

COMMISSION OF THE EUROPEAN COMMUNITIES

***CONDITIONS FOR THE SETTING UP OF
INDUSTRIAL UNDERTAKINGS***

Somalia

JUNE 1974

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COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL OF DEVELOPMENT AND COOPERATION
Trade and Development Division

**CONDITIONS FOR THE SETTING UP OF
INDUSTRIAL UNDERTAKINGS**

in the
Associated African States and Madagascar

General informations on EDC invitation to tender

VOLUME 13

DEMOCRATIC REPUBLIC OF SOMALIA

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SECTION I

GENERAL CONSIDERATIONS AND INDUSTRIAL POLICY

This section gives concise general information about the country. The information has been selected to illustrate the "environment" for industry and because of its relevance to the choice of industrial locations. The following aspects are covered:

- geography, political and administrative structures, population, and agroclimatic areas;
- the economy: currency, gross domestic product, foreign trade and production, commercial structures, budgets, education, health;
- features considered relevant to the country's industrialization potential;
- industrial sector: description and future projects;
- in addition, a list of useful addresses is given.

1 - GEOGRAPHY AND STRUCTURES

1.1. Geographical situation

Latitude : from 11°30' north to 1°30' south
 Longitude : from 41° east to 51° east

Area : 638,000km² (equivalent to about 55% of the total area of the original 6 countries of the EEC).

Maximum north-south distance : 1500 km
 Maximum east-west distance : 1100 km

The country borders on:

- French Somalia in the north-west (border length about 70 km)
- Ethiopia in the west (border length about 1500 km)
- Kenya in the south-west (border length about 600 km)

Access to the sea : Somalia has a 2800 km coastline, washed in the north by the Gulf of Aden and in the east and south by the Indian Ocean.

1.2. Political structures

Somalia gained her political independence on 1 July 1960. Independence was accompanied by a process of territorial unification, and the country's sovereignty now covers:

- former Italian Somaliland, a former possession
- Somaliland, a former British protectorate (which covered the present regions of Burao and Hargeisa).

The 1961 constitution was abolished in October 1969 and a Supreme Revolutionary Council (SRC) was set up. All civil and military power is in the hands of the SRC, whose President is General Jaalle Mohamed Barre.

The Democratic Republic of Somalia is a neutral country. It is a member of the UNO, the OAU, and the African Development Bank (ADB), is an associate member of the EEC, and belongs to the Arab League.

1.3. Administrative structures

Somalia is divided into 8 regions each administered by a Revolutionary Council headed by a Military Governor. The regions are subdivided into 40 districts.

Table 1.

ADMINISTRATIVE DIVISIONS AND POPULATION (1963)

| Regions | Population | % |
|------------|------------|------|
| Sud | | |
| BENADIR | 520.000 | 22,6 |
| HAUT-GIUBA | 465.000 | 21,1 |
| HIRAN | 238.000 | 10,3 |
| MUDUGH | 189.000 | 8,2 |
| BAS-GIUBA | 151.000 | 6,6 |
| MIGIURANIA | 111.000 | 4,8 |
| Total Sud | 1.694.000 | 73,6 |
| Nord | | |
| BURAO | 330.000 | 14,3 |
| HARGEISA | 279.000 | 12,1 |
| Total Nord | 609.000 | 26,4 |
| TOTAL | 2.303.000 | 100 |

1.4. Population

Total : 2,3 million in 1963 (estimate).

Estimate 1973 :

Total : 2,8 to 3,0 million, estimated growth rate 2,5%

Urban : 19,8%

Active (age group 15-59) : 54,6%

Seminomadic and agricultural sector : 20,6%

Nomadic : 39,6%

Age-earning population in secondary sector : 5779 persons in 1972.

Demographic data for Somalia are not very accurate owing to the nomadic way of life of most of the population.

A census of the human and animal populations is now being prepared by the UNO and should be completed by the end of 1974.

Population density is probably about 4,4 persons per km².

Somalia has 9 towns with a population of over 10,000 viz.:

| | | | |
|-----------|-------------|---------|---------|
| Capital : | MOGADISHU | 172,700 | in 1967 |
| | HARGEISA | 40,200 | in 1962 |
| | KISIMAYU | 17,800 | in 1968 |
| | MERCA | 17,700 | in 1967 |
| | BAIDOA | 14,900 | in 1968 |
| | GIOHAR | 13,200 | in 1969 |
| | BURAO | 12,600 | in 1962 |
| | BERBERA | 12,200 | in 1962 |
| | BELLET-WENE | 11,400 | in 1969 |

The rate of growth of the urban population is probably about 5,1%, of which 3,1% is due to natural increase and 2% to rural migration.

1.5. Agroclimatic areas

The climate of Somalia is determined by the monsoon :

- December to March : north-east monsoon, high temperatures (over 25°C)
- June to October : south-west monsoon, low temperatures (up to 22°C).

The year is divided into dry and rainy seasons :

- January-April : hot and dry
- May-June : rainy season
- July-September : dry and cool
- October-December : period of light rain

The climate in the interior of the country is generally hot and dry. On the coast, the weather is always hot and humid.

Agroclimatic areas

| Area | Annual rainfall (mm) | Mean monthly temperatures | | Mean annual humidity | Remarks |
|---|----------------------------------|------------------------------|------------------------------|--------------------------|---|
| | | min. | max. | | |
| North - north-west HARGEISA | 341,4 | 15,6 | 27,0 | 57% | area of arid steppes, with scattered vegetation covering a plateau of crystalline rocks. Livestock. |
| North - east (Bosasso region) | | | | | mountainous limestone region, little vegetation. Livestock and fishing. |
| Centre - north (Mudugn region between Nogal and Scebelli). GALCAIO | 165,2 | 22,1 | 35,6 | 66% | arid plateau. Livestock. |
| Centre - south (region between Giuba and Scebelli): MOGADISHU AFGOI BAIDOA BELET-WENE | 644,8 732,5 690,9 505,5 | 25,8 21,7 18,5 21,9 | 29,9 32,1 31,4 34,5 | 78% 62% 72% 65% | fertile region of high population density. Fruit and food crops; livestock. |
| West (region between Giuba and the Kenyan border) : KISIMAYU | 517,0 | 22,8 | 30,0 | 76% | thick scrub with occasional forests containing varied fauna. Livestock. |

2 - The ECONOMY

2.1. Currency

The unit of local currency is the Somali shilling (So.Sh.), which is divided into 100 cents.

Parity as at 1 January 1974 :

1 So.Sh. = 0,133016 u.a.
1 u.a. = 7,51789 So.Sh.

The Somali shilling does not belong to any currency area and is not convertible.

The issuing body is the National Bank of Somalia.

The Investment Code provides for the possibility of transfer of the profits of approved undertakings and for the transfer of the remuneration of expatriate staff paid in Somalia.

2.2. Gross domestic product

In the absence of national accounts, we shall use the United Nations estimate of 1970 for the value of GDP, viz., 170 million of account, or 1.270.000.000. So.Sh.

Most of the national income is derived from livestock breeding and subsistence farming.

Some 85% of the population lives on the primary sector of the economy (farming and livestock), 3% on the secondary sector, and 12% on the tertiary sector.

GDP per capita : for an estimated population of 2,8 million, this is about 60 u.a., or 450 So.Sh. in 1970.

2.3. Foreign trade and production

- Estimate of chief items of agricultural production 1972-73 :

| | Hectares | Production (t) |
|------------|----------|----------------|
| Sorghum | 450,000 | 155,000 |
| Maize | 12,000 | 84,000 |
| Wheat | 3,500 | 1,050 |
| Rice | 20 | 40 |
| Groundnuts | 34,900 | 13,960 |
| Cotton | 2,500 | nd |
| Sugarcane | 6,000 | 1,500 |
| Grapefruit | 300 | 130,000 |
| Bananas | 8,939 | nd |

- Foreign trade

Exports consist mainly of animals (goats, sheep, cows and camels), and fresh bananas. These two groups of products represent about 80% of the total value of exports. Over 50% of exports go to Saudi Arabia.

Table 2.

EXPORTS COVERED BY STATISTICS

Units : Quantities (Q): thousands of tonnes
Values (V): thousands of So.Sh.

| - Products | 1968 | | 1971 | | 1972 | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q | V | Q | V | Q | V |
| -Live animals | 55,3 | 124,3 | 57,4 | 123,4 | 72,3 | 162,0 |
| including (cows) | (9,4) | (14,3) | (12,7) | (18,5) | (14,9) | (23,8) |
| (sheep) | (23,0) | (62,7) | (17,8) | (46,8) | (43,6) | (63,0) |
| (goats) | (15,4) | (35,9) | (16,9) | (41,4) | (24,7) | (60,3) |
| (camels) | (7,5) | (11,5) | (10,0) | (16,6) | (9,1) | (14,7) |
| -Bananas | 86,1 | 59,7 | 103,7 | 63,8 | 116,5 | 78,2 |
| -Meats and meat preparations | 1,0 | 3 | 5,0 | 21,4 | 4,3 | 22,6 |
| -Hides and skins | 3,2 | 11,7 | 5,9 | 18,1 | 4,9 | 17,1 |
| including (cows) | (0,8) | (1,5) | (3,0) | (5,7) | (2,3) | (6,3) |
| (goats) | (1,1) | (4,5) | (1,6) | (6,9) | (1,2) | (3,4) |
| (sheep) | (1,0) | (4,9) | (0,9) | (4,8) | (0,9) | (4,8) |
| -Fish and fish preparations | 0,2 | 0,2 | 1,4 | 2,6 | 1,3 | 3,2 |
| -Other products | 23,5 | 13,1 | 9,6 | 17,1 | 15,1 | 13,3 |
| TOTAL | <u>169,3</u> | <u>212,0</u> | <u>183,0</u> | <u>246,4</u> | <u>214,4</u> | <u>298,4</u> |

-(Source : Statistical Abstract 1972)

In 1972, the value of exports to the 3 main countries of destination broke down as follow :

| | |
|-------------------|--------------|
| - Saudi Arabia | 53,2% |
| - Italy | 18,3% |
| - URSS | 6,4% |
| - Other countries | <u>22,1%</u> |
| | 100 % |

Somalia's imports are composed mainly of manufactured products and transport equipment (49% of total imports) and food products (20% of total imports).

In 1972, the principal source countries for imports were :

| | |
|-----------------|--------------|
| Italy | 29,5% |
| USSR | 9,8% |
| USA | 7,2% |
| Japan | 5,6% |
| Other countries | 47,9% |
| TOTAL | <u>100</u> % |

Table 3.

IMPORTS COVERED BY STATISTICS (VALUE)

Unit : thousands of So. Sh.

| Products | 1968 | 1971 | 1972 |
|--|--------------|--------------|--------------|
| - <u>Manufactured products</u> | <u>103,3</u> | <u>111,5</u> | <u>131,2</u> |
| including . textiles | 43,4 | 36,4 | 37,3 |
| . paper and board | 18,7 | 28,3 | 27,8 |
| . manufactured products of metal | 9,6 | 11,4 | 21,8 |
| . mineral products (not metal) | 13,4 | 13,9 | 17,0 |
| . irons and steels | 10,1 | 12,1 | 17,0 |
| - <u>Machines and transport equipment</u> | <u>54,8</u> | <u>55,3</u> | <u>126,9</u> |
| including . transport equipment | 31,3 | 28,7 | 55,8 |
| . machines other than electrical | 23,0 | 19,0 | 44,9 |
| . electrical machines | 10,4 | 7,5 | 26,1 |
| - <u>Food products</u> | <u>64,1</u> | <u>140,2</u> | <u>109,1</u> |
| including . cereals and derivatives | 35,2 | 104,7 | 56,4 |
| . sugars and derivatives | 7,9 | 1,0 | 21,1 |
| . coffee, tea, cocoa, spices | 8,1 | 15,1 | 18,6 |
| - <u>Miscellaneous manufactured articles</u> | <u>30,4</u> | <u>30,9</u> | <u>42,1</u> |
| including . clothing | 8,7 | 7,4 | 10,5 |
| . footwear | 5,9 | 4,2 | 4,0 |
| - <u>Chemicals</u> | <u>23,3</u> | <u>28,9</u> | <u>38,5</u> |
| including . pharmaceuticals | 8,5 | 14,2 | 11,0 |
| . fertilizers | 1,8 | 3,2 | 7,0 |
| - <u>Petroleum products</u> | <u>14,5</u> | <u>18,9</u> | <u>24,6</u> |
| - <u>Crude products - other than food</u> | <u>16,9</u> | <u>31,5</u> | <u>21,7</u> |
| including . timber | 5,5 | 6,4 | 6,9 |
| - <u>Animal and vegetable oils and fats</u> | <u>7,0</u> | <u>15,6</u> | <u>14,7</u> |
| - <u>Miscellaneous</u> | <u>15,7</u> | <u>14,8</u> | <u>15,1</u> |
| - <u>TOTAL</u> | <u>339,8</u> | <u>447,6</u> | <u>523,9</u> |

Table 4.

TRADE BALANCE

Unit : thousands of So.Sh.

| | 1965 | 1968 | 1971 | 1972 |
|---------------------------|---------|---------|---------|---------|
| Exports | 192,0 | 212,0 | 246,4 | 298,4 |
| Imports | 353,6 | 339,8 | 447,6 | 523,9 |
| Trade balance | - 161,6 | - 127,8 | - 201,2 | - 225,5 |
| Export/import cover ratio | 54,3% | 62,4% | 55,0% | 56,9% |

-Variation of budget

Unit : million of So.Sh.

| | 1970 | 1971 | 1972 | 1973 |
|-------------------------------|-------|-------|-------|------|
| Ordinary budget revenue : | | | | |
| - forecast | 327,9 | 530,0 | 457,0 | 457 |
| - actual | 305,8 | 350,4 | 320,0 | |
| Ordinary budget expenditure : | | | | |
| - forecast | 408,7 | 306,0 | 343,7 | 396 |
| - actual | 309,2 | 299,8 | 352,6 | |

Action by the Revolutionary Council in the productive sectors is reflected in an increase in budget allocations. Agriculture will receive 5 million shillings (against 4 million in 1972) as "ordinary expenditure", and nearly 33 million shillings (against 20 million) under the development programmes, which have a fund allocation of seven times the figure for 1971. With nearly 7 million shillings for development, the livestock sector is receiving three times the 1971 figure of just over 2 million shillings.

Industrial development projects have eight times the 1971 allocation: 11 million shillings from budgetary resources (2,3% and 10,5 million shillings from external credits.

The Ministry of Development of Mining and Water Resources is receiving 13 million So.Sh. (2,5% of the total budget), which is five times as much as in 1971.

The other main budget allocation break down as follows (in millions of So.Sh. and as a percentage of the total budget) :

| | <u>1971</u> | <u>1972</u> | <u>1973</u> |
|----------------------------------|-------------|-------------|-------------|
| . Transport : | | | |
| Budget allocation | 10 (2,9%) | 14 (3,4%) | 17 (3,4%) |
| Foreign aid | - | 5 | - |
| TOTAL | <u>10</u> | <u>19</u> | <u>17</u> |
| . Posts and telecommunications : | | | |
| Budget allocation | 9 (2,7%) | 9 (2,1%) | 9 (1,8%) |
| Foreign aid..... | 8 | 2 | 21 |
| TOTAL | <u>17</u> | <u>11</u> | <u>30</u> |
| . Public works | | | |
| Budget allocation | 29 (8,2%) | 27 (6,6%) | 34 (7%) |
| Foreign aid..... | 15 | 22 | 124 |
| TOTAL | <u>44</u> | <u>49</u> | <u>158</u> |

- National debt :

Somalia's external national debt has risen steadily over the years, reaching 657 million So.Sh. in 1972.

Variation and distribution of the Somali foreign debt

in million of So.Sh.

| Country | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|
| IDA | - | - | - | 10,2 | 50,8 | 57,6 | 65,8 |
| People's Republic of China | - | - | - | - | 0,9 | 1,5 | 3,7 |
| West Germany | 42,3 | 49,2 | 59,0 | 60,9 | 83,7 | 83,7 | 101,1 |
| Italy | 33,0 | 29,7 | 26,2 | 22,6 | 19,1 | 15,6 | 37,3 |
| Saudi Arabia | - | 11,9 | 23,8 | 23,8 | 35,7 | 35,7 | 52,8 |
| USA | - | - | 5,3 | 23,1 | 41,5 | 52,5 | 73,5 |
| USSR | 206,4 | 223,1 | 239,4 | 253,4 | 266,9 | 275,8 | 302,9 |
| Libya | - | - | - | - | - | - | 9,3 |
| Iraq | - | - | - | - | - | - | 7,5 |
| Bulgaria | - | - | - | - | - | - | 3,3 |
| TOTAL | 281,7 | 313,9 | 353,7 | 394,0 | 498,5 | 522,4 | 657,2 |

Source : National Bank of Somalia

2.6. Education

The official language is Somali, which has been written since 1973.

About 6% of the ordinary budget is devoted to education. Of the investments proposed under the 1971-1973 Plan, nearly 5% of the total is allocated to national education.

The Somali education system has four levels :

- primary)
- intermediate (..... duration of each level : 4 years
- secondary)
- higher (

- Number of pupils and teaching staff (1972-73).

In 1972-73 there were 88,727 students and schoolchildren, this figure breaking down as follows :

| | Number of pupils | Number of teachers |
|---------------------------|------------------|--------------------|
| Elementary | 53,465 | 1,539 |
| Intermediate | 24,668 | 915 |
| Secondary | 9,457 | 579 |
| Higher : | | |
| - Law | 394 | |
| - Economic sciences | 405 | |
| - Teacher, etc., training | 297 | |
| - Agriculture | 22 | |
| - Sciences | 19 | |
| TOTAL | 1,137 | |
| Grand total | 88,727 | |

- Location of secondary and higher education establishments

Secondary education : number of schools per region :

| | |
|----------------|-----------|
| Mogadiscio | 9 |
| Moyen Shebelle | 1 |
| Bas Shebelle | 2 |
| Hiran | 1 |
| Bas Giuba | 2 |
| Haut Giuba | 1 |
| Mudugh | 1 |
| Bari | 1 |
| Togder | 2 |
| Hargeisa | 6 |
| | <u>26</u> |

. Higher education : there are three higher education establishments in Mogadishu :

- National University - new buildings to be constructed with EDF finance
- Teacher, etc., training college
- Veterinary Institute

- Trainees abroad :

In 1971-72, there were 171 scholarship students abroad, 50 of whom were in the EEC countries, 35 in Egypt and 30 in the USSR. The main specialities were :

| | |
|-----------------------|------------------------|
| - Medicine | 24 scholarship-holders |
| - Veterinary sciences | 20 scholarship-holders |
| - Architecture | 12 scholarship-holders |

2.7. Health

- Hospital capacity of entire country in 1972 : 5163 beds
- The medical staff in 1972 was composed of :

| | |
|------------------------|------------|
| . Doctors : | 93 Somalis |
| | 58 foreign |
| . Pharmacists : | 21 |
| . Medical assistants : | 280 |
| . Nurses : | 480 |

2.8. Development Plan

- A Development Plan for the period 1974-78 has been prepared, to follow the 1971-73 Plan.

In the new Plan, priority is given to the development of transport and agriculture, the main objectives in each sector being as follows :

- . Agriculture : self-sufficiency in food.
- . Stock-breeding : raising the quantity and quality of production.
- . Fishing : modernization of the fishing industry; expanding the distribution of fish in the interior of the country.
- . Industry : development of agroindustries for export and for import substitution; development of construction materials industries.
- . Education : schooling for nomads; extension of technical education
- . Transport : improvement of the road network.
- Distribution by sectors of the investments proposed under the 1974-78 Plan.

Investments 1974-78
in millions of So. Sh. % of total

| | | |
|-------------------------|-------------|------|
| Transport | 944 | 26,1 |
| Agriculture | 883 | 24,4 |
| Industry | 588 | 16,2 |
| Education | 191 | 5,5 |
| Livestock | 162 | 4,5 |
| Housing | 136 | 4,3 |
| Water resources | 139 | 3,9 |
| Energy, electricity | 136 | 3,8 |
| Statistics, cartography | 106 | 2,9 |
| Fishing | 78 | 2,2 |
| Health | 78 | 2,1 |
| Forestry | 51 | 1,4 |
| Mining | 45 | 1,3 |
| Information | 37 | 1,0 |
| Tourism | 12 | 0,3 |
| Employment | 11 | 0,3 |
| Total Invest | <u>3617</u> | 100 |
| Total investment | 3617 | 100 |

Hence :

- 37,7% of investment is for the primary sector
- 26,1% of investment is for transport
- 20% of investment is for energy and industry
- 12% of investment is for the social sector
- 4,2% of investment is for other headings.

3 - FEATURES OF THE COUNTRY

The Somali economy is based mainly on livestock breeding, on which about 60% of the population lives and which provides the country with most of its resources of foreign exchange.

Exports of live animals and products derived from stock breeding amount to 67% of total exports.

A 1970 estimate of the national herd was 10,6 million head (2,8 million cows/2,5 million camels/2,1 million sheep/3,3 million goats).

The second most important source of foreign exchange is banana exports, which account for 26% of total exports.

Owing to their structures, exports are very much at the mercy of the vagaries of the climate. Products associated with livestock, in particular, are severely affected in years of drought.

The former trade routes to Europe were upset by the closure of the Suez Canal; the duration and cost of transport were thereby greatly increased.

However, a considerable increase in exports (mainly of animals) to the Arab countries (Kuwait, Saudi Arabia) is now being experienced.

4. INDUSTRIAL POLICY

4.1 Industrial sector

4.1.1 General

The modern industrial sector in Somalia is still embryonic, employing only about 5000 persons out of an estimated active population of 1,500,000. The development of processing activities is impeded by :

- the absence of an adequate infrastructure of services
- the lack of national skilled labour
- the geographical situation of the country, which results in excessive transport time and cost for imported equipment and intermediate products (especially since the closure of the Suez Canal)
- the conditions of acceptance for private investment (nationalization measures of recent years).

4.1.2 Composition of industry :

- The latest available statistics are for 1972.
- . Number of industrial establishments : 212
- . Labour force : 5342
- . Turnover : 212

Distribution of industrial activity in 1972

| Type of activity | Labour force | Turnover (millions of So.Sh.) | Value added (millions of So.Sh.) | Number of establishments |
|-------------------------------|--------------|-------------------------------|----------------------------------|--------------------------|
| Food industry | 2,606 | 154,8 | 95,7 | 63 |
| Drinks industry | 243 | 8,3 | 2,5 | 9 |
| Textile industry | 811 | 15,5 | 4,6 | 5 |
| Clothing | 204 | 2,4 | 0,9 | 29 |
| Leather and footwear industry | 203 | 2,3 | 1,1 | 5 |
| Joinery, timber in industry | 384 | 3,5 | 1,7 | 31 |
| Printing | 263 | 8,9 | 6,5 | 7 |
| Chemical industry | 183 | 8,1 | 1,6 | 10 |
| Plastics industry | 49 | 1,5 | 0,1 | 2 |
| Building materials industry | 251 | 3,7 | 0,9 | 34 |
| Metals industry | 26 | 1,0 | 0,4 | 3 |
| Jewellery | 76 | 1,0 | 0,3 | 10 |
| Miscellaneous industries | 43 | 0,9 | 0,5 | 4 |
| TOTAL | 5,342 | 211,9 | 116,8 | 212 |

- Somali industry is characterized by :
 - . The predominance of the public sector, which accounts for about 80% of total industrial turnover
 - . The predominance of the agricultural and food industries, which are responsible for about 77% of total industrial turnover
 - . The predominance of small and medium-sized undertakings :
- in 1971 :
 - 11 establishments employed over 100 persons
 - 71 establishments employed 10 to 90 persons
 - 113 establishments employed less than 10 persons.

4.1.3 Principal production units :

- Food industry :
 - . One sugar mill at Gishar, belonging to SNAI (National Industrial Agriculture Company), nationalized in May 1970.
Production capacity : 50,000 t/year
Staff : 1800 normally; 5500 at periods of activity.
 - . Two meat canneries :
 - One at Kisimayu (state company).
Production capacity : 170 head of beef per day.
Staff : 500.
 - The other at Mogadishu (SOPRAM, a private company).
Production capacity : 150-200 head of beef per day.
Staff : 300.
 - . Three fish canneries :
 - Two units (private companies) at Kandala (payroll 81) and Habo (payroll 151), dating from 1950 and producing tins of tuna in oil and plain.
Weight of fish processed in 1971 : 1000 tonnes.
 - One unit at Las Koreh : state undertaking set up in 1969 with a Soviet loan.
Investment : 42,000,000 So.Sh.
Production capacity : 7000 tonnes of canned tuna (12 million cans).
Staff : 180.

- . One dairy at Mogadishu, states-owned, opened in 1966.
Investment : 11,600,000 So.Sh.
Production capacity : processing of tonnes of milk per 8-hour period.
Staff : 81.
- . One fruit juice cannery (IFOP) at Afgoi, production commenced 1973.
- . Five soft drinks units, 4 at Mogadishu and 1 at Brava, employing about 200 people.
- Textile and leather industries :
 - . One cotton weaving mill (SOMALTEX), initial capital 70% Somali and 30% West German.
Production capacity : 11.000.000 yards.
Staff : 740.
 - . Four tanneries, of which 2 also make shoes in Mogadishu and Brava (private companies).
- Miscellaneous industries :
 - . Soaps, detergents and perfumes.
Four establishments in Mogadishu, 100 jobs.
 - . Plastics industry (pipes, footwear, etc.).
Two establishments at Mogadishu and Jowhar.
 - . Packaging industry (INCAS), set up in 1971 for the manufacture of plastics and board packagings.

Table 5.
CHIEF INDUSTRIAL PRODUCTS

| Sectors and products | Units | 1970 | 1971 | 1972 |
|--|-----------------|-----------|-----------------|---------------|
| <u>Food, drinks and tobacco industries</u> | | | | |
| . Preparation of beef (1) | tins | | | 12.700.000 |
| . Fish canning Las Koreh unit | tins | | 1.087.200 nd | 562.300 nd |
| Kandala and Habo units | tonnes | 287 t | | |
| Processed milk | litres | 1.136.084 | 2.500.000 | 3.000.000 |
| <u>Textile industries</u> | | | | |
| . Cotton fabric | yards | | | 6.400.000 |
| <u>Miscellaneous industries</u> | | | | |
| . Household soap | tonnes | | | 1.200 |
| . Soap powder | tonnes | | | 900 |
| . Perfumes and shampoos | value in So.Sh. | | | 200.000 |

(1) Production of the Kisimayu unit.

4.2. Industrial content of the Plan

- Owing to the conditions obtaining in Somalia, it is impossible for industry to be one of the more immediate objectives in the country's economic policy; priority is being given to the transport and agriculture sectors.

- Under the 1974-78 Plan, the sum of 3600 million So.Sh. is to be invested in all sectors of the economy (against 1000 million So.Sh. allocated in the 1971-75 Plan). 588 million So.Sh. is allocated to the industrial sector; this amounts to 16% of investment (against 88 million So.Sh. allocated under the 1971-73 plan).

Of the proposed investment, 24% is allocated to the modernization of existing undertakings and 76% to the setting up of new units.

Some 5000 jobs are to be created in the industrial sector in the period 1974-78.

Principal objectives of the 1974-78 Plan :

- . Priority development of industries based on the exploitation of natural resources (livestock, fishing, agriculture, mining).
- . Development of exports of industrial products (which currently represent only 4% of total exports).

Essential points of the industrial development strategy proposed by the Plan :

- . Strengthening and development of the public industrial sector by:
 - establishment of new public undertakings in sectors vital to the national economy
 - improvement of the working of existing publicly owned undertakings.
- . Attraction of foreign capital for investment in national projects.
- . Incentives for growth in the private sector.

Table 6.
PRINCIPAL INDUSTRIAL PROJECTS

| Projects per sector | Location | Production capacity | Investment in millions of So.Sh. | Jobs | Market | Progress | Commencement of production | Remarks |
|---|-----------------------|--|----------------------------------|------|---------------------|----------|----------------------------|--|
| I - Public or mixed public/private sector projects <u>Food, drinks and tobacco industries</u> Sugar mill (SNAI) | Jowhar | 50.000 t/year | 20 (mill) | nd | local | | 1974-75 | Modernization of existing unit |
| Sugar mill | Lower Giuba (Bardera) | 50.000 t/year | 248 (mill) 101 (plantation) | nd | local market | | nd | New unit |
| Fish cannery | Las Koreh | increase of capacity from 7000 to 13.000 t | 6.5 | nd | export/local market | | 1974-76 | Modernization of existing unit |
| Milk processing plant | Mogadishu | 20 t milk/day | 5 | nd | local market | | 1974-77 | Modernization of existing unit |
| Meat cannery | Kisimayu | | 3 | nd | export | | 1974-78 | Extension of capacity of existing unit |

Table 6.
PRINCIPAL INDUSTRIAL PROJECTS

| Projects per sector | Location | Production capacity | Investment in millions of So.Sh. | Jobs | Market | Progress | Commencement of production | Remarks |
|-------------------------------|----------------------------------|--|----------------------------------|------|--------------|--------------------|----------------------------|---------|
| Seed oil mills | Lower Scebelli) Lower Giuba) | 4800 t/year | 6 | nd | local market | | 1974-78 | New |
| Flour mill, noodle factory | Mogadishu | 600 quintals/day | 15 | 60 | local market | nearing completion | end 1974 | New |
| Abattoirs with refrigeration | Hargeisa | 500 head sheep/day 70 head beef/day | 3,2 | nd | | | 1974-78 | |
| | Mogadishu | 55.000 head beef/year | 1,2 | nd | | | 1974-78 | |
| Cigarette and matches factory | Mogadishu | 250million cigarettes | nd | nd | local market | | nd | New |
| | | 12 million boxes of matches | nd | nd | local market | | nd | New |

Table 6. (suite)
PRINCIPAL INDUSTRIAL PROJECTS

| Projects per sector | Location | Production capacity | Investment in millions of So.Sh. | Jobs | Market | Progress | Commencement of production | Remarks |
|---|---|--------------------------------|----------------------------------|-----------------------|--------------|----------|--|--|
| <u>Textile and footwear industries</u> Textile industries (SOMALTEX) | Mogadishu | Increase to 19.9 million yards | nd | nd | local market | | 1974-75 | Extension of existing capacity |
| Tanneries | Mogadishu | 60.000 skins/year | 1,3 | nd | | | 1974-78 | New |
| | Kisimayu | 120.000 skins/year | 1 | nd | | | 1974-78 | |
| <u>Metal manufacture</u> Foundry and mechanical engineering: Phase 1 Phase 2 | | 450 t/year 1500 t/year | 7,6 4,6 | nd nd | local market | | 1975 nd | New |
| Shipyards | Mogadishu Bossaso Kisimayu Berbera | | 1 4,5 4,5 4,5 | +20 50 50 30 | | | 1974-78 1974-78 1974-78 1974-78 | Extension of capacity New New New |

Table 6. (suite)
 PRINCIPAL INDUSTRIAL PROJECTS

| Projects per sector | Location | Production capacity | Investment in millions of So.Sh. | Jobs | Market | Progress | Commencement of production | Remarks |
|--|----------------|---------------------|----------------------------------|------|--------------|---------------------|----------------------------|---------|
| <u>Chemical industries</u> Petroleum refinery | nd | 10.000 barrels/day | 54 | nd | local market | | nd | New |
| Pharmaceutical industry | nd | nd | 16 | 104 | local market | | nd | New |
| <u>Non-metal mineral products industry</u> Cement works | Berbera region | 100.000 t | 68,4 | nd | local market | studywork completed | nd | New |

Table 6. (suite)
PRINCIPAL INDUSTRIAL PROJECTS

| Projects per sector | Location | Production capacity | Investment in millions of So.Sh. | Jobs | Market | Progress | Commencement of production | Remark |
|---|-----------|---------------------|----------------------------------|------|--------|----------|----------------------------|--------|
| II - Projects reserved for the private sector for 1974-78 (1) | | | | | | | | |
| Paint manufacture | Mogadishu | | | | | | | |
| Linen/cloth manufacture | Mogadishu | | | | | | | |
| Car battery and dry cell manufacture | Mogadishu | | | | | | | |
| toilet soap manufacture | Mogadishu | | | | | | | |
| Bag manufacture | Mogadishu | | | | | | | |
| Drink production | Hargeisa | | | | | | | |
| Lannery | Hargeisa | | | | | | | |
| Clothes manufacture | Mogadishu | | | | | | | |

(1) The 1974-78 Plan gives only the desired location for private-sector projects.

4.3. Administrative structures relevant to industry

Full information on investment possibilities in Somalia can be obtained from the Ministry for Industry and/or the Ministry for the Plan.

5 - USEFUL ADDRESSES IN MOGADISHU

-Ministries and administrative authorities

| | | |
|--|------------------------|---------------|
| Ministry for the Plan and for Coordination | | 33-27 / 25-17 |
| Ministry of Mines | 6°Km St.Afgoi | 89-80 |
| Ministry of Health | P.Socid Africana | 31-55 |
| Ministry of Rural Development and Livestock Breeding | Corso Somalia | 38-09 / 39-05 |
| Ministry of Education | Corso Repubblica | 35-42 |
| Ministry of Public Works | Via Gabridaharre | 21-51 |
| Ministry of Finance | Via Afmadan | 26-68 |
| Ministry of Justice, Religious Affairs and Labour | Gouvernement | 35-14 |
| SIPA - Somali Institute of Public Administration | Via Belet Ven | 35-45 / 28-04 |
| Ministry of Agriculture | Via IV Km | 82-51 |
| Department of Posts and Telecommunications | Corso Somalia | 29-05 |
| Presidency of the Supreme Revolutionary Council | Palais du Gouvernement | 26-07 |
| Ministry of Transport | | 23-25 |
| Ministry of Sport and Labour | | 39-87 |
| Ministry for Industry | | 33-89 |
| Ministry of Foreign Trade | | 20-88 |
| Ministry of Domestic Trade | | 22-21 |
| Ministry of Maritime Transport | | 32-56 |

- Diplomatic representations and international organizations

| | | |
|---------------------------|---|---------------|
| United Nations | Viale delle N.U. | 36-84 |
| UNESCO | C/°Ministry of Education | 35-42 |
| Vicariat Apostolic | P.O. Box 273, Via Ahmed bin Idris | 22-13 |
| FAO - UN Special Fund | Via 7°Km | |
| European Development Fund | Corso Somalia P.O. Box 943 Mogadiscio | 31-18 / 30-19 |

| - Embassies of EEC countries : | | Telephone |
|--------------------------------|-------------------------------|---------------|
| UK | P.O.Box 1036 Via Loudra | 34-72 / 34-73 |
| France | P.O.Box 13 Corso 1° Luglio | 37-15 / 23-97 |
| Italy | P.O.Box 6 Via Alto Giuba | 25-44 / 23-86 |
| West Germany | P.O.Box 17 Via Mohamud | 85-50 |

- Other Embassies :

Saudi Arabia, Bulgaria, People's of China, Ethiopia, India, Iraq, Kenya, Korea, Arab Republic of Egypt, Yemen, East Germany, Syria, Sudan, USA, USSR, South Yemen, Yugoslavia.

- Consulates :

Norway, Italy, Sweden.

- Miscellaneous

| | | |
|---|---|---------------|
| Chamber of Commerce | P.O.Box 72 Via Abdulcadir S. Sakanaddin | 25-23 |
| Port Directorate | | 30-81 |
| Banks | | |
| . Banca Commerciale Somalia | P.O.Box 26 Corso Somalia | 25-84 / 25-85 |
| . Banca Commerciale filiale Mogadishu | P.O.Box 203 Corso Somalia | 38-97 / 38-98 |
| . Banca Nazionale Somala | P.O.Box 11 Corso Somalia | 31-11 / 31-15 |
| . Caisse d'Epargne et de Crédit de la Somalie | P.zza Scerif Abo | 26-41 / 26-42 |
| . Banque Somalienne de Développement | P.O.Box 79 Via Lungo Mare | 38-00 / 32-28 |

| National agencies : | | Telephone |
|-------------------------------------|--|---------------|
| . for bananas | Via Ahmed I-Gurei | 25-98 |
| . for foreign trade | Corso Somalia | 24-87 |
| . for electricity | Via Ahmed I-Gurei | 25-68 |
| . for petroleum | P.O.Box 573 Viale Italia | 25-61 / 24-66 |
| . for agricultural development | Piazza Ex Parlamento | 29-00 |
| . Water Development Agency | | 83-93 / 83-94 |
| CASS - Somali Social Insurance Fund | P.O.Box 123 P.della Solidarieta africana | 39-81 |
| Airlines : | | |
| . Somali Airlines | P.Parlamento | 28-83 |
| . Aeroflot | P.O.Box 383 Via Italia | 39-88 |
| . Air France | Via Ascia | 30-60 |
| . Alitalia | Corso I° Luglio | 22-85 |
| . T.W.A. | P.O.Box 544 Piazza Parlamento | 37-10 |
| . VAR Airlines | P.O.Box 542 Corso Somalia | 25-60 |
| Shipping agencies : | | |
| . Somali Forwarding Agency | P.O.Box 384/144 Via Ascia | 30-60 |
| . Somali Shipping Agency | P.O.Box 126 Corso I° Luglio | 39-43 |

SECTION II

REGULATIONS

This section presents an outline summary of the regulations covering the following aspects of industrial activity :

- Customs tariffs
- Taxation
- Investment
- Labour legislation.

The references of the texts in force are mentioned, but the texts themselves are not reproduced in full. Most of these are extracts from lengthy documents which have been amended many times, and would be out of place in this report. As to investment codes in particular, the texts in force on 1 March 1974 have been grouped together in a special volume issued in 1974 by the Commission of the European Communities (Document VIII/17/74-).

I - CUSTOMS DUTIES, ETC.

1.1. General

The texts of the laws governing the imposition of customs duties, etc., date mainly from before the 1969 revolution.

1.2. Imports

1.2.1. Regulations and tariffs :

The following duties and taxes are levied on imports :

a) Import duties. These comprise :

- a customs duty which may be reduced under the terms of conventions, treaties or agreements with other states. For example, under the Yaoundé Convention, products originating from EEC member countries are exempt from this duty in Somalia.

- excise duty.

These duties are charged on the cif value of imported goods.

The rate of customs duty varies from 0 to 10%, and that of excise duty from 0 to as much as 300% on certain luxury products.

b) Statistical tax

Rate 10% on cif value of imported goods.

Table 7.

IMPORT DUTIES AND TAXES
(for certain products)

in % of cif value

| BTN classification | Products | Excise duty | Customs duty | Statistical tax | Total duties (% of cif value) | |
|--------------------|---|---------------------|--------------|-----------------|-------------------------------|---------------------------------|
| | | | | | EEC origin | non-EEC origin (minimum tariff) |
| 25.22 | Ordinary lime | ex | ex | 10% | 10% | 10% |
| 25.23 | Hydraulic cements | | | | | |
| | Clinkers | 10% | ex | 10% | 20% | 20% |
| | Portland cement | 10% | ex | 10% | 20% | 20% |
| 27.10 | Petroleum or bituminous mineral oils | | | | | |
| | Lubricating oils | 36 Sh. So. / 100 Kg | ex | 10% | 36 Sh. So. / 100 Kg + 10% | 36 Sh. So. / 100 Kg + 10% |
| 28.08 | Sulphuric acid | 10% | ex | 10% | 20% | 20% |
| 32.09 | Varnishes, paints (Zinc) white | 25% | 5% | 10% | 35% | 40% |
| | Cellulose paints | 25% | 5% | 10% | 35% | 40% |
| 36.02 | Prepared explosives | | | | | |
| | Dynamite | 25% | 5% | 10% | 35% | 40% |
| 39.02 | Polymerization products | | | | | |
| | Polystyrene, in tubes | 25% | 5% | 10% | 35% | 40% |
| 40.11 | Tyres, inner tubes | | | | | |
| | Inner tubes for private cars | 30% | 5% | 10% | 40% | 45% |
| | Inner tubes for vans, lorries and buses | 30% | 5% | 10% | 40% | 45% |
| | New tyres for private cars | 30% | 5% | 10% | 40% | 45% |
| | New tyres for vans, lorries and buses | 30% | 5% | 10% | 40% | 45% |

Table 7. (suite)

IMPORT DUTIES AND TAXES
(for certain products)

in % of value

| B.N. classi- fica- tion | Products | Excise duty | Customs duty | Statisti- cal tax | Total duties (% of cif value) | |
|----------------------------------|---|----------------|-----------------|----------------------|----------------------------------|--|
| | | | | | EEO origin | non-EEO origin (minimum tariff) |
| 44.05 | Plain-sawn timber over 5 mm thick | 10% | ex | 10% | 20% | 20% |
| 44.24 | Builder's carpentry and joinery Shuttering for concrete | 40% | 10% | 10% | 50% | 60% |
| 48.01 | Papers and boards Krafts paper, 35 g/m ² or more, for packaging | 25% | 5% | 10% | 35% | 40% |
| | Printing and writing papers | 25% | 5% | 10% | 35% | 40% |
| 48.05 | Corrugated papers and boards | 25% | 5% | 10% | 35% | 40% |
| 62.03 | Sacks and bags, new, jute, for packaging | 25% | 5% | 10% | 35% | 40% |
| 68.12 | Asbestos-cement work Corrugated sheets | 25% | 5% | 10% | 35% | 40% |
| | Pipes and pipework accessories | 25% | 5% | 10% | 35% | 40% |
| 69.07 | Paving or cladding blocks Non-varnished, non-enamelled, sandstone | 40% | 10% | 10% | 50% | 60% |
| 69.10 | Fixed sanitary appliances, of ceramic materials | 40% | 10% | 10% | 50% | 60% |
| 70.07 | Window panes | 25% | 5% | 10% | 35% | 40% |

Table 7. (suite)

IMPORT DUTIES AND TAXES
(for certain products)

in % of value

| BTN classification | Products | Excise duty | Customs duty | Statistical tax | Total duties (% of cif value) | |
|--------------------|--|-------------|--------------|-----------------|-------------------------------|---------------------------------|
| | | | | | EEC origin | non-EEC origin (minimum tariff) |
| 73.10 | Hot-rolled iron (or steel), bars Wire rod Reinforcing rods for cement (iron rounds) | 10% | ex | 10% | 20% | 20% |
| 73.11 | Hot-rolled iron (or steel) sections U, I, H sections less than 80 mm high U, I, H sections, 80 mm or more high | 10% | ex | 10% | 20% | 20% |
| 73.13 | Hot-rolled iron or steel sheets, 2-3 mm | 10% | ex | 10% | 20% | 20% |
| 73.18 | Iron or steel tubes and pipes Circular cross-section, seamless | 10% | ex | 10% | 20% | 20% |
| 73.25 | Iron or steel wire cables | 25% | 5% | 10% | 35% | 40% |
| 73.32 | Iron or steel bolts, nuts, rivets | 25% | 5% | 10% | 35% | 40% |
| 74.03 | Copper wires | 10% | ex | 10% | 20% | 20% |
| 76.03 | Aluminium sheets thickness 0,35 and above, corrugated | 10% | ex | 10% | 20% | 20% |
| 83.01 | Safety locks | 25% | 5% | 10% | 35% | 40% |
| 84.10 | Pumps and motor-driven pumps for liquids (1) | 10% | ex | 10% | 20% | 20% |

(1) Product subject to 3% municipal tax

Table 7. (suite)

IMPORT DUTIES AND TAXES
(for certain products)

in % of value

| BTN classification | Products | Excise duty | Customs duty | Statistical tax | Total duties (% of cif value) | |
|--------------------|---|-------------|--------------|-----------------|-------------------------------|---------------------------------|
| | | | | | EEC origin | non-EEC origin (minimum tariff) |
| 84.06 | Parts of pumps and components | 10% | ex | 10% | 20% | 20% |
| | Explosion motors -cubic capacity exceeding 250 cm ³ for motor vehicles | 30% | 5% | 10% | 40% | 45% |
| 84.45 | Components for vehicle propulsion engines | 30% | 5% | 10% | 40% | 45% |
| | Machine tools for metalworking Centre lathe | 10% | ex | 10% | 20% | 20% |
| 84.48 | Components for machine tools | 10% | ex | 10% | 20% | 20% |
| 85.01 | Electric machines and motors Universal electric motors | 25% | 5% | 10% | 35% | 40% |
| | Generator sets | 25% | 5% | 10% | 35% | 40% |
| | Parts and components | 25% | 5% | 10% | 35% | 40% |
| 85.03 | Electromechanical tools, with built-in motors, for hand use | 25% | 5% | 10% | 35% | 40% |
| 87.02 | Motor cars and other land vehicles | | | | | |
| | Private car, 800-1000 cm ³ (1) | 40% | 10% | 10% | 50% | 60% |
| | Private car, 1001-1400 cm ³ (1) | 50% | 10% | 10% | 60% | 70% |
| | Private car, 1401-2000 cm ³ (1) | 70% | 10% | 10% | 80% | 90% |

(1) Products subject to 3% municipal tax

Table 7. (suite)

IMPORT DUTIES AND TAXES
(for certain products)

in % of value

| BTN classification | Products | Excise duty | Customs duty | Statistical tax | Total duties (% of cif value) | |
|--------------------|---|-------------|--------------|-----------------|-------------------------------|---------------------------------|
| | | | | | EEC origin | non-EEC origin (minimum tariff) |
| 87.06 | Private car, exceeding 2000 cm ³ (1) | 100% | 10% | 10% | 110% | 120% |
| | Motor lorries, 2800 cm ³ or more | 10% | ex | 10% | 20% | 20% |
| | Parts and components for motor vehicles. | 30% | 5% | 10% | 40% | 45% |

(1) Product subject to 3% municipal tax

1.3. Exports

An export duty varying with the product is levied on exports of goods.

Customs tariffs applicable to exports
(for certain products)

| Tariff No. | Goods | Export duty |
|------------|--|------------------|
| 01.02 | Live animals : | |
| | cows | 27 So. Sh./head |
| | sheep | 5 So. Sh./head |
| | goats | 5 So. Sh./head |
| | camels | 33 So. Sh./head |
| 41.01 | Raw cowhides (fresh, salted, dried, pickled) | 0,45 So. Sh./kg |
| 44.01 | Firewood | 30 So. Sh./100kg |

1.4. Temporary admission

Law No. 8 of 14 June 1962 specifies that firms operating in Somalia for the construction of works financed by bilateral or multilateral assistance programmes are exempt from :

- a) customs duty and statistical tax on all imported goods, equipment and apparatus for the execution of the works and on spare parts, provided that they are intended for the above items (only stationary and goods for personal consumption are exempt);
- b) import customs duty on fuels and lubricants of all kinds used for the works;
- c) registration tax on all documents drawn up for the execution of the works;
- d) fixed and proportional state tax on all documents drawn up for the execution of the works, as provided in Article 10 of Law No. 6 of 7 December 1966.

1.5. Miscellaneous duties and taxes

In addition to the duties levied on specific goods, imported or exported products are subject to the following taxes :

- Revenue stamps

- a) 10 So. Sh. per 100 So. Sh. invoiced
- b) 5.00 So. Sh. on bills of lading and waybills.

- Warehousing duty :

charged on all goods under temporary customs bond :

- a) up to 10 days' storage, including days of entry and removal: exempt
- b) 0,30 So. Sh. per quintal and per day of storage from the 11th day
- c) goods for export or heavy goods : 0,10 So. Sh. per quintal and per day of storage.

- Municipal tax on imported products :

- Spirits and alcoholic drinks : 20% ad valorem
- Luxury products : 3% ad valorem
(motor cars count as luxury products).

2 - TAX SYSTEM

2.1. General tax code

The direct taxation system is governed by the Decree-Law of 5 November 1966.

2.2. Corporation tax

2.2.1. Taxes on industrial and commercial profits :

The rate of tax payable by corporate bodies is 30% of the net profit.

An additional tax of 1/6th of the amount of this tax is levied by the local authority. The total tax is therefore 35% of profits.

Exemption :

The texts provide for the possibility of temporary exemption for new industrial undertakings for a period not exceeding ten years, at the proposal of the Minister of Industry.

2.2.2. Taxes on company capital :

The basis of the tax is the subscribed capital plus the ordinary and extraordinary reserves included in the balance sheet.

The rate is 0,50% per year.

2.3. Individual income taxes

2.3.1. Taxes on wages : the rates are progressive.

| | |
|--|----------|
| up to 2400 So. Sh./year | exempt |
| on the portion from 2400 to 9600 So. Sh./year | rate 6% |
| on the portion from 9600 to 18000 So. Sh./year | rate 12% |
| above 18000 So. Sh./year | rate 18% |

The tax is levied at source, the amount being deducted from gross pay.

2.3.2. Tax on incomes other than wages. The rates applicable are :

| | | | |
|--------------------------|----------------------|-------------------|-----------|
| up to 2400 So. Sh./year | | | |
| on the portion from | 2400 So.Sh./year to | 3600 So.Sh./year | rate: 9% |
| on the portion from | 3600 So.Sh./year to | 4800 So.Sh./year | rate: 11% |
| on the portion from | 4800 So.Sh./year to | 6000 So.Sh./year | rate: 13% |
| on the portion from | 6000 So.Sh./year to | 7200 So.Sh./year | rate: 15% |
| on the portion from | 7200 So.Sh./year to | 8400 So.Sh./year | rate: 17% |
| on the portion from | 8400 So.Sh./year to | 9600 So.Sh./year | rate: 19% |
| on the portion from | 9600 So.Sh./year to | 10800 So.Sh./year | rate: 22% |
| on the portion from | 10800 So.Sh./year to | 1800 So.Sh./year | rate: 25% |
| on the portion from | 1800 So.Sh./year to | 30000 So.Sh./year | rate: 30% |
| on the portion exceeding | 30000 So. Sh./year | | rate: 30% |

2.3.3. Municipal tax :

An additional tax corresponding to 1/20 of personal income tax is also charged.

2.3.4. Extraordinary tax on income from work remunerated by wages (Law No. 57 of 27 September 1970) :

This tax applies only to wage-earners of Somali nationality. Civil servants and military personnel are exempt. The tax is levied at source in the same way as the normal income tax.

| | | | |
|-------|------------------|----|-----------|
| | | | Rates : |
| up to | 200 So.Sh./year | to | rate: 5% |
| from | 201 So.Sh./year | to | rate: 7% |
| from | 301 So.Sh./year | to | rate: 12% |
| from | 601 So.Sh./year | to | rate: 15% |
| from | 901 So.Sh./year | to | rate: 20% |
| from | 1201 So.Sh./year | to | rate: 25% |
| from | 1501 So.Sh./year | to | rate: 30% |
| above | 2000 So.Sh./year | | rate: 40% |

Method of calculation of extraordinary tax :

R = taxable income

r = part of taxable income belonging to the highest bracket

n = number of this bracket

t_n = rate of bracket n

$$\text{Tax} = R \times t_{n-1} + r \times t_n$$

2.4. Miscellaneous duties and taxes

Vehicle tax :

- Passenger vehicles :

| | | | |
|---------|-------|----|------------|
| - up to | 8 | hp | 60 Sh.So. |
| - from | 8-11 | hp | 90 Sh.So. |
| - from | 11-14 | hp | 120 Sh.So. |
| - from | 14-18 | hp | 160 Sh.So. |
| - from | 18-22 | hp | 240 Sh.So. |
| - from | 22-26 | hp | 320 Sh.So. |
| - from | 26-30 | hp | 400 Sh.So. |
| - from | 30-35 | hp | 500 Sh.So. |
| - over | 35 | hp | 600 Sh.So. |

- Vehicles and trailers, motor-driven box tricycles and vans used solely for the transport of goods :

| <u>Maximum load</u> | <u>Vehicles</u> | <u>Trailers</u> |
|-------------------------|-----------------|-----------------|
| - up to 10 quintals (q) | 50 | 40 |
| - from 10-20 q | 110 | 80 |
| - from 20-30 q | 170 | 120 |
| - from 30-40 q | 230 | 160 |
| - from 40-50 q | 290 | 200 |
| - from 50-60 q | 350 | 240 |
| - from 60-70 q | 410 | 280 |
| - over 70 quintals | 500 | 350 |

3 - INVESTMENT CODE

3.1. History

Foreign investments are governed by Law No. 10 of 18 February 1960 and by Law No. 17 of 15 June 1968, whereby Decree No. 3 of 3 March 1968 was given the status of a law.

3.2. Provisions

Within the framework of the exchange control regulations, undertakings approved under the investment code are authorized to transfer :

- annual instalments and interest on loans contracted abroad as well as operating profits, up to a limit of 15% of the capital invested per year.
Should the profits for a year not reach the limit of 15%, the amount not transferred remains available and usable for the 3 years following the financial year in question.
- in the case of cessation of activity, the product of realization in the country of investments effected with foreign assets converted at the official rate. This latter authorization is granted only after a period of 5 years has elapsed from the date of registration of the company. Exceptionally, the Commission for Foreign Investments may reduce this period to 3 years.

Possibilities of local loans :

Undertakings benefiting from the investment code may be registered either as foreign companies or as companies under Somali law.

Companies which choose Somali law status may contract medium and long-term loans in local currency and issue debentures in national currency subject to the following conditions :

- a) Where no Somali citizens resident in Somalia have holdings in the authorized capital, the amount of the funds borrowed, or derived from the issue of debentures, must not exceed 50% of the total capital imported into the country.
- b) Where Somali citizens resident in Somalia hold over 30% of the authorized capital and if the holdings of foreign shareholders exceed 30% of the authorized capital, the amount of funds borrowed or derived from the issue of debentures may exceed 50% of the capital, the limit being 100%.

Undertakings deemed to be of public advantage may be totally or partially exempted from import and export duties, indirect taxes, profits tax and municipal tax for a maximum period of 5 years, at the decision of the Ministry of Finance, acting on the recommendation of the Ministry for the Plan. They are guaranteed against any expropriation measures, unless overriding economic policy considerations necessitate their nationalization. In the latter case, appropriate compensation will be paid to them.

During its first year of activity, the undertaking must submit to the Commission for Foreign Investments a plan of substitution of Somali for expatriate staff. Subsequently, an annual report indicating the progress of this programme of staff "Somalization" must be submitted.

The number of unskilled expatriate staff must not exceed 5% of the total of Somali jobs created by the undertaking.

Expatriate staff may transfer to their country of origin or of habitual residence up to 50% of pay and bonuses received. The rate of transfer may exceptionally be increased to 75% of the amount of pay and bonuses by special derogation.

Family allowances and pension fund contributions for expatriate staff are also transferable, on submission of the appropriate certifying documents.

There are special arrangements for mining or petroleum prospecting companies, for which an establishment agreement is concluded.

3.3. Approval procedure

All applications from foreign investors for the formation, extension or transformation of an industrial undertaking must be addressed to the Presidency of the Council of Ministers, for the attention of the Ministry of the Plan, and must give full details of the manner in which the proposed investments are to be used.

The application is submitted within 45 days of its receipt to the Investments Commission, whose members are :

- The Secretary of State for the Plan (Chairman of Commission)
- The Director-General of the Ministry of Finance
- The Director-General of the Ministry for Industry
- The Director-General of the Ministry of Trade
- The Director-General of the National Bank of Somalia
- The Director-General of the Ministry for the Plan and Coordination
- The Director-General of the Somali Development Bank.

A reply to the application for approval is given within 90 days of lodging of the application.

4 - LABOUR LEGISLATION

4.1. Labor code

The labour code was recast in 1972 in accordance with socialist principles. The new labour code is governed by Law No. 65 of 18 October 1972.

4.2. Collective agreements

Article 32 :

"collective agreements must take account of the revolutionary social policy of the State, the role of the trade unions, and worker responsibility ..."

"collective agreements must be embodied in a written document of which two copies must be sent to the Department of Labour ..."

4.3. Working hours and overtime

The legal duration of work is fixed at 8 hours per day, 48 hours per week.

In some firms, actual time worked is 45 hours per week.

Office working hours are generally from 7.00 to 14.00

The weekly free day is Friday.

- Overtime :

Overtime cannot exceed 12 hours per week. The minimum additional rates for overtime are as follows :

. Weekdays and nights + 25% of normal pay

. Holidays :

. 1 May + 100% of normal pay

. 1 July + 100% of normal pay

. 21 October + 100% of normal pay

. Other holidays + 50% of normal pay

4.4. Days off and legal holidays

- Legal holidays :

| | |
|--|------------|
| Id-el-Fitr (2 days) | variable |
| Id-el-Arafa (2 days) | variable |
| Islamic New Year | variable |
| Birth of the Prophet Mahomet | variable |
| Labour Day | 1 May |
| Day of African Solidarity | 25 May |
| Anniversary of Independence of the Northern Regions | 26 June |
| National Independence Day | 1 July |
| Flag Day | 12 October |
| Anniversary of the Revolution | 21 October |
| United Nations Day | 24 October |

The religious holidays are variable because they are based on the Moslems calendar.

- Days off and holidays with pay :

Each worker is entitled to at least one free day per week, which, where possible, should be Friday.

Each worker is entitled to 15 days' paid holiday per year of continuous actual service.

4.5. Transport and travelling for wage-earning staff

The employer must contribute to a workers transport if he has to work in a place remote from his habitual residence (Article 73).

4.6. Benefits in kind, compensation

Employers must contribute to the feeding of each worker remote from his place of habitual residence, either in the form of a subsistence allowance or in kind.

In the case of breach of contract by either party, and after one year's continuous service, the worker (or if appropriate his family in the case of death) is entitled to the payment of compensation equivalent to one month's pay per year of service.

Workers are entitled to an annual bonus equivalent to 15 days' wages, half of which is to be paid at the end of Ramadan and the other half at the beginning of Arafa.

4.7. Occupational training

Persons aged over 15 and under 30 may be employed as apprentices.

The duration of apprenticeship cannot exceed three years.

The working hours of an apprentice cannot exceed 8 per day and 44 per week.

At the end of the period of apprenticeship, the apprentice may, if he wishes, be employed at the level of qualification which he has achieved; the period of apprenticeship then counts towards seniority.

Employers employing over 30 workers must engage at least one apprentice for every 30 workers.

4.8. Trade union law and staff representation

Trade union organizations may be freely set up.

"The aim of trade union organizations must be to study and regulate the relations between employers and workers as well as between the workers themselves, in order to safeguard their rights ..." (Article 9).

The formation of a trade union organization must be notified in a declaration to the Department of Labour.

The SRC (Supreme Revolutionary Council) is empowered to wind up any trade union organization whose activities are deemed to be contrary to the interests of the workers or to the spirit of the revolution.

4.9. Formalities to be complied with by the employer

Whenever a commercial, industrial or agricultural undertaking employing more than 5 persons is opened or closed, a declaration must be made to the Labour Inspectorate of the administrative district in which the undertaking is located.

In the recruitment of workers, priority must be given to ones registered with the national employment exchanges.

SECTION III

AVAILABILITY AND COST OF PRODUCTION AND INSTALLATION FACTORS

This section provides full information about the general conditions of establishment and operation of an industrial undertaking in the country, viz.:

- labour
- energy (electricity, water, hydrocarbons)
- industrial land and buildings
- construction materials
- transport, telecommunications and credit.

The information about the availability and cost of the establishment and operational factors was obtained on the spot by direct approaches to the relevant administrative authorities and local undertakings.

The costs and tariffs given were gathered and are presented in such a way as to be usable by potential investors. According to the nature of the information obtained, the figures are given in the form of ranges, averages or examples of actual cases. Nevertheless, they are illustrative and general, and additional information must be sought for the purposes of specific studies.

With regard to actual staff costs to be met by undertakings, it was considered appropriate to give "guides for calculation" based on the various available sources of information. These guides are, however, to be considered as illustrative only, owing to the margins of uncertainty noted and the differences observed between the various sectors of industry, types and sizes of undertakings, and location in the country.

1.- LABOUR

1.1. General

The active population is estimated at 1,5 million.

To all intents and purposes, there are no semiskilled and skilled workers; this lack of skilled labour is one of the main obstacles to the industrialization of the country.

1.2. Job classification

There is no official classification of jobs.

1.3. Wage zones

Wages differ from region to region, but there is no official division of the country into wage zones.

1.4. Actual wages

1.4.1. Wages of Somali nationals

The figures given below provide a rough indication of the levels of wages obtaining in the modern secondary sector.

- Hourly-paid workers :

| Grade | Daily wage in So.Sh. | Annual wage in So. Sh. |
|--------------------|-------------------------|------------------------------|
| Labourer | 7 to 11 | 2240 to 3520 |
| Semiskilled worker | 8 to 15 10 to 20 | 2560 to 4800 3200 to 6400 |
| Skilled worker | 10 to 20 | 3200 to 6400 |
| Foreman | 20 to 30 | 6400 to 9600 |

- Monthly-paid workers

| Grade | Monthly pay in So. Sh. | Annual pay in So. Sh. |
|----------------------------------|---------------------------|--------------------------|
| Unskilled labourers | 200 to 300 | 2400 to 3600 |
| Clerical workers Typists | 450 to 700 | 5400 to 8400 |
| Technicians | 700 to 800 | 8400 to 9600 |
| Accountants Junior executives | 1000 to 1500 | 12000 to 18000 |
| Engineers | 1500 to 3000 | 18000 to 36000 |
| Senior executives | 3000 to 5000 | 36000 to 60000 |

1.4.2. Remuneration of expatriate staff

The remuneration of expatriate staff working in Somalia is extremely variable. The persons concerned are technical assistants from different countries, or freelance workers. The pay of a foreign worker is probably typically in the range 6000 to 10.000 So.Sh. per month.

1.5. Employers' social security, etc., contributions, legislation

- Social security contributions

These are payable by the employer. They are made up solely of payments to the Social Insurance Fund of Somalia (CASS) for accidents at work (Law of 7 December 1972). These payments amount to 5% of a worker's pay.

- Miscellaneous bonuses and payments

- . Medical expenses : payable by the employer.
- . Annual bonus paid to the worker, representing 15 days' pay (see section 2.4.6.).
- . Payment corresponding to one month's pay per year of service, made to the worker in the event of termination of contract (see section 2.4.6.).

1.6. Cost to the firm - "illustrative guides for calculation"

| Grade | Annual cost in So.Sh. |
|--------------------------------|-----------------------|
| Labourer | 2900 to 4500 |
| Semiskilled worker | 3250 to 5800 |
| Foreman | 7600 to 11200 |
| Clerical worker Typist | 6450 to 9900 |
| Technician | 9850 to 11200 |
| Accountant Junior executive | 13900 to 20700 |
| Engineer | 20700 to 41000 |
| Senior executive | 41000 to 68000 |
| Expatriate executive | 90000 et plus |

1.7. Variation and forecasts

(heading included for the sake of completeness)

2 - ENERGY

2.1. Electricity

2.1.1. Infrastructure

For the country as a whole :
 Installed power : 12.000 kW in 1973
 Production : 28 million kWh

Most of the power plants are thermal (35 diesel-powered, in addition to Mogadishu). Fuel oil is used, except for the Johar sugar mill, which uses steam and bagasse. The plants generally belong either to the local authority or to the government.

At Mogadishu, electricity is supplied by the National Electricity Undertaking (NEE).

At Mogadishu and in the areas of Kisimayu and Hargheisa, electricity is supplied 24 hours per day; elsewhere, the plants operate for between 6 and 12 hours per day.

2.1.2. Cost

The electricity tariff includes no standing charge. The proportional cost of electricity in Mogadishu is as follows :

- Domestic consumers : 0,60 So.Sh./kW + 0,03 So.Sh. municipal tax/kWh
- Industrial consumers : 0,45 So.Sh./kWh

2.2. Water

2.2.1. Availability

Drinking water is supplied by the Water Development Agency in three centres : Mogadishu, Kisimayu and Hargheisa.

New wells have entered service in Mogadishu, and the brackish, nonpotable water with which part of the city was previously supplied has now been replaced by potable water. However, one part of the town is not connected to the supply mains, and the population buys water in 18-litre drums.

2.2.2. Cost

Mogadishu : 3 So. Sh./m³
 Hargheisa : 2,5 So. Sh./m³
 Kisimayu : 2,85 So. Sh./m³

There are no fixed charges, such as meter rental.

2.3. Petroleum products

2.3.1. Availability

Prospecting for inshore and offshore petroleum deposits is in progress.

Under the Law of 10 January 1972, the Somali State has a monopoly for the import and distribution of refined petroleum products throughout the country.

2.3.2. Selling prices of refined products in So.Sh./litre

| Place | Petrol (Gasoline) | Gas-oil | Paraffin (Kerosene) |
|-----------|----------------------|---------|------------------------|
| Dinsor | 1,65 | | |
| Baidoa | 1,64 | | |
| Mogadishu | 1,55 | 1,10 | 0,65 |
| Gelib | 1,63 | 1,18 | |
| Kisimayu | 1,63 | 1,18 | |

3 - BUILDING MATERIALS

3.1. Supplies of building materials

3.1.1. Natural resources

Products available locally are sand, stone and aggregates, and lime.

3.1.2. Local industry

The local building materials industry is limited to the production of :

- quarry stones
- bricks
- cement blocks (20 x 20 cm)
- joinery from imported timber

3.2. Formalities to be complied with for the extraction of materials

Application for consent must be made to the Ministry of Mines.

3.3. Prices

The import and sale of construction materials is the monopoly of the National Construction Materials Undertaking.

Selling prices of materials in Mogadishu

| Product | Price | Origin |
|--------------------------|-------------------------------|----------------------------------|
| Sand, aggregates | 14 So.Sh./m ³ | local |
| Hydraulic lime | 70 So.Sh./m ³ | local |
| Cement | 76,80 So.Sh./quintal | imported (Kenya, China, USSR) |
| Reinforcing iron | 4,1 So.Sh./kg | imported |
| Bricks (25 x 12 x 6 cm) | 0,45 So.Sh. each | local |
| Cement blocks (20x20x40) | 2,70 So.Sh. each | local |
| Flush doors | 350-370 So.Sh./m ² | local (from imported timber) |
| Opening windows | 350 So.Sh./m ² | local (from imported components) |
| Bitumen | 135 So.Sh./80 kg drum | |

4 - LAND AND BUILDINGS

4.1. Land (for industrial and residential building)

All land belong to estates.

In Mogadishu, the price of land ranges from 20-30 So. Sh./m² in the city centre down to 3-5 So. Sh./m² in the industrial area, and as little as 1 So. Sh./m² on the outskirts.

4.2. Construction of buildings

Construction of buildings for the state is the monopoly of the National Construction Undertaking. The prices charged by this undertaking appear to be the lowest on the market.

Prices charged by the National Construction Undertaking

| | |
|--|-------------------------------------|
| Warehouse building (timber structure) | 300 - 350 So.Sh. / m ² |
| Workshop building | 400 - 450 So.Sh. / m ² |
| Office building | 1000 - 1200 So.Sh. / m ² |
| Individual dwelling | 1000 - 1300 So.Sh. / m ² |
| Multistorey block | 1000 - 1300 So.Sh. / m ² |

4.3. Rents (in Mogadishu)

| | |
|-----------------------|-------------------------------|
| Villa (4-5 rooms) | 1000 - 20000 So.Sh. per month |
| Apartment (4-5 rooms) | 500 - 15000 So.Sh. per month |

5 - TRANSPORT

5.1. Existing infrastructures, goods traffic, internal and external communications

5.1.1. Roads

The following asphalt-surfaced roads existed in 1974 :

| | |
|-----------------------------|---|
| Mogadishu - Afgoi - Merca) | 118 km |
| Shalanbod - Genale) | |
| Mogadishu - Balad - Giohar | 90 km |
| Kisimayu - Gelib | 115 km |
| Afgoi - Baïdoa | 220 km |
| Hargheisa - Berbera | 117 km (to be completed at the end of the year) |

The distances between the principal towns of Somalia are :

| | |
|-----------------------|--|
| Mogadishu - Hargheisa | 1545 km earth track |
| Mogadishu - Galcaio | 715 km earth track |
| Mogadishu - Belet Ven | 365 km, including 90 km asphalt-surfaced |
| Mogadishu - Baïdoa | 250 km asphalt-surfaced |
| Mogadishu - Merca | 120 km asphalt-surfaced |
| Mogadishu - Afgoi | 30 km asphalt-surfaced |
| Mogadishu - Vanle Ven | 90 km asphalt-surfaced |
| Mogadishu - Brava | 210 km, including 118 asphalt-surfaced |
| Mogadishu - Bur Acaba | 190 km asphalt-surfaced |
| Baïdoa - Dinsor | 120 km earth track |
| Baïdoa - Bardera | 205 km earth track |
| Hargheisa - Burao | 180 km earth track |
| Hargheisa - Berbera | 177 km asphalt-surfaced (end 1974) |

5.1.2. Air transport

Somalia has three principal airports capable of accepting jet aircraft. They are at :

Mogadishu
Hargheisa
Kisimayu

The less important aerodromes at Burao, Bernera and Galcaio have control towers. Other aerodromes have earth landing strips only, and can accept propeller-driven twin-engined aircraft.

Somalia is served by the following airlines :

- Alitalia, East African Airways, Egyptair, Aeroflot and the national airline, Somali Airlines, which operates both domestic and international services.

Principal international routes

| | |
|--|------------------------------------|
| Mogadishu - Rome (via Addis Abbaba and Khartoum) | Alitalia |
| Mogadishu - Rome (via Cairo and Jeddah) | Somali Airlines |
| Mogadishu - Rome (via Sana'a) | Somalo Airlines |
| Mogadishu - Cairo | Egyptair |
| Mogadishu - Abu Dhabi (via Sana'a) | Somali Airlines |
| Mogadishu - Nairobi | Somali Airlines |
| Mogadishu - Dar-es-Salaam (via Nairobi) | Egyptair and East African Airlines |
| Mogadishu - Moscow | Aeroflot |
| Mogadishu - Djibouti | Somalo Airlines |

- Internal services

Towns served by Somali Airlines from Mogadishu :

Kisimayu, Hargeisa, Burao, Berbera, Galcaio, Garoe, Gardo, Candala, Bosaso, Alula, Las Koreh, Erigavo.

5.1.5. Sea transport

The main ports are Berbera, Mogadishu, Kisimayu and Merca, the first two being the largest.

Traffic of the chief ports in 1972

| | Inward | Outward | Total |
|-----------|----------|----------|----------|
| Berbera | 96.300t | 223.700t | 320.000t |
| Mogadishu | 186.200t | 21.300t | 207.500t |
| Merca | 10.200t | 65.000t | 75.200t |
| Kisimayu | 32.000t | 84.800t | 116.8..t |

- Equipment of the chief ports :

Berbera has 2 berths (10.000-tonne ships) and 3 cranes.

Kisimayu has 4 berths (10.000-tonne ships).

Mogadishu and Merca : large ships must remain off-shore. Cargoes are loaded and unloaded by small motor-driven craft known as "maones".

This system is costly, and also accounts for considerable losses of and damage to goods.

The port of Mogadishu has 17 "maones", 6 motor-boats and 11 cranes, four of which have a capacity of 25-50 tonnes.

The "maones" in Mogadishu handle 1200 tonnes/day of goods (inward and outward).

The equivalent figure for Merca is 800 tonnes/day. About 60% of imported goods pass through Mogadishu.

A new port is now under construction at Mogadishu, and will enable ships to dock at the quayside. It is scheduled for completion at the end of 1976 (see section 5.2. - principal transport projects).

- Other, smaller ports are at ;

Bosaso, Obbia, Eil, Bender, Beila, Kandala and Zeila.

5.2. Principal transport projects

5.2.1. Roads

- Under construction :

Hargheisa - Berbera (for completion at the end of 1974)

Arara - Giamama (13 km)

Belet-Ven - Galcaio - Burao (1000 km), financed by the People's Republic of China.

- Projected :

Goluen - Gelib

Hargheisa - Borama

Burao - Berbera

5.2.2. Ports

The new port of Mogadishu is under construction. The work is being funded in equal shares by an EDF grant and an IDA loan.

There are to be four berths :

- . 2 berths for vessels drawing 10 m of water
- . 1 berth for vessels drawing 8 m of water
- . 1 berth for animal-carriers drawing 8 m of water.

An extension of the initial project comprising the addition of a berth for vessels with a draught of 12 m is being studied. The new facilities are scheduled to enter service at the end of 1976.

5.3. Domestic and international goods transport rates

5.3.1. Road

The cost of road transport per tonne-kilometre is typically 0,5 So.Sh.

5.3.2. Air transport

Cost of air transport

| Route | Case weighing less than 45 kg | | Case exceeding 45 kg | |
|-----------------------|-------------------------------|----------|----------------------|----------|
| | So.Sh./kg | US \$/kg | So.Sh./kg | US \$/kg |
| Mogadishu - Rome | 16,2 | 2,34 | 12,2 | 1,76 |
| Mogadishu - Paris | 17,7 | 2,55 | 13,3 | 1,92 |
| Mogadishu - Amsterdam | 18,5 | 2,67 | 13,9 | 2,01 |
| Mogadishu - Brussels | 18,5 | 2,67 | 13,9 | 2,01 |
| Mogadishu - Bonn | 18,5 | 2,67 | 13,9 | 2,01 |
| Mogadishu - New York | 40,85 | 5,85 | 31,0 | 4,47 |

5.3.3. Sea transport

- Sea freight

A national shipping agency provides forwarding agent's services.

There is no regular direct link between Somalia and Europe. Freight costs are calculated individually in each case. The cost of sea freight between Somalia and Italy ranges typically between 40 and 70 US \$ per tonne or m³.

Main port charges

| | Basic unit | Tarif | | | |
|---|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| | | Mogadishu | Merca | Kisimayu | Berbera |
| Loading (general cargoes) | per tonne or m ³ | 28 So.Sh. | 28 So.Sh. | 26 So.Sh. | 26 So.Sh. |
| Unloading | per tonne or m ³ | 26 So.Sh. | 26 So.Sh. | 26 So.Sh. | 23 So.Sh. |
| Stowage charge Loading or unloading | per tonne | 12 So.Sh. | 12 So.Sh. | 12 So.Sh. | 12 So.Sh. |
| Warehouse dues | | | | | |
| First 10 days | per tonne | gratis 3 So.Sh. | gratis 3 So.Sh. | gratis 3 So.Sh. | gratis 3 So.Sh. |
| Next 36 days | per tonne | 6 So.Sh. | 6 So.Sh. | 6 So.Sh. | 6 So.Sh. |
| Subsequent days | per tonne | 6 So.Sh. | 6 So.Sh. | 6 So.Sh. | 6 So.Sh. |
| Harbour dues | ad valorem (on cif value) | 1,5% | 1,5% | 1,5% | 1,5% |

Evaluation of total port charges - examples

| | Harbour dues on cif value | Total of other port charges |
|-------------------------------|------------------------------|---|
| Motor vehicles - passenger | 1,5% | 250 So.Sh. + (31 So.Sh./m ³) |
| Motor vehicles - goods | 1,5% | 300 So.Sh. + (31 So.Sh./m ³) |
| Agricultural tractors | 1,5% | 300 So.Sh. + (31 So.Sh./m ³) |
| Industrial tractors | 1,5% | 500 So.Sh. - 2500 So.Sh. + (31 So.Sh./m ³) |

5.4. Examples of transport cost structure

5.4.1? Air transport

Passenger fares, tourist class

| | Single fare (US\$) | Return fare (US\$) |
|---------------------------------------|--------------------|--------------------|
| Mogadishu - Rome | 431,15 | 862,30 |
| Mogadishu - Paris | 468,40 | 936,80 |
| Mogadishu - London | 479,40 | 958,80 |
| Mogadishu - Amsterdam | 475,65 | 951,30 |
| Mogadishu - Brussels | 471,95 | 943,90 |
| Mogadishu - Bonn | 475,65 | 951,30 |
| Mogadishu - New York (low season) | 655,60 | 1311,20 |
| Mogadishu - New York (high season) | 709,50 | 1419,00 |

5.4.2. Sea transport

Structure of transport costs for certain vehicles

| | Land Rover | | Fiat 124 (private car) 900 kg 9.3 m ³ | Fiat 110 VC (lorry) 4000 kg 40 m ³ |
|--|------------|----------------------|--|---|
| | | UK | Genoa | Genoa |
| | | in % of fob price | in % of fob price | in % of fob price |
| <u>FOB price</u> | £ 2078 | <u>100%</u> | 100% | 100% |
| Sea freight | £ 387 | 18,6% | 25% | 15% |
| Insurance | £ 30 | 1,4% | 5% | 5% |
| <u>Price cif Mogadishu</u> | £ 2495 | <u>120%</u> | <u>130%</u> | <u>120%</u> |
| Customs duty | | | 6,5% | 12% |
| Statistical tax (10%) | | | 13% | 12% |
| Municipal dues (5%) | | | 4% | - |
| Unloading charges | | | 6% | 6% |
| Harbour dues (1,5%) | | | 2% | 1,8% |
| Revenue stamps (1%) | | | 1% | 1,2% |
| Miscellaneous taxes and charges | | | 3% | 3% |
| <u>total after customs clearance</u> | | | <u>224%</u> | <u>156%</u> |

5.5. Vehicle prices

Fiat 124 4-seater saloon : 21,300 So. Sh. excluding tax;
29,600 So. Sh. including all taxes

Fiat 110 NC 7-tonne lorry : 98,800 So. Sh. excluding tax;
113,600 So. Sh. including all taxes.

6 - TELECOMMUNICATIONS

6.1. Telephone

Somalia possesses a telecommunications system to which substantial investments have just been devoted by the EDF.

- Installation charge :

| | |
|---|---------------|
| . cost of installation within a radius of less than 50 m from the exchange | 300,00 So.Sh. |
| . for each additional metre | 1,50 So.Sh. |
| . extension | 100,00 So.Sh. |

- Rental charge :

| | |
|--|--------------|
| . quarterly rental for office | 90,00 So.Sh. |
| . quarterly rental for private subscribers | 60,00 So.Sh. |

- Call charges :

| | | |
|--------------------------------|---------------------|-------|
| Local calls : | offices 0,25 So.Sh. | |
| (in Mogadishu) | private 0,15 So.Sh. | |
| Regional calls : | a | b |
| Mogadishu -Berbera | 12,00 | 4,00 |
| Mogadishu - Burao | 12,00 | 4,00 |
| Mogadishu - Hargheisa | 11,40 | 3,80 |
| Mogadishu - Kisimayu | 8,00 | 2,70 |
| International calls (via Rome) | a | b |
| Mogadishu - Italy | 40,00 | 13,35 |
| Mogadishu - France | 96,20 | 32,20 |
| Mogadishu - Belgium | 99,10 | 33,05 |
| Mogadishu - Luxembourg | 97,65 | 32,55 |
| Mogadishu - West Germany | 97,65 | 32,55 |
| Mogadishu - Netherlands | 100,10 | 33,40 |
| Mogadishu - UK | 88,45 | 29,50 |
| Mogadishu - USA | 112,80 | 37,60 |

(a) Charge for first 3 minutes

(b) Charge for each additional minute

6.2. Telex

- Installation charge : 3.400 So. Sh.
- Rental 500 So. Sh.
- Call charges

| | |
|------------------------------------|--|
| Mogadishu - all European countries | : 67,70 So. Sh. for the first 3 minutes |
| | 11,30 So. Sh. for each additional minute |
| Mogadishu - USA | : 90,25 So. Sh. for the first 3 minutes |
| | 30,10 So. Sh. for each additional minute |

7 - BANKING SYSTEM - CREDIT FOR INDUSTRY

7.1. Structure of banking system

The banking system of the country is made up of the following :

- National Bank of Somalia (BNS) : central bank and issuing house,
- Commercial Bank, whose capital is divided equally between the State and the BNS,
- Savings and Credit Bank, whose capital is shared equally between the State and the BNS,
- Somali Development Bank, whose capital is held by the State.

The Commercial Bank and Savings Bank carry out all banking-type commercial operations.

The Somali Development Bank has an authorized capital of 100 million So. Sh. It provides medium and long-term loans to the private sector and also takes up holdings of capital.

7.2. Credit policy

Distribution of loans

in thousands of So. Sh.

| | State | Public agencies | Private sector (1) | Total |
|----------|--------|-----------------|--------------------|---------|
| 31.12.60 | 3.581 | - | 31.184 | 34.765 |
| 31.12.65 | 38.476 | - | 177.864 | 216.340 |
| 31.12.68 | 60.797 | 1.617 | 211.873 | 247.287 |
| 31.12.69 | 64.186 | 3.101 | 233.852 | 301.139 |
| 31.12.70 | 69.208 | 68.537 | 182.031 | 319.776 |
| 31.12.71 | 57.851 | 43.811 | 253.559 | 355.220 |
| 31.12.72 | 42.609 | 38.009 | 365.073 | 445.691 |
| 31.12.73 | 82.683 | 50.300 | 622.888 | 755.871 |

(1) Including commercial bank loans to the public sector.

7.3. Conditions and cost of credit

- Conditions of borrowing from the Somali Development Bank.

The minimum loan is 5000 So. Sh. Annual interest rates are as follows :

| Type of loan | Agriculture and livestock breeding | Craft industries | Industries and mines | Other sectors |
|-------------------------|------------------------------------|------------------|----------------------|---------------|
| Medium term (1-6 years) | 5,5 | 6,0 | 6,0 | 6,5 |
| Long term (6-20 years) | 6,0 | 6,0 | 6,5 | 7,0 |

The bank also charges :

- a commission of 0,50% on the total loan as a charge for examination of the file
- 1,0% per year loan granting fee
- 0,50% per quarter or fraction of a quarter as bank commission.

8 - INSURANCE

The monopoly for insurance of all kinds is held by the National Insurance Company SICOS (Law No. 68 of 30 August 1972).

Goods exported from Somalia must be insured with SICOS; the same applies to imported goods even if covered by insurance effected with a foreign company.

9 - MISCELLANEOUS

9.1. Hotels and meals

- Mogadishu : the cost of a hotel room with bath and
air conditioning is :

| | |
|---------------------|----------------|
| Hotel Croce del Sud | 83 So. Sh./day |
| Hotel Giuba | 90 So. Sh./day |

Typical meal costs in restaurants are 25,00 So. Sh. (without drinks).

- Elsewhere :

| | |
|-------------------------|----------------|
| Single room with bath : | 15 So. Sh./day |
| Typical meal cost : | 10 So. Sh./day |

9.2. Car hire and taxi fares

- Car hire : 80 So. Sh./day for a Fiat 127 with 60 km/day free
of charge
- Taxi fares : 5-10 So. Sh. within the town.

9.3. Servants

- Mogadishu : for daily domestic work :
300-350 So. Sh./month
- nightwatchmen :
150-200 So. Sh./month
- Elsewhere : for daily domestic work :
200-250 So. Sh./month
- nightwachmen :
100-150 So. Sh./month

9.4. Cost of living for expatriates

- rent of villa : 1000-2000 So. Sh./month
- estimate of monthly expenditure of a household without children:
4000 So. Sh./month