di seguito elencate.

Io (noi) dichiaro che le informazioni fornite con la presente domanda corrispondono a verità e sono corrette.
I/We declare that the information stated herein is true and real.

Classificazione Statistica Statistical Classification	DESCRIZIONE DELLE MERCI DESCRIPTION OF GOODS	Quantità Peso Quantity Weight	Paese d'origine Country of origin	Provenienza Provenance

Valore complessivo delle merci espresso in valuta come da fattura _____ Equivalente in Scellini Somali _____
Total value of the goods in the currency in which it is invoiced Somali Shilling equivalent

Prezzo unitario _____ di/fob. Se la transazione è fob, il valore del polo/assicurazione è di _____
Unit Price _____ If the transaction is fob, give the value of freight/insurance

Nome ed indirizzo di chi pagherà il polo/assicurazione _____
Name and address of the party to whom freight/insurance will be paid

Nome ed indirizzo dell'esportatore straniero _____
Name and address of the foreign exporter

Modalità di pagamento _____ Luogo di entrata in Somalia _____
Terms of payment Place of entry into Somalia

Io (noi) dichiaro che quanto sopra dettagliatamente dichiarato corrisponde a verità, e che le informazioni fornite sono identiche a ciò che è stato ottenuto dal fornitore straniero.
I/We declare that the above is a true and accurate statement, and that the information given is identical to what has been obtained from the foreign supplier.

Io (noi) allego i seguenti documenti atti a comprovare la transazione _____
I/We attach the following documents in support of the transaction.

Io (noi) dichiaro che il pagamento per questa importazione sarà effettuato attraverso la nostra Banca _____
I/We declare that the payment for this import will be made through our bankers

OPPURE. - OR

Io (noi) dichiaro che nessun pagamento sarà effettuato in rispetto all'importazione di cui sopra, per i seguenti motivi.
I/We declare that no payment will be made in respect of the above import, due to the following reasons

Nome ed indirizzo del richiedente _____ Data _____
Name and address of applicant Date

Nome ed indirizzo del richiedente _____ Data _____
Name and address of applicant Date

Firma / Signature

LICENZA D'IMPORTAZIONE N. _____
IMPORT LICENCE NUMBER

Visto il parere favorevole del Comitato per le Licenze N. _____ in data _____ il richiedente è autorizzato ad importare
Having seen the favourable opinion of the Licensing Committee No. dated the applicant is hereby authorised to im-

portare le merci specificate nella sua domanda. Questa licenza è valida, ai fini doganali, fino a _____ e non è trasferibile.
port the goods mentioned in his application. The present licence is valid, for Customs purposes, until and is not transferable.

Licenza n. _____

Data del rilascio _____ Per il Ministero dell'Industria e Commercio
Date of issue For the Ministry of Industry and Commerce

Spazio riservato per le annotazioni d'ufficio.
Space for office use.

[Empty rectangular box for office annotations]

NOTA: La presente domanda deve essere compilata a macchina o in caratteri stampati, ed è soggetta ad essere respinta se contiene errori e/o omissioni.
NOTE: The above application must be typewritten, or written in capital letters. - It is liable to be rejected if it contains erasures and/or omissions.

Modulo **C**
Form

REPUBBLICA SOMALA / SOMALI REPUBLIC
DOMANDA PER LICENZA DI COMMERCIO DI TRANSITO
APPLICATION FOR LICENCE FOR TRANSIT TRADE

Allegato **4**
Annex

Se il richiedente è un operatore registrato la
Al Ministero dell'Industria e Commercio. *If you are a Registered Trader give Registration*
To the Ministry of Industry and Commerce. registrazione ha il numero/Number _____

Il (1) sottoscritto. _____

The undersigned

rivolge domanda per ottenere la licenza ad effettuare operazioni di commercio di transito,
hereby applies for a licence to engage in a Transit Trade Transactions, as detailed below:
come di seguito specificate:

Descrizione delle merci _____

Description of goods _____

Classificazione statistica _____ Luogo di entrata in Somalia _____

Statistical classification _____ Place of entry into Somalia _____

Valore _____ Quantità/Peso _____

Value _____ Quantity/Weight _____

Paese d'origine _____ Paese di destinazione _____

Country of Origin _____ Country of Destination _____

Nome ed indirizzo del mittente _____
Name and address of Consignor _____

Nome ed indirizzo del consegnatario _____
Name and address of Consignee _____

Io (noi) affermo che le suddette merci non saranno introdotte in Somalia per la libera
I/We hereby affirm that the above mentioned goods will not be brought into Somalia for
e definitiva circolazione.
free or final circulation.

Nome ed indirizzo del richiedente: _____

Name and address of applicant: _____

Data/Date _____ Firma del richiedente / Signature of applicant _____

Licenza di Commercio di Transito N. _____

Transit Trade Licence Number

Visto il parere favorevole del Comitato per le Licenze n. _____ in data _____

Having seen the favourable opinion of the Licensing Committee No. _____ dated _____

si dà autorizzazione a compiere la predetta operazione di commercio di transito nella precisa
you are hereby authorised to engage in the above Transit Trade Transaction on the strict
intesa che le merci sopra elencate non siano introdotte in Somalia per la libera e definitiva
understanding that the goods mentioned therein will not be brought into Somalia for free or final
circolazione.
circulation.

Data del rilascio/Date of Issue _____ per il Ministero dell'Industria e Commercio
for the Ministry of Industry and Commerce

Spazio riservato alle annotazioni d'ufficio/Space for office use.

NOTA: La presente domanda deve essere compilata a macchina, o in caratteri a stampatello
ed è soggetta ad essere respinta se contiene abrasioni e/o errori.

NOTE: The above application must be typewritten, or written in capital letters. It is liable
to be rejected if it contains erasures and/or errors.

Modulo **D** REPUBBLICA SOMALA / SOMALI REPUBLIC
Form

Allegato **5**
Annex

Domanda per licenza concernente operazioni in servizi
Application for licence concerning Service Transactions

Alla Banca Nazionale Somala: *To the Somali National Bank:*

I (noi) sottoscritto

I/We the undersigned

di

of

rivolgo domanda per la licenza a trasferire la somma di _____ attraverso
hereby apply for a licence to transfer the sum of _____ through

la Banca _____
Bank _____

di _____
to _____

di _____
of _____

per i seguenti motivi:
for the purpose indicated below.

Data/Date _____ Firma del richiedente/Signature of Applicant _____

Al _____
To (denominazione della Banca)/name of Bank

Visto il parere favorevole del Comitato per le Licenze N. _____ in
Having seen the favourable opinion of the Licensing Committee No.

data _____ il richiedente è autorizzato a trasferire la somma di _____
dated _____ the applicant is hereby authorised to transfer the sum of _____

attraverso la Vostra Banca, al beneficiario sopra indicato. La presente autorizzazione è
through your Bank, to the beneficiary indicated above. The authorisation is valid for

valida per _____ dalla data del rilascio.
from the date of issue.

LICENZA N./LICENCE No. _____ Per la Banca Nazionale Somala
Data del rilascio/Date of issue _____ For the Somali National Bank

L'art. 4 del D.P.R. 26 settembre 1984, n. 203 relativo alle restrizioni in conformità all'Ordinanza
Article 4 of the Presidential Decree No. 203 of 26 September 1984 on Restrictions under the
mento delle operazioni economiche con l'estero determina le operazioni in servizi soggette
Foreign Economic Transactions Ordinance specifies the Service Transactions subject to
a licenza.
licence.

Retro
Reverse

— 1019 —

Allegato
Annex **5**

Spazio supplementare ad uso del richiedente
Additional space for use of Applicant

Data _____
Date

Firma del richiedente/*Signature of Applicant*

Ad uso dell'operatore Autorizzato/*For use of Authorized Dealer :*

Dettagli di utilizzo della licenza [allegare la presente licenza al modulo H a prova del pagamento finale]

Details of utilization [Attach licence to Form H evidencing final payment].

Data di pagamento <i>Date of payment</i>	N. del Modulo H <i>Form H No.</i>	IMPORTO <i>AMOUNT</i>	timbro e firma dell'Operatore autorizzato <i>Stamp & Signature of Authorized Dealer</i>

Domanda per licenza concernente operazioni di esportazione di capitale
Application for licence concerning Capital Export Transactions

Alla Banca Nazionale Somala: *To the Somali National Bank:*
Io (noi) sottoscritto _____
I/We the undersigned
di _____
of
rivolgo domanda per la licenza a trasferire la somma di _____ attraverso _____
hereby apply for a licence to transfer the sum of _____ through _____
la Banca _____ a _____
Bank _____ to _____
di _____
of _____

per i seguenti motivi
for the purpose indicated below:

Data/Date _____ Firma del richiedente/Signature of Applicant _____

Al _____
To (denominazione della Banca)/name of Bank

Visto il parere favorevole del Comitato per le Licenze N. _____ in _____
Having seen the favourable opinion of the Licensing Committee No. _____ in _____
data _____ il richiedente è autorizzato a trasferire la somma di _____
dated _____ the applicant is hereby authorised to transfer the sum of _____
attraverso la Vostra Banca, al beneficiario sopra indicato. La presente autorizzazione è
through your Bank, to the beneficiary indicated above. The authorisation is valid for
valida per _____ dalla data del rilascio
from the date of issue.

LICENZA N./LICENCE No _____ Per la Banca Nazionale Somala
For the Somali National Bank
Data del rilascio/Date of issue _____

L'art. 5 del D P R 26 settembre 1964, n. 203 relativo alle restrizioni in conformità all'Ordi-
Article 5 of the Presidential Decree on Restrictions under the Foreign Economic Trans-
namento delle operazioni economiche con l'estero determina le operazioni di esportazione
actions Ordinance No. 203 of 26 September 1964 specifies the capital export transactions subject
di capitale soggette a licenza
to licence

Retro
Reverse

Allegato
Annex 5 (1)

Spazio supplementare ad uso del richiedente
Additional space for use of Applicant

Data _____
Date

Firma del richiedente/*Signature of Applicant*

Ad uso dell'operatore Autorizzato/*For use of Authorised Dealer :*

Dettagli di utilizzo della licenza [allegare la presente licenza al modulo H a prova del pagamento finale]

Details of utilization [Attach licence to Form H evidencing final payment].

Data di pagamento <i>Date of payment</i>	N. del Modulo H <i>Form H No.</i>	IMPORTO <i>AMOUNT</i>	timbro e firma dell'Operatore autorizzato <i>Stamp & Signature of Authorised Dealer</i>

Modulo
Form

D (2)

— 1022 —

REPUBBLICA SOMALA / SOMALI REPUBLIC

Allegato

Annex

5

Domanda per licenza ad effettuare operazioni d'importazione di capitale
Application for licence concerning Capital Import Transactions

Alla Banca Nazionale Somala: *To the Somali National Bank.*

Io (noi) sottoscritto

I/we the undersigned

di

of

rivolgo domanda per licenza ad ottenere la somma di _____ attraverso

hereby apply for a licence to receive the sum of _____ through

la Banca _____ dal Sig. _____

Bank _____ from Mr. _____

di

of

per i seguenti motivi:

for the purpose indicated below:

Data/Date _____

Firma del richiedente/Signature of Applicant _____

Al _____

To (denominazione della Banca) name of Bank

Visto il parere favorevole del Comitato per le Licenze N. _____ in

Having seen the favourable opinion of the Licensing Committee No.

data _____ il richiedente è autorizzato a ricevere la somma di _____

dated _____ the applicant is hereby authorised to receive the sum of _____

attraverso la Vostra Banca, dal nominativo sopra indicato. La presente autorizzazione è

through your Bank, from the payer indicated above. This authorisation is valid

valida per _____ dalla data del rilascio.

for _____ from the date of issue.

LICENZA N./LICENCE No. _____

Per la Banca Nazionale Somala

Data del rilascio / Date of issue _____ for the Somali National Bank

L'art. 6 del D.P.R. 26 settembre 1964, n. 203 relativo alle restrizioni in conformità all'Ordinamen-
Article 6 of the Presidential Decree No. 203 of 26 September 1964 on Restrictions under the
to delle operazioni economiche con l'estero, determina le operazioni di importazione di ca-
Foreign Economic Transactions Ordinance specifies the Capital Import Transactions sub-
pitale soggette a licenza.
ject to licence.

Retro
Reverse

Spazio supplementare ad uso del richiedente
Additional space for use of Applicant

Allegato
Annex **5**

Data _____
Date

.....
Firma del richiedente/Signature of Applicant

Ad uso dell'Operatore Autorizzato/*For use of Authorized Dealer:*
Dettagli di utilizzo della licenza (da allegarsi al Modulo I a prova del definitivo regolamento)
Details of utilization of the Licence (Attach this licence to Form I evidencing final receipt).

<i>Data di ricevuta</i> <i>Date of Receipt</i>	<i>N. del Modulo I</i> <i>Form I No.</i>	<i>IMPORTO</i> <i>AMOUNT</i>	<i>Timbro e firma dell'Operatore autorizzato</i> <i>Stamp & Signature of Authorized Dealer</i>

Modulo **E** REPUBBLICA SOMALA / SOMALI REPUBLIC
Form

Domanda, da parte di non-residenti, per licenza ad effettuare investimenti esteri in Somalia, come specificati nella legge 18 febbraio 1960, n. 10 defined by Law No. 10 of 18 February, 1960

Alla Banca Nazionale Somala: / To the Somali National Bank:

Io (noi) rivolgo domanda per licenza ad effettuare investimenti esteri nella Repubblica Somala e fornisco di seguito le informazioni all'uso richieste:
I/We hereby apply for a licence concerning Foreign Investment in the Somali Republic and give below the full information relevant thereto:

Nome ed indirizzo del richiedente/Name & address of Applicant

Se l'investimento che si propone ha per oggetto/Is the proposed investment to be used.

- 1) di creare una nuova impresa produttiva SI/NO
To create a new productive enterprise YES/NO
- 2) di potenziare, rinnovare, riattivare, o trasformare un investimento già esistente SI/NO
To enlarge, renew, reactivate or transform an existing investment YES/NO

Dettagli/Details:

Si propone di trasferire in Somalia: / Is it proposed to transfer into Somalia:

- 1) Valuta estera. In caso affermativo l'importo è di _____
Foreign currency. If Yes, give Amount
- 2) Macchinario, equipaggiamenti, pezzi di ricambio, installazioni, materiali da costruzione ed altre forniture SI/NO
Machinery, equipment, spare parts, installations, building materials and any other supplies? YES/NO

In caso affermativo i dettagli e la stima di valore di tali trasferimenti sono:
If YES give particulars and assessment of the value of such transfers:

Per ogni altra informazione relativa all'investimento che si propone, si invita ad usare il rovescio di questo foglio.
For any other relevant information pertaining to the proposed investment, please use the reverse of this sheet.

Data /Date _____ Firma del richiedente /Signature of Applicant _____

NOTA: compilare a macchina la domanda
NOTE: please type the application

REPUBLICA SOMALA / SOMALI REPUBLIC
 Modulo F Dichiarazione per l'esportazione, per ragioni di controllo valutario
 Form Export Declaration for exchange control purposes

Se il richiedente è un operatore registrato la registrazione ha il N. _____ Dichiarazione N. _____
 If you are a Registered Trader, give No. _____ Declaration No. _____
 Nome ed indirizzo dell'esportatore _____ se le merci sono a licenza
 Name and address of Exporter _____ If goods are under
 questa ha il n. _____ Paese di destinazione _____ Nome ed in-
 licenza give No. _____ Country of destination _____ Name and
 indirizzo dell'importatore straniero _____ mezzi di trasporto
 address of foreign importer _____ Means of Transport
 (navi, aerei, automobili) _____ se, nave denominazione _____
 (ship, air, lorry) _____ If ship, give name of vessel _____

Numero di statistica Statistical N.	DESCRIZIONE DELLE MERCI DESCRIPTION OF GOODS	Valore di Fattura Invoice Value	FOB / CIF	Controvalore in Sh. So. So. Sh. Equivalent	Valore FOB doganale Customs value FOB	Dazio Duty

Modo di pagamento/Method of payment.

Data _____ 196__ e numero di fattura _____ Il pagamento è stato /sarà/ effettuato attraverso
 Date _____ and Number of Invoice _____ Payment has been / will / be received through
 la Banca _____ Se il valore della fattura è CIF, ilnolo/assicurazione sarà
 our bankers, the Bank _____ If invoice value is _____ CIF, freight/insurance will be
 pagato a _____ per l'importo _____
 paid to _____ Amount _____

Se l'operazione non implica pagamenti spiegarne le ragioni. Non è sufficiente indicare semplicemente Franco Valuta.
 If no payment is involved, give reasons: It is not sufficient merely to state franco valuta.

Con la presente dichiariamo che l'esportatore ora nominato ha ritirato oggi le merci di cui sopra attraverso l'Ufficio do-
 We hereby declare that the Exporter named above has cleared today, goods as indicated above through the Customs
 generale di _____
 of: _____ Firma del dichiarante / Signature of Declarant

Certifico che i dettagli sopra forniti concordano con il contenuto del documento doganale n. _____
 I certify that the details given above agree with the Customs Entry No. _____
 In data / of date _____

Firma e timbro dell'Ufficio doganale / Signature & Stamp of the Customs

Retro
Reverse

Allegato
Annex **7**

Da compilarsi dalla Banca che agisce nell'operazione economica
To be filled in by the Bank engaged in the transaction.

Si certifica che il valore delle esportazioni specificate a pagina precedente, è stato ricevuto attraverso questa Banca.
We hereby certify that the value of the exports shown on the reverse were received through our Bank by:

- a) con l'acquisto di valuta estera che ammonta a _____
Purchase of foreign currency totalling
- b) addebitando il conto «non-residenti» tenuto presso la nostra Banca da _____
debit to the nonresident account held in our bank by

_____ del (denominazione del paese) _____
of (name of country)

per l'importo di _____ scellini somali
in the amount of _____ Somali Shillings.

Data di pagamento <i>Date of receipt</i>	(*) Riferimento numeri di dichiarazioni per pagamenti somali <i>Reference to declaration numbers for connected receipts</i>	IMPORTO - AMOUNT		Firma e timbre della Banca <i>Signature & Stamp of the Bank</i>
		Valore di fattura <i>Invoice Value</i>	Altre Commissioni <i>Other charges</i>	

(*) Per il ricevimento di pagamenti anticipati o di pagamenti parziali posticipati, citare il numero di cui al Modulo I(1).
() For receipt of prepayments or partial postpayments, quote Form I(1) number.*

REPUBBLICA SOMALA / SOMALI REPUBLIC
Modulo Form G Dichiarazione per l'importazione, per ragioni di controllo valutario.
 Import Declaration for exchange control purposes

Se il richiedente è un operatore, la registrazione ha il N. _____ Dichiarazione N. _____
 If you are a Registered Trader, give No. _____ Declaration No. _____

Nome ed indirizzo dell'importatore _____ se le merci sono a licenza,
 Name and address of importer _____ If goods are under
 questa ha il n. _____ Paese di origine _____ Nome ed in-
 licenza give No. _____ Country of origin _____ Name and
 indirizzo dell'esportatore straniero _____ mezzi di trasporto
 address of foreign exporter _____ Means of Transport
 (navi, aerei, automobili) _____ se, nave denominazione _____
 (ship, air, lorry) _____ If ship, give name of vessel _____

Numero di Statistica Statistical N.	DESCRIZIONE DELLE MERCI DESCRIPTION OF GOODS	Valore di Fattura Invoice Value	FOB / CIF	Controvalore in Sh. So. So. Sh. Equivalent	Valore LIF doganale Customs value CIF	Dazio Duty

Modo di pagamento/Method of payment _____

Data _____ 196__ e numero di fattura _____ il pagamento è stato /sarà/ effettuato attraverso
 Date _____ and Number of Invoice _____ Payment has / will be / made through
 la Banca _____ Se il valore della fattura è FOB, il nolo/assicurazione sarà
 our Bankers, the Bank _____ If invoice value is _____ job, freight/insurance will be
 pagato a _____ per l'importo _____
 paid to _____ Amount

Se l'operazione non implica pagamenti spiegare le ragioni. Non è sufficiente indicare semplicemente Franco Valuta.
 If no payments is invoiced, give reasons: It is not sufficient merely to state franco valuta:

Con la presente dichiariamo che l'importatore ora nominato ha ritirato oggi le merci di cui sopra attraverso l'Ufficio doganale
 We hereby declare that the Importer named above has cleared today, goods as indicated above through the Customs
 di _____

o/ _____ Firma del dichiarante /Signature of Declarant

Affermo che i dettagli sopra forniti concordano con il contenuto del documento doganale n. _____
 I certify that the details given above agree with the Customs Entry _____ No.
 in data / of date _____

Firma e timbro dell'Ufficio doganale / Signature & stamp of the Customs

Retro
Reverse

Allegato
Annex **8**

Da compilarsi dalla Banca che agisce nell'operazione economica
To be filled in by the Bank engaged in the transaction.

Si certifica che il valore delle importazioni specificate a pagina precedente, è stato ricevuto attraverso questa Banca:
We hereby certify that the value of the imports shown on the reverse was paid through our Bank by:

- a) con la vendita di valuta estera che ammonta a _____
Sale of foreign currency totalling
- b) accreditando il conto «non-residenti» tenuto presso la nostra Banca da _____
credit to the nonresident account held in our bank by

_____ del (denominazione del paese) _____
of (name of country)

per l'importo di _____ scellini somali
in the amount of _____ Somali Shillings.

Data di pagamento Date of payment	(*) Riferimento a numeri di autorizzazione per pagamenti connessi Reference to authorisation numbers for connected payments	IMPORTO - AMOUNT		Firma e timbre della Banca Signature & Stamp of the Bank
		Valore di fattura Invoice Value	Altre Commissioni Other charges	

(*) Per il pagamento anticipato citare il numero di cui al Modulo H (2); per il parziale pagamento posticipato citare il numero di cui al Modulo H (3).

(*) For advance payment quote Form H (2) number; partial post-payment quote Form H (3) number

Modulo
Form **H**

REPUBBLICA SOMALA / SOMALI REPUBLIC

Annex

Domanda per l'autorizzazione ad effettuare pagamenti in relazione ad operazioni diverse dalle importazioni di merci
Application for Payments Authorisation in respect of Transactions other than Import of goods

Alla Banca _____

To Bank

Io (noi) rivolgo domanda per ottenere l'autorizzazione a pagare la somma di _____
I/we hereby apply for authority to pay the sum of _____

_____ al Sig. _____
to Mr. _____

di _____ per il seguente motivo :
of _____ for the following purpose:

Nome ed indirizzo del richiedente _____
Name and address of applicant.

Data : _____
Date : _____

Firma del richiedente
Signature of Applicant

Alla Banca Nazionale Somala :
To the Somali National Bank :

N. di Ril. dell'O.A. _____
Ref. No. of A.D. _____
Ad uso della B.N.S. - for use of B.N.S.

Abbiamo, in data di oggi rimesso valuta estera al (o accreditato il conto «non-resident»
We have today remitted foreign exchange to (or credited the nonresident account with
presso di noi del) beneficiario sopra indicato, per la somma di _____
us of) the beneficiary indicated above, in the sum of _____

Data _____
Date _____

Firma e timbro dell'Operatore autorizzato
Signature and Stamp of Authorized Dealer

Se per l'operazione è richiesta licenza, questa ha il numero _____ e l'originale
If Transaction is under Licence, give Number _____ and attach
di tale licenza deve essere allegato al Modulo H a prova del pagamento finale.
original of licence to Form H evidencing final payment.

Modulo Form **H (1)** REPUBBLICA SOMALA/SOMALI REPUBLIC

Annex

9 (1)

Domanda per l'autorizzazione ad effettuare pagamenti in relazione ad importazioni, owo Application for Payments Authorisation in respect of Imports where an Import Declaration is not required

Se il richiedente è un operatore registrato la Registrazione ha il n. _____
If you are a Registered Trader, give Registration number

Alla Banca _____
To the Bank

Io (noi) rivolgo domanda per ottenere l'autorizzazione a pagare la somma _____
I/we hereby apply for authority to pay the sum _____
di _____ al Sig. _____
of _____ to Mr. _____

_____ di _____
_____ of _____

per gli importi di cui appresso Questi importi sono esenti da dichiarazione d'importazione.
for the imports indicated below. These imports are exempt from Import Declaration:

Numero di Statistica Statistical Number	Descrizione delle merci Description of goods	Quantità Peso Quantity Weight	Valore di Fattura Invoice Value	CIF/FOB	Paese d'origine Country of origin

Se il valore della fattura è FOB, il nolo/assicurazione sarà pagato a _____
If invoice value is FOB, freight/insurance will be paid to _____

per l'importo _____
Amount

Nome e indirizzo del richiedente:
Name and address of applicant:

Data _____
Date

_____ Firma del richiedente/Signature of Applicant

Alla Banca Nazionale Somala:
To the Somali National Bank

N. di RIL dell'O.A. Ref. No. of A.D. _____
Ad uso della B.N.S. - For use of B.N.S.

Abbiamo, in data di oggi, rimesso valuta estera al (o accreditato il conto «non-residenti»
We have today remitted foreign exchange to (or credited the nonresident account with
presso di noi del) beneficiario sopra indicato, per la somma di _____
us of) the beneficiary indicated above, in the sum of _____

Data _____
Date

_____ Firma e timbro dell'Operatore autorizzato
Signature and Stamp of Authorised Dealer

Istruzioni al richiedente: - Al sensi del terzo comma dell'art. 7 del Decreto del Ministro dell'Industria e Commercio 25 settembre 1964, n. 204, l'importazione delle merci specificate nel secondo comma dell'art. 3 del D.P.R. 25 settembre 1964, n. 203 è esente da dichiarazione d'importazione.
require an import declaration

Modulo
Form **H (2)**

REPUBBLICA SOMALA / SOMALI REPUBLIC

9 (2)

Domanda per l'autorizzazione ad effettuare pagamenti in relazione a pagamenti anticipati
Application for Payments Authorisation in respect of Advance Payments for Imports
per importazioni

Se il richiedente è un operatore registrato, la registrazione ha il n. _____
If you are a Registered Trader give Registration No.

Se le merci sono soggette a licenza, essa ha il n. _____
If goods are under licence, give the licence No.

Alla Banca/To Bank _____

Io (noi) rivolgo domanda per ottenere l'autorizzazione ad effettuare un pagamento an-
I/We hereby apply for authority to make an Advance

icipato, al Sig. _____
Payment to Mr.

di _____ per l'importo
of _____ in the sum
di _____ in relazione ad importazioni, i cui dettagli sono forniti di seguito
of _____ in respect of imports details of which are given below.

Numero di Statistica Statistical Number	Descrizione delle merci Description of goods	Quantità Peso Quantity Weight	Valore di fattura Invoice Value	FOB / CIF	Paese d'origine Country of origin

Io (noi) dichiaro che le merci saranno introdotte in Somalia entro _____ mesi
I/We declare that the goods will be brought into Somalia within _____ months
dalla data di questa domanda.
of the date of this application.

Nome e indirizzo del richiedente
Name and address of applicant

Data _____
Date _____ Firma del richiedente/Signature of Applicant

Alla Banca Nazionale Somala:
To the Somali National Bank

N. di RII. dell'O.A.
Ref. No. of A.D.
Ad uso della B.N.S. - For use of B.N.S.

Abbiamo, in data di oggi rimesso valuta estera al (o accreditato il conto «non-resident»
We have today remitted foreign exchange to (or credited the nonresident account with
presso di noi del) beneficiario sopra indicato, per la somma di _____
us of) the beneficiary indicated above, in the sum of _____

Data _____
Date _____ Firma e timbro dell'Operatore autorizzato
Signature and Stamp of Authorized Dealer

NOTA all'Operatore Autorizzato: l'originale della relativa Dichiarazione d'importazione de-
ve essere trasmesso alla Banca Nazionale Somala, non appena esso vi sarà rimesso
dalle Dogane.

NOTE to Authorized Dealer: As soon as the Original of the connected Import Declaration is
forwarded to you through the Customs, it should be transmitted to the Somali National
Bank.

ANNEX A III

Law No. 54 of 1st January, 1975, on penalties in respect of offences committed in the trade, currencies and customs regulations.

THE PRESIDENT OF THE SUPREME REVOLUTIONARY COUNCIL

HAVING SEEN the first and the second chart of the revolution;
HAVING SEEN the law establishing the national security court and the regional courts;

HAVING SEEN the laws No.1 of 31 March, 1969, on custom tariff, Law No.12 of 26 September, 1964, on foreign economic transactions, Law No. 12 of 8 August, 1966 on collection of tax;

RECOGNIZING the need for reforming and up-ating the national laws for the benefit of the people;

HAVING CONSIDERED the necessity to transfer the offences in respect to trade, currencies and costoms regulations, under the jurisdiction of the national security court;

HAVING HEARD both the supreme revolutionary and the council of state secretaries;

HEREBY PROMULGATES
the following law:

Art.1

Except as otherwise provided in this act, the offences referred to in the following articles shall come under the jurisdiction of the national security court.

Art.2

Whoever smuggles from the country or into the country goods of any kind or the proceeds thereof with the intent to evading the payment of any duty or other tax due thereon, shall be punished according to the provisions contained in the paragraphs below:

A) So.Sh. 10,000 up to So.Sh. 50,000; 5 to 10 years of impr-

isonment and a fine of 3 up to 10 times of the amount of tax due.

B) So.Sh. 51,000 up to 100,000; 10 to 20 years of imprisonment and a fine of 3 up to 15 times of the amount of tax due.

C) So.Sh. 100,000 and more.

1) 15 to 30 years of imprisonment and a fine of 10 up to 20 times of the amount of tax due.

2) In particularly serious cases, the smuggler shall be punished with imprisonment for life; and fine of 10 up to 25 times of the amount of tax due.

3. Whenever the smuggling action was aimed to cause detriment to the national economy, the person(s) involved shall be punished with death.

Art.3

Whoever imports or exports Somali Shillings, foreign exchange, gold, jewels, dymond etc., without the prescribed authorization, shall be punished according to the provisions contained in the paragraphs below:

A) So.Sh. 5,000 up to So.Sh. 50,000; 5 to 10 years of imprisonment, and a fine of 3 up to 10 times of the value of the amount involved.

B) So.Sh. 51,000 up to So.Sh. 100,000; 10 to 20 years of imprisonment, and a fine of 5 to 15 times of the value involved.

C) So.Sh. 100,000 and more:

1) 15 up to 30 years of imprisonment, and a fine of 10 to 20 times of the value involved.

2) In particularly serious and aggravated cases, the smuggler shall be punished with imprisonment for life, and fine of 10 to 25 tires of the value involved.

- 3) Whenever the smuggling action was purposely organized to cause detriment to the national economy the person(s) accused shall be punished with death.

Art.4

The means of transportation carrying exclusively smuggled goods or valuable items having a total value exceeding the value of the means of transportation itself, shall be confiscated, provided the owner is able to prove his bona fide.

Art.5

Where a Somali citizen or a foreigner living in the territory of the state, trades with a state which is in a state of war with the SDR, or which has been declared as a hostile state by the SDR, he shall be punished with 5 years of imprisonment up to death.

Art.6

- 1) Whoever violates with the intent to obtain illegal profit for himself or for another, collects clandestinely foreign exchange without the prescribed authorization shall be punished with imprisonment of 5 up to 15 years and fine of So.Sh. 10,000 up to So. Sh. 50,000.

- 2) Whoever aids or participates directly or indirectly in the commission of the offences above, shall be punished with the terms referred to in paragraph 1 of this article.

Art.7

The public officer in charge with the supervision, control and collection of the taxes due for the state, who in the exercise of his function, has for any purpose aided person(s) to contravene any of the provisions of this law, or assisted him in order not to pay the tax due, thus preventing the tax office from recovering totally or partly the tax, shall be punished as referred below:

- Imprisonment period ranging from 5 to 15 years.
- Fine from So. Sh. 5,000 to So.Sh. 10,000.
- Payment to the state treasury the sum of the tax missed.

Art.8

1) The normal regional courts shall have jurisdiction with respect to offences which do not constitute more serious and involve smuggled valuables, having value of less than So.Sh.10,000.

2) The accused person(s) charged with the above offence shall be punished with imprisonment for a term of up to 2 years and fine of 3 up to 10 times of the value of the goods or tax due involved.

Art.9

The person(s) who commits the offence referred to in Art.8 above, shall, according to the law No.12 of 8 August, 1966, be able to settle the case administratively within 15 days starting from the day he has been accused for the offence.

Art.10

1) All goods, currencies, gold and any other valuables which has been involved and constituted the body of the crime shall be confiscated.

2) The proceeds from the sale of these goods shall be transferred to the state treasury.

Art.11

Any law or provisions contrary to or inconsistent with this law is hereby abrogated.

Art.12

This law shall enter into force on the day of its signature by the President of the Supreme Revolutionary Council.

The President of SRC

Mohamed Siyad Barre

Mogadishu; January 1, 1975

ANNEX A IV

Circular No. WG/G/1-86 of 15 January 1976, on authorization of imports in goods under FVS.

To: All Ministries
" All Public Agencies
" All Regional Governors
" The Central Bank of Somalia
" The Commercial Bank of Somalia
" The head of the Fiscal Police
" The Customs Dpt (M. of Finance)
cc: The Presidency of SRC
" The Economic Committee at the Presidency of SRC
" The representative of the M. of Commerce at Burao (Togdher Region)
" " " " " " " Hargeisa (N. West Region)
" " " " " " " Bosaso (Bari Region)

The above listed governmental bodies are herein informed that the Ministry of Commerce has officially authorized the importation of goods into the country under FVS.

However, the importation of the goods under the FVS shall be subject to the following conditions:

- 1) Whoever intends to import goods under FVS shall prior to the importation of the goods, submit to the public body responsible for the importation and distribution of the goods involved, samples of the same goods supported by a proforma invoice indicating the C.I.F. prices, delivery time and other terms and conditions.
- 2) The Ministry or the Public Agency responsible for the importation of these goods, being satisfied of the terms and conditions submitted, shall enter into written commitment

(24)

with the trader for the transfer of the goods to the Agency or the Ministry.

- 3) The Ministry or the Agency shall pay the trader the amount agreed, provided the terms and conditions stipulated are satisfactorily respected by the trader.

The Minister of Commerce
Ahmed Mohamud Mohamed

ANNEX A V

Law No. 2 of 14 January, 1979, - Amendment to the establishing law of the National Committee for procurement and development.

THE PRESIDENT OF SOMALI DEMOCRATIC REPUBLIC

HAVING SEEN the 1st, the 2nd and the 3d chart of the revolution;

HAVING SEEN the laws No. 17, No.18, and No.19 of 1st July, 1976, governing the authorities of the party over the government;

HAVING SEEN the law No. 19 of 6 April, 1978, establishing the National Committee for Procurement and Development;

RECOGNIZING the need for enhancing the functions and authorities of the aforesaid Committee thus enabling it to smoothly achieve its objectives;

TAKING NOTE the approval of the Polit Bureau and the Council of Ministers;

HEREBY PROMULGATES

the following law:

Art.1

The National Committee for Procurement and Development established with the law No.19 of 6 April 1978, shall be hereinafter called the National Committee for Procurement and Governmental Contracts, and it shall be hereinafter referred to as "the Committee".

Art.2

The Committee shall be an organ of the public administration coming under the Presidency of the Republic.

Art.3

The Committee shall have its head office in Mogadishu and may establish offices in other places in the Somali Democratic Republic.

Art.4

The Chairman and the vice Chairman of the Committee shall be

members of the party Central Committee, and they shall be appointed by decree of the President of SDR.

Art.5

The Committee shall consist of the members comprising:

- a) The Chairman
- b) The Vice Chairman
- c) Two persons of recognized financial, administration, law and commerce competence.
- d) The Minister of Finance.
- e) The Minister of Commerce
- f) The Governor of the Central Bank of Somalia
- g) One Secretary.

Art.6

The Committee shall be a policy decision organ on the matters affecting the public bodies' purchases and contracts, and shall in this capacity have the authority:

- a) to establish the general terms and conditions for government contracts and purchases;
- b) to decide on the allocation of the foreign exchange resources;
- c) to decide on applications for licenses for transactions in goods, services and capital;
- d) to accept the applications for registration submitted by the foreign investors;
- e) to approve contracts by means of private negotiation or open competitive bids;
- f) to render advice and guidance to the sub-committees for purchases and contracts existing in the Ministries and the public agencies.

Art.7

- 1) The decisions adopted by:
 - The Chamber of Commerce

- The Licensing Committee
- The Foreign Investment Committee
- The sub-committees for purchases and contracts existing in the Ministries or in the public Agencies, on matters relating to issue of licences, allocation of foreign exchange resources, purchases and contracts, application for registration etc. shall be regarded solely as an advise to the National Committee.

2) The National Committee shall exercise direct control over the actions of the sub-committees existing in the Ministries and the public Agencies, and may lay down for them rules and procedures and issue directives in order to ensure that they act in accordance with the law.

Art.8

Any law or provisions contrary to or inconsistent with this law is hereby abrogated.

Art.9

This law shall enter into force on the day of its publication in the official bulletin.

The President of SDR
Mohamed Siyad Barre

ANNEX A VI

Law No.4 of 30 October, 1981, concerning imports under Franco Valuta system.

THE PRESIDENT OF SOMALI DEMOCRATIC REPUBLIC

HAVING SEEN Art.69 of the constitution of Somali Democratic Republic;

HAVING SEEN Law No.12 of 26 September 1964, concerning foreign economic transactions;

HAVING SEEN law No.5 of 11 December, 1968, concerning the customs tariffs;

HAVING HEARD the council of Ministers;

ON THE PROPOSAL of the Minister of Finance;

HEREBY PROMULGATES

the following law:

Art.1

All goods which at present are under the customs consignment and previously imported under Franco Valuta system, as well as the goods being imported under Franco Valuta system and entering in the customs within the date of 15 November 1981, shall be subject to the ordinary tax, plus a surtax (fine) equivalent to the amount of the tax charged.

Art.2

The goods which shall be imported under Franco Valuta system beyond the date mentioned in Art.1, shall be confiscated.

The Ministry of Finance is responsible to sell these goods in public auction within the premises of the customs. The proceeds from the public auction shall be transferred to the state treasury.

Art.3

Personal effects shall be subject to Art.20 of the provisions governing the customs tariff. Goods imported for personal use and not for commercial purposes shall be taxed accordingly.

Art.4

The Minister of Commerce shall authorize the importation by Franco Valuta system of nonessential items for which the Central Bank of Somàlia has not granted a letter of Credit.

Art.5

This law shall enter into force on the day of its signature by the President of Somali Democratic Republic. It shall be published in the official bulletin and submitted for rectification to the standing committee of the Parliament.

Art.6

Any law or provisions contrary to or inconsistent with this law is hereby abrogated.

The President of SDR
Mohamed Siyad Barre

Mogadishu; October 30, 1981.

ANNEX A VII

Law No.64 of December 12, 1981, concerning the authorization of importation and distribution of goods.

THE PRESIDENT OF SOMALI DEMOCRATIC REPUBLIC

HAVING CONSIDERED the approval of the standing committee of the Parliament;

HAVING HEARD the council of Ministers;

HEREBY PROMULGATES

the following law:

Art.1

1) Public bodies (Enterprises), Private companies and traders (Physical and Juridical persons) are authorized to carry out the importation of goods and their distribution in the country.

2) The present act shall exclude the importation of those goods whose importation are prohibited by special provisions.

Art.2

Any law or provision contrary to or inconsistent with this law is hereby abrogated.

Art.3

This law shall enter into force on the day of its publication in the official bulletin.

The President of S.D.R
Mohamed Siyad Barre

Mogadishu; December 12, 1981.

ANNEX A VIII

Law No. 65 of 12 December, 1981, on the restoration of the authority of the Licensing Committee.

THE PRESIDENT OF SOMALI DEMOCRATIC REPUBLIC

TAKING NOTE of the approval of the standing committee of the Parliament;

HEREBY PROMULGATES

the following law:

Art. 1

1) The Licensing Committee shall be reestablished, and it shall resume its authorities granted in accordance with the provisions of law No. 12 of 26 September, 1964.

2) All authorities and functions of Licensing Committee, previously suspended pursuant to law No. 19 of 6 April, 1978, parag. 3, establishing the National Procurement and Economic Development Committee, are hereby reconstituted and reconferred to the said Licensing Committee.

Art. 2

Any law or provisions contrary to or inconsistent with this law is hereby abrogated.

Art. 3

This law shall enter into force on the day it shall be signed by the President of S.D.R.

The President of SDR
Mohamed Siyad Barre

Mogadishu; December 12, 1981

ANNEX A IX

Law No.4 of 11 August, 1982, concerning the use of the foreign exchange earned from exports for the purchase and importation of certain specified goods.

THE PRESIDENT OF SOMALI DEMOCRATIC REPUBLIC

HAVING CONSIDERED both the approval of the Central Committee of the Party and the standing committee of the Parliament;

ON THE PROPOSAL of the Ministries of Commerce, Finance and Fishery;

HAVING HEARD the Council of Ministers;

RECOGNIZING the urgent necessity to promote the exports;

HEREBY PROMULGATES

the following law:

Art.1

1) The Minister of Commerce having heard the opinion of the Minister of Finance or any other Minister concerned shall authorize the export of goods involving prepared fish, handicrafts, salt and other minor items produced in country.

2) The proceeds from exports of the goods referred to in the above paragr. shall be repatriated within a period of time to be fixed by the Minister of Commerce.

3) The exporter shall be able to use the foreign exchange earned for the purchase and importation of the following goods: Coffee, Radio Battery, Potatoes, Garlic, Cardamon, Cloves and other spices.

4) Goods referred to in paragr.3, shall be imported solely from the countries to which the prepared fish and handicrafts were previously exported.

Art.2

The export licence shall indicate the value of the goods being exported, as well as the time within which the exporter is

required to repatriate the export proceeds either in kind or in foreign exchange.

Art.3

1) Import prices of the goods referred to in Art.1 paragraph 3 of this law shall be based on the quotations of these goods in the International Markets, and their selling prices shall be fixed by the Ministry of Commerce.

Art.4

If the total value of the goods imported by the trader exceeds the value of the goods previously exported, the difference shall be deemed to have been imported illegally and shall be forfeited.

Art.5

1) The trader who obtained the authorization to export the goods referred to in Art.1 paragraph 3 of this law shall be required to make a deposit as a guarantee for the repatriation of the export proceeds.

2) The trader who fails to repatriate the export proceeds within the time limit prescribed shall lose the deposit, and in addition he shall be deemed to have violated the provisions contained in Art.9 of this law.

Art.6

1) The Minister of Commerce in consultation with the Minister of Finance shall prepare a special form indicating the time limit within which the applicant shall repatriate the foreign exchange proceeds, the country to which the goods shall be exported, the ports and transportation means which shall be used for the export of goods.

2) A licence granted for such transactions shall be valid for three months period. If the licence has expired, its validity shall be extended only for another three months.

Art.7

The Ministry of Commerce, the Ministry of Finance and the Fiscal Police shall be responsible for the supervision, and control of the performances of this system.

Art.8

The Minister of Commerce shall once every six months submit to the council of Ministers a detailed report on the performances of such foreign transactions in goods as well as on the policy questions relating to the regulation and control of such trade activities.

Art.9

The trader who fails to repatriate in the country the export proceeds either in the form of foreign exchange or in the form of commodity imports shall be deemed to have illegally carried out foreign transactions and hence shall be punished according to the provisions of law No.54 of 1st January, 1975.

Art.10

This law shall enter into force on the day of its signature by the President of S.D.R. and shall be published in the official bulletin and submitted to the standing committee of the Parliament for approval.

The President of S.D.R.

Mohamed Siyad Barre

Mogadishu; 11 August, 1982

ANNEX A X

Decree law No.12 of 11 August, 1982, on foreign exchange control and Licensing Committee.

THE MINISTER OF COMMERCE

HAVING SEEN Art.69 of the constitution of Somali Democratic Republic;

TAKING NOTE of the recent economic policy decisions adopted by the council of Ministers;

HAVING SEEN Art.8 of the law No.12 of 26 Septemeber, 1964;

HAVING SEEN the law No.65 of 12 December 1981, concerning the restoration of the authority of the Licensing Committee;

ISSUES

the following decree on the nomination of the Banadir region Licensing Committee:

Art.1

The foreign exchange control and Licensing Committee of the Banadir Region shall consist of:

- 1) The Director General of the Ministry of Commerce, as Chairman.
- 2) The Director of the Licensing and foreign exchange control department of the M. of Commerce, as Secretary.
- 3) The Director of the customs' department of the Mis. of Finance, as member.
- 4) The Director of the inland tax department of the M.of Finance, as member.
- 5) The Director of Foreign exchange control Dpt. of the Central Bank of Somalia, as member.
- 6) The Director of the International Division of the Somali Commercial Bank, as member.
- 7) The Commander of the Fiscal Police, as member.

Art.2

In the absence of the chairman, the secretary, namely the Director of foreign exchange control and licensing department of the Ministry of Commerce, shall temporarily exercise the function of the committee's chairman.

Art.3

The Licensing Committee of the regions of: North-west, Togdheer, Sanaag, Bari, and Lower Jubba, shall consist of:

- 1) The regional coordinator (representative) of the M. of Commerce, as Chairman.
- 2) The regional coordinator of the Ministry of Finance, as member.
- 3) Regional Superintendent of the customs of the M. of Finance, as member.
- 4) The branch Director of the Central Bank of Somalia, as member.
- 5) Regional superintendent of the Commercial Bank of Somalia, as member.
- 6) Regional Commander of the Fiscal Police, as member.

Art.4

Any law or provisions contrary to and inconsistent with this law is hereby abrogated.

Art.5

This law shall enter into force on 25 July, 1982, and shall be published in the official bulletin.

The Minister of Commerce
Mohamed Omar Jama

Mogadishu; August 11, 1982

ANNEX A XICENTRAL BANK OF SOMALIA

Circular No. 206/81 on Dual exchange rate system and new interest rate structure.

To: Commercial and Savings Bank of Somalia
" Central Bank of Somalia
" Somali Development Bank
" Ministry of Commerce
" Ministry of Finance
" Ministry of Foreign Affairs
" Economic Committee
" National Committee for Procurement & Contracts

In conformity with the decision taken by the Central Committee of the SSRP and the Council of Ministeries regarding the new economic stabilization program, the Central Bank of Somalia introduces the following measures:

- 1) With effect from 1st July 1981 a dual exchange rate system shall be introduced.
- 2) Concomitantly, a new interest rate structure shall be introduced.

The dual exchange rate system shall operate as follows:

A) 1st foreign exchange market

This market will apply to the following selected imports:

- Foodstuffs: Rice, Sugar, Flour, Past, Tea, Coffee, Edible Oil, Maize, Sorghum, Wheat and Dates;
- Medicines and Chemicals;
- Manufacturing raw materials;
- Spare parts;
- Agricultural inputs.

The exchange rate shall remain at its previous level of

So.Sh. 6.3575 = 1 US \$ Dollar.

B) 2nd foreign exchange market

This market will apply to:

- a) payments for imports other than those specified above and for all invisibles;
- b) Receipts from exports, worker's remittances and other invisibles.

The exchange rate shall be So.Sh. 12.7146 = 1 US Dollar..

T) External accounts

External accounts in US Dollars may be opened in favour of:

- a) Livestock exporters;
- b) Somalis working abroad;
- c) other Somali nationals with foreign exchange earned abroad.

External accounts shall be subject to the following rules:

- i) The accounts shall be kept in the name of the original holder and such name can neither be changed nor transferred.
- ii) The accounts shall be administered by the Commercial and Savings Bank of Somalia. These accounts can either be current accounts or savings accounts, and shall be designated "External accounts" to be separated from non-resident accounts which are opened only for foreigners.
- iii) External accounts may be credited with foreign exchange remitted from abroad (cheques, drafts, telegraphic transfer, mail transfer etc.) or with transfers from other external account. The exchange rate shall be So.Sh.12.4654 = 1 US Dollars;
- iv) Balances on external accounts may be used for the following purposes:
 - Travel expenses for the account holder and his family;
 - Payment for imports authorized by the Ministry of Commerce;
 - Transfers to other external accounts;

J. Interest rate structure

With effect from 1st July 1981 interest rates on loans and deposits shall be as follows:

Credits: Central Bank of Somalia.

- Official discount rate 6.0% p.a.
- Government credits 6.0% p.a.

Commercial and Savings Bank of Somalia

- Credit to cooperatives and small scale farmers 10.0% p.a.
- Credit to public enterprises 10.0% p.a.
- Credit to the export sector 10.0% p.a.
- Credit to national private enter. 10.0% p.a.
- Credit to foreign enterprises 12.5% p.a.

Somali Development Bank

Medium term (2 - 6 Y) loan to:

- Agriculture and handicrafts 10.0% p.a.
- Industry and mining 10.0% p.a.
- Others 12.0% p.a.

Long term (7 - 20 Y):

- Agriculture and handicrafts 11.0% p.a.
- Industry and mining 12.0% p.a.
- Others 14.0% p.a.

CENTRAL BANK OF SOMALIA

THE GOVERNOR

Circular No. FDH 28/82 of 30 June, 1982, on economic stabilization program, phase II.

To: Commercial and Savings Bank of Somalia
 " Central Bank of Somalia
 " Ministry of Commerce
 " Ministry of Finance
 " Ministry of Foreign Affaires
 " Economic Committee

1) Unification of the dual exchange rate system

With effect from 1st July 1982, the first foreign exchange market is abolished and therefore exists only one foreign exchange market.

2) Changing the peg of the Somali Shilling

With effect from 1st July 1982, the peg of the Somalia Shilling is changed from the US Dollar to the SDR, with the following exchange rates:

<u>Foreign currency</u>		<u>Purchasing rate</u>	<u>Selling rate</u>
US \$ 1	So.Sh.	15.0551	15.3593
UK £ 1	"	25.8874	26.4104
DM 1	"	6.0375	6.1595
So.Sh.	Lit.	93.1901	Lit.91.3447
FrFr 1	So.Sh.	2.1789	2.2229
SwFr 1	"	7.0833	7.2263
DjFr 1	"	0.09973	0.10174
S.RL 1	"	4.3906	4.4792
K.D. 1	"	50.7301	51.7550
UAE Dinar 1	"	3.9585	4.0385
Bahrain Dirham 1	"	38.5454	39.3241
Oman RL 1	"	42.0719	42.9218
Qatar RL 1	"	3.9922	4.0729

3. New interest rates

a) Interest rates on Saving deposits

- Ordinary savings	8% p.a.
- Time savings:	
3 Months	8.5% p.a.
6 "	7.0% p.a.
12 "	9.5% p.a.
24 "	10.5% p.a.
Over 24 Months	11.0% p.a.

b) Interest rates on loans

- Official discount	8.0% p.a.
- Government credits	8.0% p.a.
- Credits to national enterprises	12.0% p.a.
- Credits to foreign enterprises	14.5% p.a.

CENTRAL BANK OF SOMALIA
THE GOVERNOR

Mogadishu; 29/6/1982

ANNEX A XII

Law No.1 of 1st January, 1984, on temporary importation of certain specified goods under Franco Valuta system.

THE PRESIDENT OF SOMALI DEMOCRATIC REPUBLIC

HAVING SEEN article No.69 of the constitution of SDR;

HAVING SEEN law No.4 of 30 October, 1981;

RECOGNIZING The urgent need for concerted efforts on the part of Somali Government and the people to overcome in due time the impact of the severe and prolonged drought in the country;

RECOGNIZING the role of the private sector in national economic development;

HAVING HEARD the council of Ministers;

ON THE PROPOSAL of the Minister of Finance;

HEREBY PROMULGATES

the following temporary law:

Art.1

While law No.4 of 30 October, 1981, on prohibition of import of goods under F.V. system, shall still remain in force, any physical or juridical person shall, without application for licenses, be temporarily authorized to engage import transactions involving the following goods: Water tanks, Trucks and medium sized road motor vehicles, Flour, Rice, Sugar, Edible Oil, Powdered Mil and tea.

Art.2

The import of road-motor vehicles shall exclude Buses and pick-up trucks, and in any case the importation of the road motor vehicles shall not be smaller than the Land-rover both in size and tonnage.

Art.3

The goods referred to in Art.1 above, shall be imported within the period of time comprising 1st January and 31 March 1984.

Art.4

All goods which shall be imported under F.V. system beyond the date mentioned in Art.3, shall be considered to have been imported in the country illegally, and hence, they shall be confiscated.

Art.5

Public enterprises and the Governmental Agencies shall be categorically prohibited to purchase from the private traders the goods imported under the authorization of this law.

Art.6

The goods specified in Art.1 of this law and imported under FV System, shall be subject to the tax on trade according to the provisions governing the customs tariff.

Art.7

This law shall enter into force on 1st January, 1984, and it shall be published in the official bulletin, and thereafter submitted to the standing committee of the Parliament for rectification.

The President of SDR
Mohamed Siyad Barre

Mogadishu; January 1, 1984

ANNEX A XIII

Circular No. WG/G/1-85/84 of 3 March, 1984, supplement to Law No.1 of 1st January, 1984, on temporary importation of certain specified goods under FVS.

To: The Ministry of Finance
" The Central Bank of Somalia
" The Commercial Bank of Somalia
cc: The Presidency of SDR
" The Licensing Committee
" The Regional representatives of the Ministry of Commerce

The above listed governmental bodies are herein informed that, following the Law No.1 of 1st January, 1984, authorizing the importation of certain specified goods under FVS for 3 months period, the Ministry of Commerce extends this period by a further 3 months to end June 1984.

The Minister of Commerce
Mohamed Omar Jama

ANNEX BPROCEDURES RELATING TO IMPORT AND EXPORT TRANSACTIONS1. Import transactions

The following are the steps which the importer has to pass through in applying for foreign exchange:

Step I: The importer fills in and submits to the Ministry of Commerce (Licensing Committee) the import licence (Form B) supported by proforma invoice showing the price, quality of the goods, terms of consignment, method of payment etc.

Step II: Ministry of Commerce

At present the Licensing Committee does not meet regularly because of foreign exchange shortage. Instead, its chairman, the Director General of the Ministry of Commerce, decides on behalf of the committee on temporary basis. In the case of the Regional Licensing Committees, the representative of the Ministry of Commerce (chairman) decides of their behalf. The approval of the licence (Form B) takes normally 2 - 7 days.

Step III: National Insurance Company (SICOS)

The importer takes the licence duly approved to the National Insurance Company which issues the insurance certificate against a premium that depends on the type of the goods insured and the risks involved. This process takes 1 - 2 days.

Step IV: Commercial Bank

The import licence and related documents are then taken to the Secretariat Department of the Commercial Bank for onward transmission to the International Division which, after ascertaining the regularity of the documents sends the same documents to the Central Bank for authorization. This process takes 7-10 days.

Step V: Central Bank of Somalia

Import documents are at first taken to the Secretariat Department of the Central Bank which passes them to the Supervision and Auditing Department of the same Bank. The Central Bank taking into consideration the foreign reserve position authorizes the opening of the Letter of Credit and returns the documents back to the Commercial Bank.

This process takes 5 to indefinite number of days depending upon the availability of foreign exchange.

Step VI: Commercial Bank

Finally the documents are passed to the International Division of the Commercial Bank which keeps the documents 2 - 10 days before opening the letter of credit.

Imports by external account

When imports are financed by own foreign exchange (external accounts) the importer passes through the following institutions:

- Commercial Bank: From which he obtains a statement showing the balance of his external account.
- Ministry of Commerce: From which he obtains the licence form B duly approved by the Chairman of the Licensing Committee.
- National Insurance Company: To pay the premium depending on the type of insured goods.
- Commercial Bank: Which at end opens the Letter of Credit. This process takes 7 - 20 days, depending upon the influence of the importer.

2. Export transactions

The exporter has to pass through the following institutions:

Step I: Commercial Bank

The exporter is advised by the Commercial Bank that a Letter of Credit has been opened in his favour informing him the terms and conditions dictated by the foreign importer. He obtains form "A" from the same Bank to be submitted to the Licensing Committee.

Step II: Ministry of Commerce

The exporter submits to the Ministry of Commerce Form "A" together with the notice of Letter of Credit (if the export of that item is subject to L/C) or only Form A if no letter of credit is required. The Chairman signs the licence (Form A) on behalf of the Committee. This process takes 2 - 3 days.

Step III: Chamber of Commerce

Its task isto issue the certificate of origin for a commission depending on the type of the goods, and it takes 1 - 2 days.

Step IV: Commercial Bank

The Commercial Bank prepares Form F (export declaration) to be presented to the Customs' authority together with the other documents such as the export licence, the certificate of origin etc. The procedure takes 2 - 3 days.

ANNEX CCRITERIA FOR ALLOCATING FOREIGN EXCHANGE

The exchange control system of Somalia, at the time of its establishment, relied on a Licensing Committee to decide on applications for import licences and on an advisory commission to advise the Ministry of Commerce in laying down the criteria governing the issue of licences and allocation of foreign exchange.

The Criteria commonly adopted was based on the following considerations:

a) Prices and quality of the goods

The Committee was directed to ensure that irrespective of origin, and the quality being similar, imports are obtained at the most favourable c.i.f. prices.

b) Terms of consignment

Imports with the shortest time of delivery are to be preferred.

c) Method of payment

Preference must be give to applications involving no payment, those involving on medium term payment and those involving imports from countries with which Somalia has payment agreements with credit balances.

d) The relationship between demand and national need

The Licensing Committee, before issuing licenses in respect of items which are imported under commodity aid, should consider present stocks of such commodities.

Since the beginning of 1983, owing to the particularly difficult economic situation of the country, the powers of the Licensing Committee are actually overtaken by an adhoc committee consisting of:

- 1) The Director General of the Ministry of Commerce.
- 2) The Director General of the Central Bank.
- 3) The Director General of the Commercial & Saving Bank.

This Committee bases generally the foreign exchange allocation Criteria on personal experience and/or administrative discretion. However, the external debts of the Government, foodstuffs on short supply, medicine and petroleum products are given priority.

e) Annual import plan

Although the Ministry of Commerce requested on several occasions, the Ministries, public enterprises and private traders to prepare an annual import budget to be submitted to the same Ministry, this attempt has never been materialized.

ANNEX D I

Total number and value of applications and the intended use of the foreign exchange, during July - December 1981 and January - August 1982. (In "000" of So.Sh)

Uses	July - December 1981*		Total	%
	Public	Private		
Foodstuff	67.665	805.939	873.604	44.0
Beverages&Tobacco	7.543	4.352	11.895	0.6
Textiles&H/holds	20.053	87.777	107.830	5.4
Medicines&Chem.	52.191	13.857	66.048	3.3
Manuf.raw mat.	66.885	40.629	107.514	5.4
Agricul. inputs	19.972	2.700	22.672	1.1
Petr.products	232.848	-	232.484	11.7
Construc. mat.	14.204	164.166	178.370	9.3
Mach.&S.parts	186.472	58.320	244.792	12.3
Transportation	18.584	11.716	30.300	1.5
Farm machiner.	15.472	0.599	16.071	0.8
Others	25.841	65.741	91.582	4.6
T o t a l	727.730	1,255.796	1,983.526	100.0

Year	No. of meetings	No. of applications
1981	66	3815

Source: Ministry of Commerce (Form B)

* Imports under F.V. system was authorized up to Nov. 30, 1981.

January - August 1982*				
Uses	Public	Private	Total	%
Foodstuffs	-	2,391.773	2,391.773	46.6
Beverage & Tobacco	71.586	3.413	74.999	1.5
Textile & Households	-	173.382	173.382	3.4
Medicines & Chemic.	66.251	3.132	69.383	1.4
Manufacture raw mater.	39.010	62.694	101.704	2.0
Agricultural inputs	9.050	0.104	9.154	0.2
Petrol. Products	120.225	-	120.225	2.3
Construction mater.	9.980	1,691.270	1,701.250	33.1
Machineries & S. parts	289.305	99.518	388.823	7.6
Transportation	12.487	3.675	16.162	0.3
Farm machineries	15.027	5.622	20.649	0.4
Others	4.113	56.165	60.278	1.2
T o t a l	637.034	4,490.748	5,127.782	100.0

Year	No. of meetings	No. of applications
1982	33	2600

Source: Ministry of Commerce (Form B)

** Imports under F.V. system was banned.

January - December 1983 (in "000" of S/Sh)				
Uses	Public	Private	Total	%
Foods & affs	38.414	63.466	101.880	18.02
Beverages & Tobacco	110.844	0.021	110.865	19.61
Textile & H/holds	0.467	4.239	4.706	0.83
Medicines & Chem.	-	4.092	4.092	0.72
Manufacture raw mat.	9.283	33.195	42.478	7.51
Agricultural inputs	4.798	-	4.798	0.85
Petroleum	71.382	-	71.382	12.63
Construction mat.	4.384	74.277	78.661	13.90
Machineries & S.parts	77.872	20.211	98.083	17.35
Transportation	4.811	5.499	10.310	1.80
Farm machineries	25.413	0.855	26.268	4.65
Others	4.272	7.560	11.832	2.13
T o t a l	351.940	213.415	565.355	100.00

Year	No. of meetings	No. of applications
1983	-	736

Source: Ministry of Commerce (Form B)

ANNEX D II

Imports under external accounts. 1983 ("000" of So.Sh.)

<u>Items</u>		<u>%</u>
Foodstuffs	58.778	13.83
Beverage & Tobacco	4.548	1.07
Textiles & H/holds	46.410	10.92
Medicine & Chemicals	-	-
Manufacture raw material	18.275	4.30
Agricultural inputs	0.808	0.19
Petroleum products	-	-
Construction materials	171.573	40.37
Machineries & S. parts	11.093	2.61
Transportation	73.398	17.27
Farm machineries	-	-
Others	40.120	9.44
T o t a l	<u>425.033</u>	<u>100.00</u>

Source: Ministry of Commerce (Form B)

ANNEX DIIIImports by Commodities 1980-1983*(in Millions of So.SR)

<u>Items</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983**</u>
Foodstuffs	274.9	224.0	557.6n	264.0
Beverage & Tobacco	48.4	15.7	57.6	79.5
Textile & H/holds	20.9	23.7	22.5	23.1
Medicine & Chemicals	143.7	49.4	70.0	69.9
Manufactur raw mater.	29.7	48.2	75.9	75.6
Agricultural inputs	30.5	8.4	1.4	19.9
Petroleum	410.3	452.4	931.9	729.0
Construction mat.	32.4	58.7	203.2	263.2
Machineries & S.parts	240.2	141.2	219.8	126.3
Transports	236.5	128.2	157.4	129.3
Farm machineries	142.6	6.9	12.7	4.3
Others	<u>129.3</u>	<u>41.9</u>	<u>54.0</u>	<u>208.5</u>
T o t a l	<u>1,739.4</u>	<u>1,198.7</u>	<u>2,424.0</u>	<u>1,992.6</u>

Source: Central Bank of Somalia, Annual Report, 1982-1983

* Imports made against payments on foreign currencies

** January - September.

ANNEX EThe Parallel Market in SomaliaI. Introduction

From 1976 to 1981 a scheme known as Franco Valuta(F.V.) became active in Somalia. Under this scheme traders were given automatic permission to import goods into the country if they procure their own foreign exchange. The objective was to attract the remittances of Somali nationals working abroad at least in the form of commodities and thus ease the difficult supply situation. In time the scheme developed into a sizeable parallel market outside the interference of the authorities, where the rate of exchange depreciated continuously in response to market forces. On the other hand the official exchange rate remained pegged to the US Dollar and appreciated most of the time against the currencies of Somalia's principal trade partners.

This paper attempts to describe the evolution of the F.V. system, the forces operating in it and finally assess its implications on the economy.

II. Background

The origins of FV lie in the nationalization policies adopted by the government of Somalia in the early 1970s. Between 1970 and 1975 important steps were taken in the direction of nationalization of import trade. In the first phase the range of the commodities handled by the National Agency for Trade(ENCO) was enlarged to include all important foodstuffs; subsequently new agencies were established and made responsible for the importation of petroleum, construction materials and medicines and pharmaceutical products; and finally, in October 1975 all import trade was put under state monopoly and the number of the government agencies involved in the import business was brought to 12.

State Trading meant, among other things, to economize foreign exchange. However, for the importation and distribution of a given amount of goods the public agencies required and used more foreign exchange than private traders did, and this because of the following reasons: Dearth of managerial skill and lack of experience in the field of foreign trade, inadequate distribution system, wastage and mismanagement.

The above described situation resulted in an upsurge of imports facilitated by the generous access to credit facilities enjoyed by the public enterprises. As a result, the balance of payments shifted from a surplus of So.Sh. 124 million in 1972 to deficits of So.Sh. 45 million and So.Sh. 66 million in 1973 and 1974 respectively, despite large inflows of capital and grants. To contain the deterioration in the balance of payments, the Central Bank of Somalia first introduced stringent credit control measures and when the latter proved ineffective imposed import restrictions as a tool of credit control.⁽¹⁾ The failure of the public enterprises to meet the internal demand, the effects of the 1974/75 drought and the import restriction of the Central Bank created an acute shortage of goods. The ensuing inflation together with the capital flight following the nationalization measures considerably overvalued the Somali Shilling.

The first to perceive and exploit the opportunities offered by the local scarcities were small traders, mostly ladies. They used varied techniques, e.g. smuggling Somali Shilling notes abroad and selling them at discount or buying foreign exchange at premium from Somali workers in the Gulf, whose number was growing

(1) Central Bank of Somalia, Annual report and statement of Accounts, 1976, Mogadishu.

after the oil boom, with a promise to pay the countervalue in shillings to their relatives upon their return in Somalia. With the foreign exchange thus acquired they imported goods which they introduced in Somalia in suitcases passing at the customs as personal effects and later selling at exorbitant prices.

The initial reaction of the authorities to this development was harsh. Controls at the ports and airports were tightened up and punishment to foreign exchange law offences were raised.⁽²⁾ However, the gap between the official rate and black market rate was so large that workers were reluctant to use official channels; and the prospect of profit was so attractive that traders were willing to operate in the black market despite the risks involved.

It was against this background that the FV system was introduced. Legally, the decision to permit traders to import goods with their own foreign exchange was against the law as it implied the permission to residents to hold foreign exchange abroad. Nevertheless, it was a pragmatic one. The authorities wanted to ensure that the workers' remittances that was not flowing through official channels would not be lost to the country, but would be available in the form of commodities so to ease the appalling supply situation in the internal market.

III. The size of the market

It is very difficult to know exactly the size of the FV market, as data were not properly recorded or when recorded were considerably understated. The table below shows some figures on FV which reflect mostly stocks purchased by the public enterprises while no record is available on many quantities of goods imported by piecemeal or into ports other than Mogadishu. Even

(2) See Law No. 54 of January 1, 1975 in annex A III

these incomplete figures show the importance of FV. In the peak year of 1978 FV imports accounted for 30% of foreign exchange imports. The items that dominated the FV imports were: Food, up to 1979, construction materials and transportation equipment. In the last two years 1980 and 1981 substantial imports of cigarettes were financed through FV. In 1982 no FV imports were made. In 1983 imports valued at US\$ 25 million were financed through the external accounts (see annex DII)

	<u>FV imports</u> (in Millions of So.Sh.)				
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Foodstuffs	175.0	340.0	155.1	23.6	40.0
Textile & H/h.ap.	6.0	37.8	7.0	-	31.4
Cigarettes	-	-	-	66.3	188.5
Transport eq.	20.0	54.3	45.8	62.1	4.1
Const. materials	19.0	7.2	9.5	161.3	26.8
Others	-	38.0	-	32.0	18.0
Total	<u>220.0</u>	<u>477.4</u>	<u>217.4</u>	<u>345.3</u>	<u>308.8</u>

Source: Central Bank of Somalia, Annual reports, various years.

IV. Demand

Demand in the FV market consisted of the foreign exchange needed to finance the imports authorized under this scheme. It depended mainly on (a) the range of the commodities permitted under the scheme, and (b) domestic liquidity conditions.

With regard to commodities, already in 1974, the importation of passenger cars was being made under FV as the authorities prohibited such imports for balance of payments reasons. Besides passenger cars, textiles were the first category of goods to be per-

mitted under FV, because shortages were most acutely felt in textile products. Furthermore, both passenger cars and textiles were regarded luxury goods with no need to control their prices. Thus, initially the system operated like a traditional dual exchange market in which the higher rate applies only to non-essential imports. Later on, however, the system became more extensive. In 1976, construction materials were added to the list of FV imports, and subsequently the list was extended to include virtually all kinds of imports. For those imports for which prices were controlled e.g. foodstuffs, traders were obliged to sell them to the state monopoly agencies dealing to that particular product at a price based on a special rate of US \$ 1 = So.Sh.8 plus profit margin of 15%. The application of this special rate in early 1978 constituted the first official recognition of the existence of a dual exchange market.

As noted above one of the factors influencing demand for FV imports is domestic liquidity conditions. During the years 1976-1981 the economy was characterized by a high volume of liquidity. In fact total liquidity increased more than fourfold from so.Sh. 1.0 billion in Dec. 1975 to So.Sh. 4.4 billion in Dec. 1981. A large part of this liquidity was created as follows: Public enterprises bought FV imports, since they had no funds they borrowed from banks, this meant more purchasing power in the hands of the FV traders and beneficiaries of remittances, which in turn led to more imports and caused a sharp depreciation of exchange rate in the FV market, which meant more inflation and more borrowing by the public sector; a vicious circle of inflation depreciation. To lesser extent demand was also created by invisible payments. Over the years many Somali families sent their children abroad for education and they met their expenses through FV market.

V. Supply

On the supply side the biggest source was represented by the earnings of emigrant workers in the Gulf. Information on the number of these as well as their income is very scanty. Estimates vary between 50,000 to 80,000 emigrants, mostly located in Saudi Arabia; a fact which makes Jeddah the leading centre of the FV market. However, all emigrants are not always employed. It is believed that half are in search of employment at any given time and are dependent on those employed. Nevertheless, workers' remittances as a potential source of foreign exchange may even exceed total receipts from all commodities exports.

The factors which influence supply are the needs of the workers' families, the incentive provided by the high rate of exchange and investment opportunities in Somalia. With a higher rate, workers need to sell less foreign exchange to maintain their families; but on the other hand, by earning more Somali Shilling they are induced to save and supply more foreign exchange for investment purposes. Preferred outlets for funds are housing and transportation. Construction of a house for one's future is so high in the mind of the emigrant worker that it can be considered the motive which spurred him to emigrate. Besides a house, a bus may be a source of a regular income for the family and may relieve the emigrant to constantly send family remittances. Other investments need more resources and management skills. It is believed that many Somalis have built large capital abroad and await better investment opportunities in the country.

Another important source of supply is provided by the under-invoicing of the livestock export. As it is known, exporters of livestock surrender only the minimum export price fixed by the Ministry of Trade and exchange in the FV market the differential between the actual price and the minimum price. It is reconed that about 30% of livestock export earnings are thus leaked to the FV market.

Overinvoicing of imports is another source which fed the FV market as imports were overinvoiced and the premium deposited in banks abroad and later repatriated through the FV market. Another source, though less important, was the smuggling out of the country of some export items, e.g. handicrafts, ghee, frankincense and other gums, dry fish etc.

IV. Exchange rate developments

Theoretically any place where foreign exchange is acquired against Somali Shillings without the intervention of the authorities is a FV market. Practically the markets are restricted into few centres. Jeddah is, by far, the leading market, followed by Abu Dhabi, Djibuti is also important as a clearing house. There is also a relatively small local market in foreign banknotes which mostly financed Qat imports before the latter was banned.

As in any other free market the exchange rate is determined by demand and supply forces. An increase of demand or decrease of supply leads to a depreciation; conversely an increase of supply or decrease of demand leads to an appreciation (for factors affecting demand and supply see above).

With the enlargement of the FV scope, the market became more sophisticated. Small traders were replaced by more resourceful businessmen who established permanent offices in Jeddah and Abu Dhabi to collect foreign exchange on regular basis, and brokers came into the picture to match demand for with the supply of foreign exchange. So sophisticated is the market that not only government policies and pronouncements but even rumours could affect the exchange rate.

The following table shows developments in the exchange rate of the Somali Shilling vis-a-vis the Saudi Riyal, the leading FV currency. As is evident from the table, the Somali Shilling experienced a very rapid depreciation. By March 1984 the exchange

rate in the parallel market depreciated substantially compared to official rate, reflecting the conditions of excess of demand for foreign exchange in FV market.

Table 2
Exchange rate for Somali Shilling
Somali Shilling per Saudi Rival

<u>End Period</u>	<u>Official Market</u>	<u>FV Market</u> ⁽¹⁾
1977	1.90	2.00
1978	1.90	2.50
1979	1.90	3.00
1980	1.90	4.00
1981	1.90 - 3.80+	6.00
1982	4.45	7.00
1983	5.10	13.00
1984 ++	5.10	15.00

VII. Economic implications

When the system of FV was being authorized attention was mainly centered on improving supply conditions. It seems that the authorities were not aware of the fact that a parallel market, in which the exchange rate depended upon the interplay of market forces, was being established and therefore, its full implications on the economy in general, and on the trade and exchange rate system in particular, was not fully appreciated at that time. What was intended to be as a mere expedient to attract emigrant workers remittances, grew into a complex and sizeable market that overwhelmed the official foreign exchange system. Here some of the implications on key macroeconomic variables are discussed:

a) Balance of Payments

The most immediate benefit of FV was the saving of scarce foreign exchange resources. As FV imports represented a flow of goods

(1) Interview with private traders. + Second market. ++ up to March

ds without any transfer of foreign exchange it had, therefore, a favourable effect on the Balance of Payments. However, one has to take into consideration the leakages of foreign exchange from the official market into the FV market through the underinvoicing of exports and the overinvoicing of imports. The evidence is that these leakages have been substantial and therefore the contribution of the FV to the Balance of Payments, though consistent, is less than what it appears at first glance.

b) Prices

The FV system had been criticized for its inflationary impact. Because the exchange rate in this market depreciated rapidly it was bound to cause a high rate of inflation; although inflationary pressures stemmed more from the expansionary monetary policy and the resultant excess demand than FV itself. Nevertheless, FV had proved to be inflationary for the following reasons:

1) It had weakened the financial discipline. As noted above, the Central Bank of Somalia used import restrictions as an instrument of credit policy. With FV imports flowing in and with the excuse that no foreign exchange was being spent, Public Enterprises bought FV goods at high prices and financing was made available by the banking system. Intervention by the public enterprises in the FV market meant also less competition and still higher prices.

2) The fact that FV importers spent a lot of time abroad to collect foreign exchange, and made their orders by piecemeal meant higher unitary costs which were passed on the consumers.

3) Since the same goods were imported under FV and under the official system; and because of the prevailing excess demand situation, prices tended to follow those of the FV which reflected the depreciated rate. As far as the prices were concerned the effect was the same as that of an across the board devaluation.

c) Growth

Most of the goods imported under FV were luxury consumer goods that had no direct impact on economic growth. These included passenger cars, Video recorders, cosmetics, soft drinks etc. Other goods, e.g. building materials, spare parts, vehicles and buses were, however, important in removing bottlenecks and stimulating the economy.

On short term basis, FV did effectively revive the economy and made things to move. However, when a long term view is taken it may have hindered economic growth by misallocating resources.

Firstly, it had favoured the establishment of inefficient import substituting consumer goods industries with large capacities that could not be used for balance of payments difficulties. This happened because manufacturers were given foreign exchange at the official rate while they had to compete with FV goods.

Secondly, it had aggravated the existing income distribution by bestowing undue profits to FV traders and commission earners and so diverted scarce skills, e.g. teachers, administrators etc. to the import business.

Thirdly, high returns from the FV business compared with controlled prices of agricultural products meant more resources devoted to trade than to agriculture.

Abolition of FV

In June 1981 the Somali Authorities initiated a program of economic stabilization within framework of a stand by arrangement with the Fund. Among other measures, the FV system was abolished and a dual exchange rate system was introduced under which the current rate applied to some essential imports, and 100% devalued rate applied to all other foreign exchange transactions.

Furthermore, exporters of livestock and workers abroad were given permission to hold external accounts denominated in US Dollars, a facility later extended to all registered importers and exporters. Also the FV importers were given a grace period of 5 months up to 30 November 1981 to clear outstanding orders, after which date the system was officially terminated⁽³⁾. On 1st July, 1982, the dual exchange rate system was unified and the Somali Shilling was pegged to the SDR at the rate of So.Sh. 16.5 = SDR 1 which represented a further devaluation of 20.7%⁽⁴⁾.

Despite these measures the gap between the official exchange rate and the parallel rate grows larger and the FV market remains still active under the guise of the external accounts. It is believed that there shall always be some sort of FV as long as there are Somali workers abroad. For some of these workers may find it easier to send family remittances through trusted persons who could pay the beneficiaries even in remote unbanked areas. But the FV as a parallel market cannot survive if foreign exchange is available and freely allocated to importers.

(3) The FV system has been re-introduced from January to June 1984 for the importation of foodstuffs and vehicles.

(4) Central Bank of Somalia, Annual report 1982, Mogadishu.

ANNEX FINTERVIEW WITH EMIGRANT WORKERS
ON THE BEST INCENTIVES FOR THE
REPATRIATION OF REMITTANCES

We have submitted the attached questionnaire to 15 Somalis working abroad. 9 located in Saudi Arabia, 3 in United Arab Emirates and 3 in other Gulf countries. Our findings from the interviews are summarized here below:

- The average income of an emigrant worker in the Gulf is estimated at Saudi Riyal 2,800 per month, from which he can save in average Saudi Riyal 1,000 per month.
- All the workers do send regular remittances to their families using the parallel market, which means selling foreign exchange to private traders who pay the families back home. Occasionally they send merchandise mostly households and textiles directly to their families.
- Almost all the workers interviewed have asserted that they prefer the parallel market because of the higher exchange rate and because of the speed with which their remittances are paid.
- It was reported that, some times in the past, there has been some cases in which some traders have failed to pay the remittances in time or at the rates agreed, but at present, such cases do not longer occur, and the relationship between the workers and the traders is based on mutual trust and is reported to be very satisfactory.
- The workers interviewed believe that, the most effective incentive to the workers for the repatriation of the remittances through the Banking system is to establish a realistic exchange rate; they have concluded that, they will

keep using the parallel market as long as it offers a more attractive exchange rate.

Questionnaire

1. Do you regularly send remittances to your family?
Yes _____ No _____
2. If the answer is yes, how do you send the remittances
 - a) through the parallel market?
 - b) through the banking system?
 - c) in the form of merchandise?
 - d) by other means? Please specify.
3. Do you prefer the parallel market because
 - a) of the higher exchange rate?
 - b) it is the speediest form of payment?
 - c) of other reasons? Please specify.
4. Does sending money through the parallel market involve any risks?
Yes _____ No _____
5. What do you consider as a better alternative to encourage the repatriation of the worker's earnings?