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**NATIONAL BANK OF ETHIOPIA**  
ADDIS ABABA

Directives No. FXD / 48/2017

Directive for Amendment of Retention And Utilization of  
Export Earnings And Inward Remittances

Directives No. FXD /11 /1998

Whereas, it is necessary to reconsider and incentivize eligible exporter of goods and services in line with power and responsibility vested in the National Bank of Ethiopia;

Now, therefore, in accordance with Article 27 (2) of the National Bank of Ethiopia establishment (as amended) Proclamation No. 591/2008, these Directives are hereby issued as follows:

Article 1

Short Title

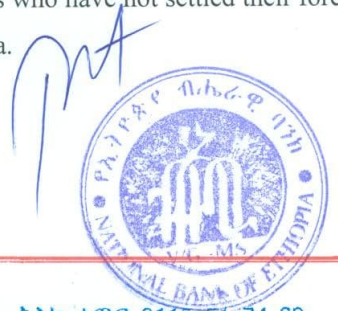
These Directives may be cited as "The Retention and Utilization of Export Earnings and Inward Remittances Directives No. FXD/ 48 /2017".

Article 2

Definitions

For the purpose of these Directives, unless the context requires otherwise:

1. "Forex Retention Accounts" shall mean foreign currency accounts maintained by eligible exporters of goods and services and recipients of inward remittances in accordance with the provisions of these Directives.
2. "Delinquent list" is a list containing names of exporters who have not settled their foreign exchange commitments with National Bank of Ethiopia.



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3. "Eligible Customer" shall mean a regular recipient of foreign exchange remittances from abroad and/or an exporter of goods or services whose name does not appear on the delinquent list.
4. "Recipient of Inward Remittances" shall mean a resident company, institution or individual, government organizations, other than a diplomatic mission, who receives foreign exchange transfers from abroad.
5. "Eligible Exporter of Goods and Services" shall mean an exporter who has fully settled his/her foreign exchange commitments with the National Bank of Ethiopia and whose name does not appear on the delinquent list.

### Article 3

#### Opening of Forex Retention Accounts

An authorized bank is allowed to open foreign exchange retention accounts for eligible exporters of goods and services and inward remittances.

### Article 4

#### Types of Foreign Exchange Retention Accounts

- 1) Eligible customers may open two types of foreign exchange retention accounts (current accounts), which shall be designated as "Foreign Exchange Retention Account A", and "Foreign Exchange Retention Account B".
- 2) Such accounts shall only be credited from export of goods and services and incoming transfer made for inward remittance recipients.

### Article 5

#### Retention Rights

- 1) Exporters of goods and services as well as recipients of inward remittances shall have the right to retain their foreign exchange earnings in retention accounts A & B as follows:-



- a) **Account A:** Thirty percent (30%) of the account balances for an indefinite period of time.
- b) **Account B:** Seventy percent (70%) of the account balances for up to 28 days. After the 28 days, any balance shall automatically be converted in the next working day into local currency by the customer's bank using the prevailing buying exchange rate.
- 2) Authorized banks can only credit funds in retention accounts only when the recipient (beneficiary) has given written authority.
- 3) Authorized banks can credit funds in retention account for merchants and/or entities licensed by the National Bank of Ethiopia to collect credit card/debit card/prepaid card/payments for goods and service they sale;
- 4) Notwithstanding to the statement under sub-article 3 of this article, authorized banks can credit funds in retention account for local merchants or entities licensed by the National Bank of Ethiopia to collect foreign currency cash notes for goods and services they sale such as hotels, duty free shops, Immigration office, civil aviation authority, airline ticket offices and travel agents, tour operators, shops operating at the airport on the airside.

#### **Article 6**

#### **Utilization of Foreign Exchange Retention Accounts**

1. Eligible exporters of goods and services as well as recipients of inward remittance may use their foreign exchange retention account 'B' for only 28 days, and the fund available in the foreign exchange account A may be maintained for an indefinite period of time.
2. Accounts A and B shall be used to finance direct business related and current payments such as:
- a) import of goods, except vehicles, and related services in relation to the business including:
- i. payment for expenses incurred on exporting of goods and services;



- ii. payment for promotional activities such as advertising and marketing expenses;
  - iii. payment for subscriptions to business publications;
  - iv. payment for services rendered by non-residents against evidence that payment is contractually due;
  - v. payment for training fee and educational expenses;
  - vi. payment to import materials required for export packing, labeling and auxiliary items;
  - vii. small payments like surveillance fee, support service fee and other expenses related to specific export shipment
- b) payment for settlement of external loans and suppliers credit;
  - c) payment to refund tour operators, wild-life hunting's, excursion programme booked if cancelled for various reason;
  - d) payment of contributions to International conference Centers and workshop participation expenses;
  - e) service payments for consultants, experts or professional who rendered services;
  - f) payment to refund the unused parts on the foreign currency transferred, cover for short shipments, weight loss or defective items;
  - g) Other payments against transactions that might be approved by the National Bank of Ethiopia from time to time.





**Article 7**  
**Submission of Report**

1. Authorized banks operating foreign exchange retention accounts shall send to National Bank of Ethiopia the aggregate balances of foreign exchange held under retention account "A" and "B" on monthly basis.
2. Authorized banks are required to identify the foreign currency retention account number and type, on permits and tickets issued in case of utilizing the fund for purposes listed under article 6.

**Article 8**  
**Penalty**

Any person who fails to comply with the provisions of these directives directive shall be punished in accordance with Article 26 of the National Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008.

**Article 9**  
**Repeal**

Retention and utilization of Export Earnings and Inward Remittances Directives No. FXD /11 /1998 is repealed and replaced by these Directives.

**Article 10**  
**Effective Date**

These Directives shall enter into force as of October 03, 2017.

  
**TEKLEWOLD ATNAFU**  
GOVERNOR

