

# TRADE DIGEST

JULY - SEPTEMBER 2003

QUEST FOR EXCELLENCE

VOL. 1 NO 1

## WELCOME

### Introducing the Access Trade Digest

It is with pleasure that we introduce the maiden edition of Access Bank Trade Digest.

Trade Digest is a quarterly publication of the Foreign Operations unit of Access Bank Plc. It provides our esteemed customers and the general public with information about our bank, the industry and the international community especially in the area of international trade and the Foreign Exchange Market. In so doing, we will be regularly reviewing local and international regulations prescribed by the Central Bank of Nigeria and other regulatory bodies like National Drug Law Enforcement Agency (NDLEA), National Agency for Food and Drug Administration and Control (NAFDAC), Nigeria Customs Service (NCS), and the International Chamber of Commerce (ICC).

We have also dedicated a permanent column for 'Frequently Asked Questions'.

We hope you will find it very interesting.

## Our Trade Services

- Form M Processing
- Import Letters of Credit
- Import Bills for Collection
- Export Letters of Credit
- Export Bills for Collection
- Form NXP Processing
- Shipping Documents Handling
- Structured Trade Finance
- Domiciliary Account Management
- Invisible Trade Payments
- Advisory Services
- Offshore Guarantees
- Standby Letters of Credit (SBLC)

## Access Bank Structured Trade Finance

Access Bank provides structured trade solutions to its customers whose businesses require specialised short, medium and long-term finance for cross border trade. This is typical for companies in manufacturing, engineering, oil and gas, etc.

In this case, Access Bank will provide a tailored trade finance solution for such businesses. The Bank will play the dual role of both the arranger and lender of funds. In meeting the needs of both the exporters and importers, Access Bank partners

with a network of first class international financial institutions. The benefits of this kind of arrangement are numerous. Interest rates are fair, competitive and flexible (usually cheaper than when borrowing in local currency). The seller receives payment on agreed terms.

Where the business requires medium to long term finance for cross border transactions, Access Bank will partner with one or more export credit agencies and foreign correspondent banks to provide that solution that you need.

## Application for Import Letter of Credit

Access Bank issues import letters of credit (L/C) on behalf of its customers to their beneficiaries worldwide.

An import letter of credit is basically an undertaking by Access Bank to the exporter (usually through an overseas correspondent bank) that the beneficiary (exporter) will be paid when documents are presented in strict compliance with the terms and conditions of the letter of credit and within prescribed deadlines.

Under this arrangement, the credit worthiness of the applicant (importer) is immaterial because of the commitment of the issuing bank. An L/C allows the exporter to receive payment without reference to the credit-worthiness of the importer i.e. the payment risk is more of the issuing bank than the importer.

In line with the prevailing Exchange Control Regulation of the Central Bank of Nigeria (CBN), all applications for an import L/C must be supported with the following documents:

- Duly completed Form M
- Original Proforma Invoice
- Original Marine Insurance Certificate
- Duly completed L/C Application Form

Additional documentation will vary with the item of import. For instance, importation of pharmaceuticals will require:

- Annual license issued in the name of the importer by the Pharmaceutical Board of Nigeria
- Certificate of Registration and Retention of Premises

In the case of importation of generators, the following document will be required:

- NEPA Clearance, which is Proforma Invoice specific.
- For import of finished pharmaceutical products (drugs), the following documents will be required:
- NAFDAC Permit issued by the National Agency for Food and Drugs Administration and Control (NAFDAC)
  - A photocopy of Product Registration Certificate issued by NAFDAC, original to be duly sighted.

## CUSTOMER UPDATE

### Do you know

- that you can decide which branch of our bank you will like to pick up your original Clean Report of Inspection (CRI)?
- that you can decide which branch of our bank you can pick up your endorsed bill of lading?
- that you can only pay your duty in the bank where you registered your Form 'M'?
- that you may not need to come to our bank to receive SWIFT copies of your L/Cs and other related messages?.

You may call us on 4618816 or contact your Relationship Manager for further details.

### Our Correspondent Banks

- ▶ ANZ Bank Limited, London
- ▶ BNP Paribas, Geneva Switzerland
- ▶ Citibank, New York
- ▶ Citibank, London
- ▶ HSBC Equator, Connecticut, USA
- ▶ UBA, New York
- ▶ Union Bank of Nigeria Plc, London

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**IMPORT/TRADE**

## Nigeria's Import Prohibition List



Below is the list of goods whose importation have been prohibited by the Federal Government of Nigeria:

- Sorghum
- Millet
- Wheat Flour
- Gypsum
- Vegetable Oil in Bulk
- Mosquito Repellent Coils
- Rethreaded or used Tyres
- Gaming Machines
- Second-hand Clothes
- Used Fridges and Air-conditioning units
- Used compressors
- Bagged Cement

- Vehicles of any kind through the land borders
- Vehicles that are above eight (8) years from the date of manufacture
- Textiles of any kind through the land borders
- Printed fabrics (Ankara)
- Containerised goods through the land borders
- Frozen poultry
- Cassava and cassava products
- Fruit juice in retail packs
- Table water (sparkling/non-sparkling)
- Tooth pick
- Spaghetti and noodles
- Biscuits of any type
- Drugs and other regulated products through the land borders

Importation of any of these items constitutes breach of the Prohibition Order. Importers are warned that the importation of the items will attract outright seizure, while those apprehended in connection with the act will face prosecution.

*(Culled from Nigeria Customs Service Publication of March 2003.)*

**REVIEW OF CBN CIRCULARS**

## Current Guideline on Payment of Import Duty

- All imports into the country shall continue to be subject to the completion of Form M, irrespective of value and whether valid for foreign exchange or not.
- Where the processing bank for the Form M is a designated bank, payment of import duty and other charges shall be made through that bank.
- Henceforth waiver shall no longer be granted for the release of Clean Report of Inspection (CRI) where duty is paid to a bank other than that which registered the Form M.
- Where the processing bank is not a designated bank, the importer shall pay the import duty and other relevant charges to any designated bank of his choice.
- It shall be the duty of the bank that contravenes this guideline to transfer the import duty collected to the bank that registered the Form M. This transfer should be effected before the due date for remittance of such collection with corresponding returns to the Central Bank of Nigeria.
- Failure by any bank to effect the transfer of import duty (usually said to be erroneously collected) before the statutory period, which is the Monday following the week of duty collection, shall attract appropriate sanction.

*(Culled from CBN Circulars refs: TED/AD/10/2002 of March 1, 2002 and TED/AD/66/2003 of July 3, 2003.)*

**IN A LIGHTER MOOD**

### Corporate Lesson

A sales rep, an administration clerk and the manager are walking to lunch when they find an antique oil lamp. They rub it and a Genie comes out in a puff of smoke.

The Genie says, "I usually only grant three wishes, so I'll give each of you just one." "Me first! Me first!" says the admin clerk. "I want to be in the Bahamas, driving a speedboat, without a care in the world."

Poof! She's gone.

In astonishment, "Me next! Me next!" says the sales rep. "I want to be in Hawaii, relaxing on the beach with my personal masseuse, an endless supply of pina colodas and the love of my life." Poof! He's gone.

"OK, you're up," the Genie says to the manager. The manager says, "I want those two back in the office after lunch."

**Moral of story:** Always let your boss have the first say.

## Frequently Asked Questions

**Question 1**

*I opened my LC with your bank since last week, yet my supplier has not been paid. What is the problem?*

Payment on an LC is always against the presentation of compliant documents. Therefore, your supplier may not have been paid because of one of the following:

- Documents may not have been presented
- Documents presented by the supplier may not have been examined. The UCP allows 7 working days for documents to be examined by the negotiating bank.
- If documents have been examined, then they may have discrepancies and until the discrepancies are accepted by the applicant (importer), payment will not be made.

**Question 2**

*My CRI has arrived since last week. What is delaying my bill of lading?*

It is quite possible for CRIs to be ready days and even weeks before the Bill of Lading arrives. This is due to the fact that CRIs are printed almost immediately goods have been inspected since all the local office needs the CRI number, which is electronically transmitted from the offshore affiliate office of the Pre-shipment Inspection Agents (PIA). On the other hand, Bill of Lading will sometimes have to pass through the banks, thus delaying its arrival.

There are also instances where the seller may deliberately delay forwarding bill of lading to the buyer until they are certain of payment.

**UPCOMING EVENT**

### CUSTOMER FORUM ON FOREIGN EXCHANGE TRANSACTIONS

**Date**

*Thursday, August 14, 2003*

**Time**

*3.00 p.m. prompt*

**Venue**

*Access Bank Presentation Room  
Plot 1665, Oyin Jolayemi Street  
Victoria Island, Lagos.*

## Know the UCP500 & URC522

The Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication No500 (UCP500) and the Uniform Rules for Collections, 1995 Revision, ICC Publication No. 522 (URC522) are the publications of the International Chamber of Commerce, Paris that govern all letters of credit and documentary collections respectively.

In subsequent editions of this newsletter, we shall be reviewing the various articles in these documents. Keep a date with us.