



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 3/21/2006

**GAIN Report Number:** NI6005

## Nigeria

### Trade Policy Monitoring

### New Import Inspection Policy

2006

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**Report Highlights:**

Effective January 1, 2006, the GON has directed that all imports would now be inspected at the point of entry rather than at the point of shipment, which was the practice. All outstanding import transactions from 2005 have a grace period of up to March 30, 2006 to clear through the ports. The GON has released operational guidelines for the new inspection scheme, which gives details of import procedures, import duty payment procedures, documentation requirements and processes.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Lagos [NI1]  
[NI]

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**Executive Summary**

The Government of Nigeria (GON) has released new guidelines for the implementation of Destination Inspection (DI), which replaces Pre-Shipment Inspection, effective January 1, 2006. Under the new scheme, goods destined for Nigeria's ports are inspected at the point of entry rather than at the point of shipment, which was the practice. The Nigeria Customs Service (NCS) will carry out the scheme. The GON has also retained the services of three Destination Inspection Service Providers to provide scanning services at the ports. The GON gave a grace period of up to March 30, 2006 to allow all import transactions concluded in 2005 to clear through the ports under the old system. All Form M raised in 2006 will be clausued for Destination Inspection.

Barely two months into the implementation of DI, heavy congestion is reported at the ports and ships are unable to berth for along time.

**Destination Inspection Service Providers**

The Central Bank of Nigeria's (CBN) circular (TED/AD/150/2005) dated December 28, 2005 stated that " in pursuance of the GON's decision to abolish pre-shipment inspection scheme and the introduction of Destination Inspection Scheme for imports to Nigeria with effect from January 1, 2006, the Government had entered into agreements with three scanning companies that will act as service providers for the effective take-off and operation of the scheme". The details of each service provider together with the designated zones are outlined below:

**COTECNA INSPECTION LIMITED**

10, Engineering Close  
Off Idowu Taylor Street  
Victoria Island  
Lagos

Tel: 234-1-4617121/3

Fax: 234-1-4617124

E-mail: [info@cotecna.com](mailto:info@cotecna.com)

Contact: Contract Manager

**ZONE:** Apapa and Tin Can Seaports, Kano and Abuja Airports, Jibiya and Banki Posts.

**SOCIETY GENERALE DU SURVEILLANCE (SGS)**

Plot 999C, Danmole Street  
Intercontinental Plaza, 4th Floor  
Victoria Island  
Lagos

Tel: 234-1-2623042

Fax: 234-1-2622976

E-mail: [Philip-bank@sgs.com](mailto:Philip-bank@sgs.com)

Contact: Contract Manager

**ZONE:** Onne and Port-Harcourt Seaports: Port-Harcourt Airport and Idiroko border post.

**GLOBALSCAN SYSTEM LIMITED**

5B, Oko-Awo Close  
Off Adetokumbo Ademola Street  
Victoria Island  
Lagos

Tel: 234-1-2625392

Fax: 234-1-2624542

E-mail: [globalscansystem@yahoo.com](mailto:globalscansystem@yahoo.com)

Contact: Managing Director

ZONE: Warri and Calabar Seaports; Ikeja Airport and Seme Border Post

The circular further stated, "Under the new arrangement, Form 'M' submission and processing shall be based on the Port of Destination as outline above. For avoidance of doubt, importation shall remain restricted to on the ports listed above".

### **New Import Inspection Policy**

In a public circular reference number X/194965/PICDIA/IT2/206, dated December 19, 2005, the GON abolished Pre-shipment Inspection Scheme and introduced Destination Inspection Scheme for imports to Nigeria, effective January 1, 2006.

Following are the comprehensive import guidelines, procedures and documentation requirements under the destination inspection scheme in Nigeria:

#### **A. GUIDELINES:**

- (1) Any person intending to import physical goods into Nigeria shall in the first instance process Form 'M' through any authorized dealer bank irrespective of the value and whether or not payment is involved.
- (2) Supporting documents shall be clearly marked 'VALID FOR Foreign Exchange (FOREX) / NOT VALID FOR FOREX' as appropriate i.e. depending on whether or not foreign exchange remittance would be involved. The validity period of Form 'M' for Plants and Machineries shall be for a period of one year.
- (3) All applications for goods subject to Destination Inspection shall carry the "BA" code; while those on exemption shall indicate "CB" in the prefix of the numbering system of the Form 'M'. Exemption shall be as approved by the Honorable Minister of Finance prior to completion of Form 'M'.
- (4) The Form 'M' and relevant pro-forma invoice shall carry a proper description of the goods to be imported to facilitate price verification viz.
  - A) Generic product name, i.e. product type, category
  - B) Mark or brand name of the product where applicable.
  - C) Model name and or model or reference number where applicable.
  - D) Description of the quality, grade, specification, capacity, size performance etc.
  - E) Quantity and packaging and or packing.
- (5) Documents in respect of each import transaction shall carry the name of the product, country of origin, specifications, date of manufacture, batch or lot number, Standards to which the goods have been produced (e.g. Nigeria Standards-NIS, British Standards PD, ISO, IES, DIN (etc)).
- (6) Where import items such as food, drinks, cosmetics, drugs, medical devices, chemicals etc., are regulated for health or environmental reasons, they shall carry EXPIRY dates or the shelf life and specify the active ingredients, where applicable.

- (7) Electrical appliances (fluorescent lamps, electric bulbs and electric irons etc) shall carry EXPIRY dates or the shelf life and specify the active ingredients, where applicable.
- (8) All electronic equipment and instruments shall carry:
  - (a) Instruction Manual
  - (b) Safety information and/or safety signs and
  - (c) A guaranty/warranty of at least six months;
- (9) All computer hardware software, operating and embedded system shall continue to be Year 2000 compliant.
- (10) Any wrong or fraudulent misrepresentation of facts will result in delays and or impoundment/seizures and subject to prosecution.
- (11) Importation without valid Form 'M' and Blank products automatically qualify for seizure and destruction without warning and subject to prosecution.
- (12) Form 'M' shall be valid for importation only after acceptance by the relevant Scanning Company and Risk Management Service Provider.
- (13) All goods to be imported into the country shall be labeled in ENGLISH in addition to any other language of transaction; otherwise the goods shall be confiscated.
- (14) All imports into the country shall be accompanied by the following documents:
  - a. Final invoice and Combined Certificate of Value and Origin (CCVO) which shall be duly attested to by the Chamber of Commerce of the exporting country and where not available notarized by a Notary Public who must indicate his Official address; and registration number and contain the following details in addition to those on the pro-forma invoice:
    - Form 'M' number.
    - Adequate description of goods.
    - Port of entry (The actual port shall be specified e.g. Tin Can, Apapa, Kano, Onne, etc).
    - Shipment identification, date of shipment, country of origin, country of supply.
  - b. Packing list.
  - c. Shipped on Board Bill of Lading/Airway bill/Way bill.
  - d. Carrier Certificate.
  - e. Insurance Certificate, Manufacture's Certificate of production, which shall state standards.
  - f. Laboratory test certificates or chemicals foods, beverages, pharmaceuticals electrical appliances and other regulated products, where applicable.
- (15) For transactions with post landing charges, a retention fee of 5-15% of the project cost as agreed between the importer and the exporter shall be indicated on both the contract agreement and the pro forma invoice which shall form part of the supporting documents for the registration of relevant Form 'M' in addition.

- The stated fee shall not be remitted until a satisfactory evaluation of the project has been undertaken by the Federal Ministry of Industry (Inspectorate Dept).
- The Scanning and Risk Management Service Provider shall forward to the Federal Ministry of Industry (Industrial Inspectorate Department) and the Central Bank of Nigeria, Trade and Exchange Department, copies of the contract agreement and proforma invoice of such projects for monitoring purposes.
- During Destination Inspection, the Nigeria Customs Service shall take cognizance of the value of shipment and post Landing changes as would have been indicated on the Risk Assessment Report (RAR).
- The Industrial Inspectorate Department, Federal Ministry of Industry shall thereafter carry out an evaluation of the project and advise the Central Bank of Nigeria accordingly.
- On receipt of the report of the evaluation from the Federal Ministry of Industry (Industrial Inspectorate Department), the Central Bank of Nigeria shall advise the respective Scanning and Risk Management Service Provider on the issuance of the RAR of the retained value and the authorized dealer advised to remittance to the beneficiary.

**B. IMPORT PROCEDURES:**

1. Each completed Form 'M' shall be submitted to an Authorized Dealer Bank with the following detailed information, in addition to A (4) above:
  - a. Detailed description of the goods including commercial name for each item, make, whether new, used or refurbished, and the standards adopted.
  - b. Quantities and/or their measurements
  - c. Unit Cost of goods
  - d. Total cost of goods
  - e. Freight Cost.
  - f. Mode of transportation, air/sea/land
  - g. Mode of shipment, Full Container Load (FCL), Less Container Load (LCL), Bulk, Loose, etc.
  - h. Other charges and reflected on the Form 'M' (if any)
  - i. Country of Origin
  - j. Country of supply
  - k. Pro Forma Invoice, with details of physical address and telephone number of the supplier.
  - l. Other documents such as certificate of registration with NAFDAC, SONCAP, Pharmaceutical Board etc. and any additional documents that might be prescribed.
2. All the copies of Form 'M' submitted to Scanning and Risk Management Service Providers shall be legible, duly marked "Accepted" or "Rejected" as the case may be.
3. Upon receipt of duly completed and signed copies of the Forms 'M' from the importer, the Authorized dealer bank is required to:
  - a. Ensure that the Form 'M' is duly completed with details

- b. Ensure that all the relevant documents that are to accompany the completed Form 'M' are actually provided. It should be stated that the Authorized Dealer Bank is expected to carry out proper Know Your Customer (K-Y-C) and be satisfied that all the relevant documents being forwarded are genuine.
- c. After (a) and (b), the bank shall make necessary endorsements on the Form 'M', retain the original copy and thereafter forward the remaining three copies to the relevant Scanning Company and "Risk Assessment Service Provider, who will ensure distribution to the appropriate customers offices.

**C. IMPORT DUTY PAYMENT:**

1. Importers shall continue to pay an administrative charge of 1% of FOB value of all imports based on the rate of exchange prevailing as of the time of opening of his Form 'M'.
2. All imports shall continue to be assessed on C.I.F. value of the goods using the rate of exchange prevailing at the time of opening of Form 'M'.
3. It shall be the duty of the importers' bank through which the Form 'M' was processed to issue the customer a draft in respect of the amount assessed as duty payable which is to be paid to any of the designated banks for customs revenue.
4. The issuance of bank draft by the customer's bank and the payment thereof into the designated bank shall be done and receipt issued by the designated bank.
5. The draft for import duty and other charges shall be paid to any of the designated bank and receipt issued with the SGD number stated thereon before goods are cleared.
6. The designated bank shall continue to transfer all payments of which effects have been cleared to CBN head office (banking office) in Lagos or the nearest CBN office or currency center for onward transfers to the CBN Head Office.
7. The designated banks shall on every Monday or first working day of the week transfer all payment of which effects have been cleared to CBN Head Office (Banking Office) in Lagos or the nearest CBN Branch Office or Currency Center for onward transfer to the CBN Head Offices.

**D. IMPORTER:**

1. It shall be the duty of the importer to ensure that the Supplier makes available the pro-forma invoice in accordance with the imports procedure of the country. As a result, there must be no ambiguity on the description of the goods.
2. The importer shall ensure that all the documents to be forwarded to the authorized dealer bank are genuine and verifiable.
3. All the requirements listed under the imports procedure must be complied with before documents are forwarded to the authorized dealer bank.
4. The importer shall also advise the supplier as to the time the shipment can take place.

**E. SUBMISSION OF FORM M:**

1. Duly completed and approved Form 'M' should be submitted to the office of the respective Scanning Company in Lagos not later than five (5) working days after date of approval.
2. Authorized dealers are advised to confirm acceptance or rejection of the Form 'M' before proceeding on further action on the transaction.

**F. THE SUPPLIER:**

On consignment of goods for shipment, the overseas supplier shall.

1. Submit six final invoice/combined Certificate of Value and Origin (CCVO) manufacturer's certificates with standards adopted stated thereon, and bill of lading/airway bill/ Way bill to the relevant Chamber of Commerce or Notary Public for attestation.
2. If found satisfactory, a final attestation is made thereunto on the documents.
3. The attested documents shall be presented, together with any of the relevant documents, for negotiation if it is a Letter of Credit transaction.
4. Provide the Shipping Company with appropriate details of accepted Form 'M'.
5. The attested documents shall also form part of the documentation required for payment in respect of bill for collection transaction after clearance of the goods in Nigeria.
6. For the avoidance of doubt, no Letter of Credit shall be negotiated without the presentation of the final documents listed in F(1) above. In addition, the responsibility rests on the supplier to ensure that what is shipped is in conformity with the terms in the pro-forma invoice and or letter of credit.
7. Irrespective of whether a transaction is valid for foreign exchange or not, it is a Letter of Credit transaction or not, the supplier shall transmit his final documents to the foreign corresponding bank of the authorized dealer bank in Nigeria where the Form 'M' was opened.

**G. SHIPPING COMPANIES:**

1. Shall not carry any Cargo from the point of origin that does not have details from the accepted Form 'M'.
2. Shall include into the manifest the accepted Form 'M' number, name of the Importer as provided by the Scanning and Risk Management Service Provider.
3. Failure to comply with the provision of G(1) and (2) above shall attract severe sanctions including prosecution.

**H. SCANNING AND RISK MANAGEMENT SERVICE PROVIDERS:**

Upon receipt of the three copies of the Form 'M' and pro-forma invoice the companies shall:



1. Carry out a preliminary review on the application, using information provided therein.
2. If "ACCEPTED", the SC shall distribute copies of the form 'M' as follows:
  - a. One to be retained by them.
  - b. Copy to the CAC, Port of clearance of goods
  - c. Customs Headquarter.
3. The importer shall then procure the foreign exchange through his bank, if it is a Letter of Credit transaction and also advise the supplier to arrange for shipment of the goods.
4. If the Form 'M' is "REJECTED", the affected company shall return all the copies to the bank for necessary rectification.
5. The authorized dealer bank shall forward all the import documents to the Scanning Companies for the purpose of generating Risk Assessment Report (RAR).
6. The Scanning Company shall generate Risk Assessment Report (RAR) not later than five (5) working days in the case of shipment by Sea and two (2) working days in the case of shipment by Air/Land after receipt of Import Document and Form 'M' from Authorized Dealer Bank.
7. Shall provide the Shipping Companies with relevant details from the accepted Form 'M'.

#### **I. DOCUMENTATION REQUIREMENT FOR IMPORT PAYMENTS**

##### **1. Confirmed Letters Of Credit**

Original copies of:

- a. Approved Form 'M'.
- b. Final invoice/CCVO.
- c. Manufacturer's Certificate with standards adopted stated therein.
- d. Shipped on Board Bill of Lading/Airway Bills/Way bill.
- e. Packing List.
- f. Letter of Credit instrument (tested).

Document in 'b' - 'e' shall be duly attested to as stated above.

##### **2. Bills For Collection Transactions**

- a. Approved From 'M'.
- b. Signed Form.
- c. Attested final invoice /CCVO attested.
- d. Attested Manufacturer's Certificate.
- e. Shipped on Board Bill of Lading/Airways bill/Waybill, attested.
- f. Certificate of Insurance.
- g. Import duty Payment receipt with SIGNED COPY duly released and authenticated by Customs.
- h. Bill history/bill of exchange.

- I. Tally Sheet Gate Pass.
  - j. Packing List (duly attested).
3. Exchange Control Document That Must Be Produced After Clearance Of Good
  - a. Risk Assessment Report (RAR) with the Form 'M' no.
  - b. Single Goods Declaration (SIGNED) Form duly completed and signed by either the importer or his appointed Agent.
  - c. Copy of the attested invoice/CCVO.
  - d. Copy of the packing list.
  - e. Import Duty Payment receipt with the SGO number clearly stated thereon.
  - f. Copy of the Manufacturer's Certificate with Standards adopted stated thereon.
  - g. Copy of the Carrier Certificate.
  - h. Laboratory test certificate for chemicals, food, beverages, etc.

## **J. CUSTOMS CLEARANCE PROCEDURES**

1. Declarants
  - Complete the SGDs.
  - Attach all the necessary and supporting documents i.e. Final Invoice and CCVO, pro-forma invoice, Bill of Lading, Insurance Certificate payment schedule: . RAR, copy of Form 'M' SONCAP (where necessary), etc. . Present the completed SGDs along with the attached documents to the designated face vet officers.
2. Face Vet:
  - Check basic details of the SGDs.
  - Check that required documents are attached.
  - Refer the documents to the technical supervisor.
3. Technical Supervisor
  - Streamline the flow of SGDs for control by Data capture.
4. Data Capture
  - Input the SGDs and the manifest details into ASYCUDA respective modules.
  - Register the declaration in ASYCUDA.
  - .Print the ASYCUDA declaration.
  - Refer the entries to Verification & Query seat.
5. Verification & Query Seat/ASYCUDA CPC:
  - Receives RAR messages from the Scanning Company (SC).
  - Check details of the ASYCUDA SGDs against the attached Documents ... but with emphasis on the values and commodity codes of the goods.

- Request the assessment of the declarations, thus the ASYCUDA + + selectivity is triggered. Lanes of the declarations are automatically determined.
  - Possibility of upgrading to the next level of examination based on the lanes selected by the system and risk-related information provided by the RAR messages.
  - If an examination is required, then the ASYCUDA SGD will be marked with the selected lane and the name of the inspector knowing that the ASYCUDA System assigns the inspectors for examination of the consignments automatically.
  - If any discrepancy is found, then "i": shall be entered into ASYCUDA's Inspection Report and the declaration is modified and returned to the Declarant to sign and stamp. If a dispute continues to exist, then dispute settlement mechanisms are followed. These may include allowing the Importer to clear his goods on bank indemnity, application for a tariff decision from the Tariff and Trade department of ~ICS, an appeal to Hon. Minister of Finance, WCO or ultimately taking the dispute to a Court of competent jurisdiction.
  - Assessment Notices are printed so that declarants can pay duties and taxes at the bank. At this point, CPC has completed the verification process. All other discrepancies will be the result of physical inspection or scanning of goods. Hence, Number 1:)f incidences of further payment is reduced.
6. Sorting
- Sort the (8) copies of the SGDs: copies no. 1,4,5 and 7 go to terminals via Dispatch, duplicate to valuation (statistics copy) for further analysis of the value, copy no. 3 to Accounts, copy no. 6 to the Declarant (with copy of the assessment notice) through the paging/ Importer Copy Seat, while copy no. 8 goes to the Central File.
7. Dispatch
- Record the numbers of the SGDs that are to be dispatched.
8. Terminals
- Consignments related to declarations marked on the Green Lane should start release procedures at once.
  - Inspectors examine the goods marker for that purpose by the Verification & Query seat. Inspection is carried out jointly with the representatives of the other concerned agencies, (as approved by Government) and in the presence of the declarants.
  - Containers, which were not selected for physical inspection, can be loaded on trucks. If scanning is required, then the respective trucks should line for scanning by the Scanning Companies (if scanners are in place) if not, then consignments are subject to physical inspection.
  - The findings are recorded on the "Examination Clearance Forms" Which are signed by all those who witnessed the inspection.
  - After inspection, the Declarant submits the receipt to the Accounts officer at the terminal.

## 9. Gate

- Issue the Exit Gate to allow the containers to leave the port.
- The procedures outlined above may be subject to change as the Project progresses. More features may be added or removed as infrastructures are improved upon.

**K. NPA/CONCESSIONAIRES CARGO CLEARANCE PROCEDURE:  
NPA TERMINAL & BONDED I JOINT VENTURE TERMINALS**

- All containers are discharged from vessel.
- All containers are transferred to NPA terminal.
- All containers of ships stemmed to Bonded and Joint Venture Terminals are transferred to Bonded Terminals.
- All containers undergo Customs examination.
- All containers are released by (Customs and Shipping Companies.
- Customs Release Notes and Shipping Companies Delivery Order (D.O.) are transferred to NPA Commercial Department/Bonded Terminal.
- Issuance of Debit Note and payment to NPA Terminal Operator.
- Issuance of Terminal Delivery Order (TOO) by NPA and Terminal Operator.
- Receipt of the TOO by the Traffic Department of NPA.
- Loading and documentation.
- Gate control, N P A Security Agencies.
- Main Gate/Final Exit. .

**L. CONTAINERS FOR SCANNING**

- All containers that are for scanning must have "Authority to Load for Scanning" (ALS) obtained for them from the Customs by the declarants.
- Transfer the ALS and Delivery Order (0.0) to Commercial Department of NPA.
- Issuance of Debit Note, T.D.O and payment
- Receipt of ALS by the Traffic Department of NPA/Concessionaires.
- Loading for scanning
- Scanning and issuance of D.O.
- Main gate control and exit.

## FLOW CHART

### CONTAINER DISCHARGE FROM VESSEL

TRANSFER TO NPA/CONCESSIONAIRES TERMINAL NPA/CONCESSIONAIRES TERMINAL	TRANSFER TO BONDED TERMINAL	TRANSFER TO
CUSTOMS EXAMINATION SCANNING (ALS) B	CUSTOMS EXAMINATION	AUTHORITY TO LOAD FOR
RELEASE BY CUSTOMS & SHIPPING COMPANIES	RELEASE BY EXAMINATION SHIPPING COMPANIES	TRANSFER D.O /ALS TO COMMERCIAL DEBT.
TRANSFER D.O / CUSTOMS RELEASE AND NOTE TO NPA COMMERCIAL DEPT	TRANSFER D.O. / RELEASE  NOTE TO B.W.H.	ISSUANCE OFF DEBIT NOTE, T.D.O.  PAYMENT
ISSUANCE OF DEBT NOTE AND PAYMENT	ISSUANCE OF DEBT NOTE BY TERMINAL OPERATOR AND PAYMENT	RECEIPT OF ALS BY TRAFFIC DEPT
ISSUANCE OF T.D.O. BY COMMERCIAL DEPARTMENT	ISSUANCE OF T.D.O. BY BONDED TERMINAL	LOADING FOR SCANNING
RECEIPT OF T.D.O. BY TRAFFIC DEPT.	RECEIPT PF T.D.O. BY TRAFFIC TRAFFIC DEPT	SCANNING & ISSUANCE OF D.O.
LOADING / DOCUMENTATION	LOADING / DOCUMENTATION	MAIN GATE CONTROL EXIT
MAIN GATE CONTROL & EXIT	MAIN GATE CONTROL & EXIT	

NOTE: NPA will be at the scanning points to facilitate clearance time  
A sample (some containers) of the cargo of ships stemmed to B.W.H. is to be scanned.