

Monthly Press Review

Issue # 26 — November 2017



BY EAGATE FOREIGN TRADE AUXILIARY PLC

Parties Agree to Revise Amended Electoral Code

Political parties that are involved in the ongoing political parties' dialogue have reached consensus to revise the amended electoral code of Ethiopia, Ethiopian People's Revolutionary Democratic Front (EPRDF) announced.

Accordingly, the simple majority vote electoral system will be replaced by a mixed parallel system to entertain both majority vote and proportional representation in the national, state and local parliaments, EPRDF Office Head Shiferaw Shigute told journalist yesterday.

Accordingly, the new system will open the door to accommodate the votes and divergent views that are not represented at all levels of parliament due to the rules of simple majority voting system.

Some 80 percent of parliamentary seats will be occupied by simple majority vote while the remaining 20 percent will be filled by proportional representation, he said adding, hence the number of seats at parliament will increase from 550 to 660 following constitutional procedures.

He also added that the number of members required to form a political party has also increased from 1500 to 3000. And each electoral branch at state level will have one Chairperson appointed by federal parliament.[...]

Source: [The Eth. Herald, November 23, 2017]



World Bank commits USD **.03** 4.7 bln to Ethiopia

The World Bank Group (WBG) has unveiled a USD 4.7 billion financing for Ethiopia's economic development programs for the coming four years.

Central Bank Relieves **.05** Manufactures of Credit Cap

Those engaged in the manufacturing industry will now be able to access loans from any of the commercial banks.



Ethiopia, Djibouti agree to expand

The governments of Ethiopia and Djibouti have agreed to expand the horizon fuel terminal at the Port of Djibouti and to upgrade the Ethio-Djibouti corridor road. [...]

Djibouti is considered as the natural gateway of Ethiopia, which is highly dependent on the Port of Djibouti for its import-export activities. One of the challenges facing Ethiopia is the limitation.. [...]

[Source: *The Reporter*, November 11, 2017].

New Drought Tolerant Crop

Introduced

The DanChurchAid (DCA) has introduced a new nutritious and drought tolerant crop called 'Quinoa' into the country's crop system.

A crop known for being nutritious and stress tolerant, it has a great potential to solve the food insecurity problem in Ethiopia. [...]

[Source: *Fortune*, November 12, 2017].

Investment Climate Improvement Set in Motion

Ethiopia has registered a foreign direct investment (FDI) of half a billion dollars in the past three months, Ethiopian Investment Commission (EIC) announced on October 31, 2017.

Compared with the same quarter last year a three percent increase was seen. Improved prices of agricultural products in the world market were listed as a contributing factor. Revenues generated from the pulse, tea and electric power went beyond the target.. [...]

[Source: *Fortune*, November 12, 2017].

Agency Taps Four Local Suppliers for 400m Br Steel

This bid was originally a part of the tender to supply 50,084tns of rebars

Four local companies have been deemed eligible to supply 14,571tns of reinforcement bars (rebars) intended for the construction of middle-income housing projects.

Guna Trading House, Steely RMI, Abyssinia Integrated Steel and C&E Brothers passed the preliminary technical evaluation of the tender floated by Addis Abeba Public Procurement & Disposal Service.

It is estimated to cost the Service over 400 million Br. Had it not been for the recent devaluation, the value would have been 50 million Br lower than the current quotation. The total cost is based on an estimation of the London Metal Exchange Market- pricing a ton of rebars at 516 dollars as of last Thursday.

The steel will be used by the Addis Abeba City Saving Houses Development Enterprise (AASHDE) for the construction of 20,932 middle-income housing units at six of its sites.

The four companies were selected amongst the 12 bidders that intended to participate in the bid floated on October 23, 2017.[...]

Steely, one of the giant steel manufacturers in the country with the capacity of producing 360,000tns of steel, is demanding the Service to adjust its initial offers. At that moment, Steely managed to bag the tender after competing with C&E Brothers, Abyssinia and Habesha Steel Mills Plc, all of which failed to pass the technical evaluation stage.

The annual production of steel in the country was close to 700,000tns in the previous fiscal year- three times lower than the aggregate production capacity of the steel manufacturers.

It is not just the Service that is looking for steel suppliers now. Army Foundation, established to meet the needs of the army.. [...]

[Source: *Fortune*, November 12, 2017]





World Bank commits USD 4.7 bln to Ethiopia

Says devaluation produced insignificant upswing in prices

Aligning its development intervention with that of the Government of Ethiopia, the World Bank Group (WBG) has unveiled a USD 4.7 billion financing for Ethiopia's economic development programs for the coming four years, on Thursday.

Launching its four-year Country Partnership Framework (CPF) for Ethiopia, which mainstreams various activities across a pool of socioeconomic projects, the WBG noted that the financial commitment is believed to address inequality and create more equitable access to quality services in the country.

Both Abraham Tekeste (PhD), minister of Finance and Economic Cooperation (MoFEC) and Carolyn Turk WBG country director for Ethiopia, Sudan and South Sudan told The Reporter that the new partnership will make a difference in the areas of structural economic transformation; resilience and inclusiveness; as well as institutional accountability and the fight against corruption.

In that, the CPF would reorient the bank's intervention based on the three concomitant pillars: structural and economic transformation via increased productivity; building resilience and inclusiveness (including gender equality); [...]

According to the minister, the government of Ethiopia, on its part, has decided to commit additional financing on top of the already committed USD 4.7 billion by the WB. For her part, Turk said that the financing will be channeled on the basis of 50 percent loan and 50 percent grant scheme.

The Bank also aims to achieve, "the twin goals of eliminating extreme poverty and boosting shared prosperity and achievement of the Sustainable Development Goals (SDGs)".

When asked why the WB gave emphasis on corruption, the country director said that it is aligned with the concerns of the government. She referred to the recent crackdown in which some high level officials have been charged with corruption.

On devaluation, Turk talked about how the Ethiopian currency has remained overvalued for long and needed adjustments. She also said that the devaluation has resulted in not as such significant increases in the prices of goods and services. She also said that the prices of imported goods will be expected to show some changes while locally produced outputs are expected to remain intact. [...]

[Source: *The Reporter*, November 18, 2017]



Central Bank Amends Forex Holding Limit

In the midst of a country-wide foreign exchange shortage, Ethiopia is implementing a new directive regarding birr and foreign currency holding limit in the territory of Ethiopia.

The directive, which became effective since the first week of October 2017, introduced new changes, amending a similar directive which dated back to 2007.

According to the new directive, which is issued by the National Bank of Ethiopia, a person entering to or departing from Ethiopia may carry up to 1,000 birr while those who travel to Djibouti can carry up to 4,000 birr. The previous provisions limit the amount at 200 birr.

As far foreign currency holding is concerned, the directive increased the amount by a substantial amount.

Any person not residing in Ethiopia, who is traveling abroad, can carry foreign currency exceeding 3,000 dollars provided that the traveler produces proper bank advice and customs declaration, the directive reads.

The same applies for embassy employers, temporary workers of foreign institutions, or workshop participants and trainers

Despite the amendment in foreign currency holding, The Reporter has learnt that there is a serious shortage across the board. According to travelers who spoke to The Reporter, it has become difficult for them to access more than 500 dollars from banks despite fulfilling every requirement.

In addition, the trend of using Franco Valuta, a process of importing goods by a person permitted to do so by using foreign currency from his own source, has increased.

[Source: *The Reporter*, November 18, 2017]

BGI brewing 2.5 bln birr Raya takeover

Headquartered in Switzerland, Sika AG, BGI Ethiopia has offered 2.5 billion birr to fully acquire Raya Brewery, a brewery established five years ago, in which BGI is the majority shareholder.

According to reliable sources close to the subject, BGI, which currently has 42 percent stake in the brewery, has offered to buy the remaining 58 percent of the company and the proposal is under review by the board of Raya. The board members and BGI International's officials are negotiating on the proposal in Paris, France.

The move by BGI to buy the remaining 58 percent of the company's shares...[...]

[Source: *The Reporter*, November 11, 2017]



Ethiopia Strives for Gold Refinery Plant

Ethiopia has launched a research to assess the possibility of having a gold refinery plant with the aim of reversing the current trend of refining gold in Switzerland.

A joint committee from the National Bank of Ethiopia (NBE), Ministry of Trade (MoT) and Ministry of Mines, Petroleum & Natural Gases (MoMPNG), kicked off the research a month ago. The team will assess the feasibility and the effectiveness of the plant if it is realised and becomes operational. [...]

[Source: *Fortune*, November 18, 2017]

Central Bank Relieves Manufactures of Credit Cap

Those engaged in the manufacturing industry will now be able to access loans from any of the commercial banks

In the thick of uncertainty after the devaluation of Birr, the National Bank of Ethiopia (NBE) has altered the credit ceiling on commercial banks by lifting the credit cap placed on the manufacturing sector.

This was announced during a consultative meeting held between the officials of the central bank and executives of all commercial banks at the premises of NBE located along Sudan Street.

The Ethiopian Bankers' Association had submitted an entreat to central bank's Governor, Teklewold Atnafu, on Thursday appealing that the recent monetary policy measures affect their members' well-being.

The bankers are anxious that the decision by the central bank to limit their lending ceiling to 16.5pc of outstanding loans and the direct transfer of 30pc of their foreign exchange earnings would debilitate them.[...]

“Since the manufacturing sector is productive, it is not going to bring an inflationary pressure to the country,” Yohannes Ayalew (PhD), vice governor and chief economist at the central bank told Fortune. “We have adjusted it by taking into account its strategic importance to the economy.”

The manufacturing industry is one of the sub-sectors that was given top priority by the government in the second edition of Growth & Transformation Plan (GTP II). More than half of foreign-owned investments in the country are engaged in the manufacturing, whose contribution to the GDP is planned to triple in the next decade.

Prime Minister Hailmariam Dessalegn, in his many addresses to the parliament, affirmed that a special treatment would be arranged to those engaged in manufacturing through loan provisions, market and other incentive packages. [...]

[Source: Fortune, November 12, 2017]

Trio Amasses a Billion Birr in Coca-Cola Share Transfers

The dispute between the shareholders of East African Bottling Share Company, bottler of Coca-Cola, was settled after the South African Bottling Company (SABCO) bought the shares of Abinet Gebremesqel, Munir Duri and Dereje Yesuworq for one Billion Birr.

Out of the total, the former shareowners paid 200 million Br in government taxes and shared the residual amount. Abinet took the lion's share at 400 million Br while the other two divided the balance.. [...]



Based on priority right of re-institution, the justices had ordered the government to collect 4.2 million dollars, which the then Ministry of Justice (MoJ) had requested in the equivalent of 26.2 million Br. It also ordered the government to give whatever was left of its claim to Al-Amoudi.

His share, according to the ruling, was 556,324 dollars to be recovered from Nigussie; 6.44 million dollars from Hussein, and nine million dollars from Shadia. Al-Amoudi has recouped his losses from the two accounts at the Swiss bank, as well as from the sale of 53,000 shares of Nigussie and 63,000 shares of Hussein in August 2007.

[Source: Fortune, November 12, 2017]

Upcoming Events



African Economic Conference 2017 “Governance for Structural Transformation”

Dates: 04 – 06 December 2017 | Venue: UNECA, Addis Ababa

In line with the chosen theme, participants will discuss government policies, institutions and mechanisms that can help unlock the transformative potential of African economies and therefore contribute to building resilient societies on the continent.



Addis Ababa International Conference on Business and Economics (AAICBE)

Dates: 06—08 December 2017 | Venue: Addis Ababa University
Addis Ababa

Organized by Addis Ababa University (Ethiopia) together with Jönköping International Business School (JIBS) of University of Jönköping (Sweden) The topic areas are: disciplines of management/business administration, economics, finance, public administration and development management.

Swiss chemical maker installs plant in Ethiopia

Headquartered in Switzerland, Sika AG, Construction chemical maker which joined the Ethiopian manufacturing sector two years ago is set to inaugurate its manufacturing plant here today.

According to a presser Sika Abyssinia Chemicals Manufacturing Plc, a subsidiary of Swiss Group Sika AG in Ethiopia, sent to The Reporter the company will commence productions of admixtures, waterproofing, sealing and bonding, refurbishment, flooring and roofing categories of construction chemicals.

Located at the Alemgena town of Welete locality, in the Oromia Regional State, Sika Abyssinia has built a plant that rests at a 6,500 plot of land.

...[...]

[Source: The Reporter, November 11, 2017]



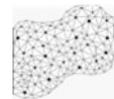
East Africa Gate (EAGate) is a dynamic French/Ethiopian business partnership founded by **Ms. Tigist Getachew Araya** and **Mr. Olivier Poujade**. The two partners graduated from Toulouse University (France) and together combine more than 15 years of experience in emerging markets in the legal, financial and business strategy fields (www.eastafricagate.com). EAGate has rapidly become a reference for accurate business information and tailored investment solutions in the Horn of Africa.

For more information, contact us at: contact@eastafricagate.com

UNDERSTAND



NETWORK



ACT



DISCLAIMER: This document has been prepared in good faith on the basis of information available at the date of publication without any independent verification. EAGATE Foreign Trade Auxiliary Plc does not guarantee or warrant the accuracy, reliability, completeness or currency of the information in this publication nor its usefulness in achieving any purpose. Readers are responsible for assessing the relevance and accuracy of the content of this publication. EAGATE Foreign Trade Auxiliary Plc will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person or company using or relying on information in this publication.