



## CENTRAL BANK of SOLOMON ISLANDS

---

Article: 11/2017

Sunday 05<sup>th</sup> November

### **CBSI taking on Bechedemer Export**

A few months ago, the Ministry of Fisheries and Marine Resources (MFMR) lifted it's banned over the exportation of Bechedemer (Sea Cucumber). Soon it became a regular headline in the papers and a controversial topic in many public forums as groups and individuals continued to exploit the resource. Eventually it reached a point where the regulation of this commodity was inevitable and needed to be monitored.

The Central Bank of Solomon Islands (CBSI) has decided to step in and address the Bechedemer issue in terms of earning its true value for the country. In order to do this, CBSI has focused on changing the policy by including Bechedemer as the second commodity export under the SPECIFIC AUTHORITY (SA). The other commodity under SA is round logs.

CBSI International Chief Manager Ali Homelo explained that by doing this Central bank is not only monitoring the exports of this commodity but also maximizing the resources foreign earnings for the country, through export.

“This policy change will benefit the country in one way or the other, he said.”

So can CBSI control the export of any commodity such as Bechedemer? The answer is YES! CBSI administers the legislated Exchange Control Act and Regulations. They have the power and authority to control all exports and exporting proceeds. Under the Exchange Control Act and Regulation section 13, it states.

(1) Subject to these Regulations, a person who exports any goods from Solomon Islands except with the authority of the Central Bank shall be guilty of an offence (3) the authority of the Central Bank under paragraph (1) may be in the form of a general authority or a specific authority. (4) A general authority permits the export of goods on the basis specified in the authority, and shall be published in the Gazette. (5) A specific authority permits the person specified in the authority to export particular goods, in one or more consignments, in the quantities, by the methods of dispatch, and from the place, specified in the authority. (6) A person who exports goods from Solomon Islands with the authority of the Central Bank shall comply with all the terms and conditions of the relevant authority.

#### **Why Specific Authority?**

Bechedemer is regarded as a high value commodity similar to round logs. It has a direct impact to rural people and the country thus it has to be strongly monitored. The rationale for including this commodity

under SA is for the effective management of these high value and fast depleting resources as well as providing assistance in the effect monitoring and compliances of regulations or legislations eg. Bechedemer Ban Regulations.

Other reasons to support this action by Central Bank includes assisting in the effective monitoring ad evaluations of Bechedemer export data and management. The systematic approach also assist in effective reconciliation of export proceeds according to terms of SA, assist with effective information sharing to Custom & IRD for duty and tax compliances and assist with effective monitoring for AML/CFT and related issues.

### **Specific Authority Process**

The Specific Authority process requires licensed BDM exporters to comply with the following criteria as per the Specific Authority requirements in order to be issued with a 'SA to exports' permit.

Prior to exporting, all licensed BDM exporters must submit to the Ministry of Fisheries and Marine Resources (MFMR) the following documents.

- a. CBSI Exchange Control Form Ex.1 (*Application For Specific Authority to Exports from Solomon Islands*)
- b. Consignment details and request for Market Price Certificate form.
- c. Signed copy of Sales Contracts
- d. Market Price Certificate

Upon assessment and satisfaction with signed copy of the **Sales Contracts document**, the MFMR will approve, sign and issue the **Market Price Certificate**.

Exporters must submit these documents to the Central Bank for Specific Authority to Export with all required documents from (a-d) attached, including a **Letter of Credit** (LC) from commercial banks.

CBSI to approve and issue "SA to Export Permit". The exporter must submit the approved SA permit to Customs to pay for the export duty before they can export. These documents must be presented before Customs for approval.

- a. Approved SA application
- b. Export Entry-SAD

The Exchange Control Form, EX.1 can be downloaded from the CBSI website or collected at the CBSI office. No export of the BDM commodity is allowed without Specific Authority to Exports Permits from CBSI.

This policy is already effective as of the 18<sup>th</sup> October 2017. CBSI is aware that only 4 exporters are guaranteed as licensed BDM exporters. Whether the number of licensed exporters is expected to increase, that could not be confirmed.

CBSI ensures that BDM exporters are fully aware of the procedures and processes required to acquiring SA to export permit. A training on this was successfully conducted by CBSI international department,

participants included are major stakeholders and BDM licensed owners. The training focused more on exporting procedures and processes under the Specific Authority.

END//