Attached is an additional statement received from Nigeria, dated 14 March 1991.
MAIN ELEMENTS OF POLICY AND MEASURES FOR 1991

Foreign Exchange Budget

1. Total foreign exchange receipts are estimated at US$11,855 million in 1991 broken down into public sector receipts of US$9,908 million and private sector receipts of US$1,948 million.

2. The official foreign exchange receipts of US$9,908 million with be utilised as follows:
   - Domestic use, including funding of FEM - US$5,449 million
   - External debt service payment - US$2,972 million
   - Accretion to external reserves - US$1,487 million

3. The amount (US$1,948 million) accruing to the private sector will, as in the previous years, be wholly retained in that sector to supplement FEM funding.

Direction of Policy

4. Policy thrust in 1991 is continued liberalisation and deregulation of the foreign exchange market. To this end and in order to maintain stability, existing measures are either retained or modified to reflect current developments in the economy. In addition a few measures are introduced to underscore the emphasis on avoidance of waste in the use of available resources in order to increase the supply base of the economy for self-reliance. In this regard, Authorised Dealers are reminded that the provision of efficient services is highly essential for the orderly operation of a deregulated foreign exchange market. Therefore, the dealers are advised not only to widen the scope but also to improve the quality of the services they render to their foreign exchange customers. They should not only be current on existing foreign exchange regulations, but should also advise their customers on such regulations and correct procedures for transacting foreign exchange business.

Existing policy measures retained in 1991

5. All corporate bodies which earn and retain foreign exchange and which own ships, aircraft, etc. shall meet the cost of servicing, repairing and/or maintenance of such vessels from their earnings subject to satisfactory documentation.

6. Declaration on Form TM of foreign currency imports of US$5,000 (five thousand dollars) or its equivalent and above is required only for statistical purposes.

7. Permissible limits for technical service charges, management fees and royalties shall range from 1.0 per cent to a maximum of 5.0 per cent. The approval of the Federal Ministry of Finance and Economic Development will continue to serve as documentary evidence for the purpose of purchasing foreign exchange to cover such transactions. A maximum of 20 per cent is
allowed as consultancy fees and is limited to projects of very high
technology for which indigenous expertise is not available. Service
agreements for such high technology joint ventures should include a
schedule for the training of Nigerian personnel for take-over.

8. All foreign visitors to Nigeria shall pay their hotel and incidental
expenses in foreign currency. However, where there is documentary evidence
that adequate amount of foreign currency has been exchanged into local
currency through licensed banks and/or bureaux de change on arrival in the
country, local currency shall be accepted in settlement of hotel bills by
foreign visitors to Nigeria. All hotels that lodge foreign visitors shall
open and operate ordinary foreign currency Domiciliary Accounts with any
bank into which their foreign currency receipts shall be paid.

9. The arrangement for assessment, collection and payment of import duty
shall continue.

10. Charges for services rendered by non-resident experts in respect of
the design, installation and commissioning of projects shall continue to be
treated as an integral part of the total cost of such projects. They shall
be subject to verification by the National Office of Industrial Property
(NOIP) and the prescribed procedures for Form "M" and the CISS shall apply.
No direct or separate remittance on Form 'A' will be allowed in respect of
such service charges.

11. All new imports of machinery and other capital equipment valued at
more than US$1.0 million shall be on the basis of deferred payment
arrangement with down-payment of a maximum of 15.0 per cent of the invoice
value. Payment of the remaining portion will be spread over a period not
less than six months in keeping with installmental payment procedure.

12. The validity of approved Form 'M' and the relative letters of credit
shall not be extended more than once. The initial life of an approved
Form 'M' shall be 180 days. However, in the case of machinery, plant and
equipment made to specifications, the initial validity period of six months
on application to and approval by Central Bank. Consequently, an approved
Form 'M' has a maximum life span of one and half years (540 days) in the
case of machinery, plant and equipment and one year (360 days) in the case
of other imports.

13. The requirement that exporters open Domiciliary Accounts marked
"Export Proceeds", into which all non-oil export proceeds are fully
credited shall continue. Such export proceeds should be repatriated and
credited to the "Export Proceeds" Domiciliary Accounts not later than
90 days from the date of shipment of goods. Exporters are allowed to use
their export proceeds for eligible transactions, subject to the prescribed
documentation and procedures for FEM transactions. Exporters are also free
to sell in FEM part or all of the export proceeds deposited in their
"Export Proceeds" Domiciliary Accounts at prevailing rates to the receiving
bank only, retain the proceeds in the account, or transfer them to their
other "Export Proceeds" Domiciliary Accounts with other banks for the
purpose of consolidating their holdings to meet payment obligations on eligible transactions.

**Tenor of Bills of Exchange**

14. The tenor of all bills of exchange except those in respect of imports of plant and machinery with deferred payments arrangements shall continue to be for a period of not more than 180 days from the date of shipment (that is, bill of lading date) and payment of interest shall be limited only to the tenor of the bill. If bills of exchange remain unpaid after their tenor date, no accrued interest shall be allowed beyond the tenor date.

**Oil Bunkering**

15. Foreign exchange proceeds of oil bunkering shall continue to be surrendered 100 per cent to the Central Bank of Nigeria by the oil bunkerers in return for the naira equivalent. The oil companies are also required to render monthly returns to the Trade and Exchange Department of the Central Bank and the Ministry of Petroleum Resources on their bunkering operations. All oil bunkering transactions shall be registered on Form NCD3(B). The receiving banks in such transactions shall pass over to the Central Bank 100 per cent of the foreign exchange proceeds, while crediting the oil bunkering company's account with the naira equivalent at the time proceeds are received.

**Educational Remittance for Undergraduate and Postgraduate Studies**

16. All applications for educational remittance are eligible transactions in the FEM for both undergraduate and post-graduate studies in overseas institutions of higher learning. Approvals would be on the basis of satisfactory documentation as prescribed by the Central Bank.

17. All Government Parastatals, earning foreign exchange, shall surrender 75 per cent of such receipts to the Central Bank of Nigeria. Such parastatals shall provide monthly returns of all their foreign exchange receipts to the Central Bank of Nigeria and the Federal Ministry of Finance and Economic Development. All disbursements from the remaining 25 per cent shall be only with the prior approval of the Federal Ministry of Finance and Economic Development.

**Submission of Registered/Approved Forms 'M' to Pre-Shipment Inspection Agents Liaison Offices**

18. All Importers and Authorised Dealers are reminded that approved Forms 'M' must be submitted to the Pre-Shipment Inspections Agents Liaison Offices within 30 days of registration. Registered/approved Forms 'M' not so submitted to the Liaison Offices of Pre-shipment Inspection Agents shall neither be accepted for execution in the FEM nor be eligible for revalidation.
19. The maximum limit of Expatriate Home Remittance (PHR) is 75 per cent of salary net of tax.

20. Personal Travel Allowance (PTA) hitherto known as Basic Travel Allowance (BTA) is a maximum of US$500 (five hundred dollars) per annum per person of the age of 16 years and above. Foreign nationals will continue to be entitled to PTA within their 75 per cent PHR limit. Nigerian children born abroad with foreign passports, and who are above the age of 16 years and are also entitled to PTA provided their status as Nigerians is confirmed and that they are bona-fide students.

21. Business Trip Allowance (BTA) is a maximum of US$5,000 (five thousand dollars) per annum per company. These allowances are to be granted on a calendar year basis, that is, January to December. Sale of foreign exchange for personal travel allowance or business trip allowance shall be based on the usual international air-ticket in respect of the beneficiary in each case. However, all categories of international air tickets qualify for purchase of PTA and BTA whether they are students' rebate excursion or nominal value/staff rebate tickets provided the applicant/beneficiary is 16 years and above and the application otherwise satisfies the documentation requirements.

MODIFIED MEASURES

Importation/Exportation of the Naira

22. The importation and exportation of the naira remained prohibited. However, the amount which residents of Nigeria are allowed to carry on them for settlement of local transport expenses immediately on their return to Nigeria is increased to a maximum of N100 (one hundred naira).

23. In furtherance of the policy on liberalisation of Foreign Exchange regulations on the one hand and the need to enhance proceeds from non-oil export trade on the other, guidelines on the receipt and mode of payment for exports are hereby reviewed. With effect from 1st January, 1991, exporters shall again have the option to export on the basis of either confirmed and irrevocable letters of credit or Bills for collection or open account or any other internationally-accepted payment mode. However, whatever the mode of payment adopted, efforts should be made to repatriate the relevant proceeds within 90 days from the date of shipment of the consignment.

24. Import duty payable on all registered Forms 'M' for transactions on bills for collection and open accounts whether or not they are valid for foreign exchange shall be calculated on the basis of the prevailing exchange rate in the FEM on the date of registration of the Form 'M'. However, where a revalidation of the Form 'M' is sought and obtained after the expiration of initial validity period as previously stipulated, import duty payable shall be calculated on the basis of the exchange rate prevailing on the date of the revalidation. For transactions executed on letters of credit terms, the applicable exchange rate shall be the prevailing rate(s) at which the importer purchased the foreign exchange.
Where the foreign exchange for one Form 'M' is purchased at different rates, the weighted average of the rates shall be the applicable rate for the computation of the import duty payable. For revalidated Form 'M' the applicable rate shall be the prevailing rate on the date of the revalidation of the Form 'M' and its relative letters of credit.

25. The Comprehensive Import Supervision Scheme (CISS) shall continue to operate for all import transactions. With effect from January 1, 1991, only goods valued US$1,000 and below shall be exempted from pre-shipment import inspection.

26. The level of foreign participation in joint ventures is increased to a minimum of US$250,000 or N2.0 million with effect from January 1991.

27. The administrative requirement of remitting dividends to foreign investors instalmentally is removed with effect from January, 1991. Henceforth, companies that are in a position to remit dividends at once shall be allowed to do so subject to the necessary documentation requirements.

NEW MEASURES FOR 1991

28. Borrowing of money for the purpose of repatriating funds from Nigeria is not allowed. Henceforth, debt-equity ratios shall be strictly enforced for all foreign investors in Nigeria.

Inspection of Containerised Imports

29. Government has continued to lose revenue through evasion of import duty on containerised imports. In order to forestall this, all containerised imports, irrespective of the value and sources of financing, shall be subject to current Import regulations including pre-shipment inspection with effect from January 1991.

GENERAL

30. All Authorised Dealers are reminded to render accurate and co-ordinated returns on foreign exchange transactions on the prescribed schedules promptly as indicated for the different schedules.

31. Bureaux de change operations are also required to submit monthly returns in respect of their operations on the prescribed schedules, not later than 15 days after the month to which the returns relate, to Manager, Data Control Office, Trade and Exchange Department, Central Bank of Nigeria, Lagos. Stiffer sanctions shall now be imposed on all defaulting authorised Dealers and Bureaux de Change operators.

32. Appropriate sanctions shall continue to be imposed on all Authorised Dealers who release funds on the basis of forged documents, engage in fraudulent transactions, fail to furnish accurate and prompt returns or fail to report defaulting customers, etc.
33. Sanctions shall also continue to be imposed on bank customers who breach foreign exchange regulations.

34. As usual, all authorised dealers shall refer policy issues in respect of which they are in doubt to the Trade and Exchange Department of the Central Bank of Nigeria for clarification.

35. The list of prohibited import and export items is attached to this circular.
APPENDIX

LIST OF PROHIBITED ITEMS

IMPORTS

1. Live or dead poultry, that is, fowls, ducks, geese, turkeys, fowls excluding grand-parent and foundation stocks for research and multiplication purposes, eggs in the shell, including those for hatching.

2. Vegetable, including tomato puree and paste, roots and tubers, fresh or dried, whole or sliced, cut or powdered and sago pitch.

3. Processed wood excluding wood in the rough, squared or half squared but not further manufactured and particle board; furniture and furniture products; wooden cabinets for radio and television sets.

4. Fruits fresh or preserved and fruit juices.

5. Mosquito repellant coils (HS Code 3808.111).

6. Textile fabrics of all types and articles thereof excluding:-
   (a) Nylon tyre cord;
   (b) Multifilament nylon chafer fabric and tracing cloth;
   (c) Mattress tickings;
   (d) Narrow fabric, trimmings and linings;
   (e) Made-up fishing nets, mosquito nettings materials;
   (f) Gloves for industrial use;
   (g) Canvas fabric for the manufacture of fan belt;
   (h) Moulding cups and lycra, elastic bands and motifs;
   (i) Textile products and articles for technical uses;
   (j) Transmission or conveyor belt or belting of textile material;
   (k) Polypropylene Primary backing material;
   (l) Fibre rope product (H.S. Code 56.07)

7. Domestic articles and wares made of plastic materials, including babies' feeding bottles.

8. Evian and similar waters, soft drinks and beverages, beer and stout, malt and barley.

9. Rice and rice products.

10. Maize and maize products.


12. All sparkling wines including champagne.

13. Vegetable oils excluding linseed and castor oils used as industrial raw materials.
14. Aluminium sulphate including alum.
15. Retreaded and used tyres.
16. Branched alkyl benzene, bentonite and barytes.

EXPORTS

1. Raw hides and skins.
2. The following products and or their derivatives:
   (i) Cassava tuber
   (ii) Maize
   (iii) Yam tuber
   (iv) Beans
   (v) Rice
3. Timber (whether processed or not) and wood in the rough excluding furniture, furniture components and gmelina.
4. Raw Palm kernels.