



INSIDE THIS ISSUE:

Government 2
adjusts oil profit margin

Planned cannabis project 3
faces backlash

Ethiopia launches national space 4
policy

Mining Policy 5
mandates value addition

Upcoming events 6

Aviation market liberalization faces stiff pushback

The proposed aviation market liberalization by the Ethiopian Civil Aviation Authority raised serious concerns among stake holders. As part of the ongoing economic reform program by the Prime Minister Abiy Ahmed (PhD) administration, the Ethiopian Civil Aviation Authority (ECAA) in collaboration with the Ministry of Transport has drafted a new aviation proclamation and regulation that encourages local and foreign investors to venture into the domestic aviation market.

In a consultative meeting held with stakeholders held

on Thursday, ECAA presented the draft aviation proclamation and regulation. The draft proclamation allows private investors to build, operate and own airports, airfields and heliports. The existing aviation law mandates only the Federal government to build airports. However, the draft proclamation would enable local and foreign investors to build and operate airports and airstrips. Foreign investors can partner with local investors to build and operate airports.

According to Ali Mohammed legal department head with ECAA, foreign investors can

form joint venture companies holding up to 49 percent shares while the majority stake would be owned by Ethiopian nationals. Regional states and city administrations can also build and operate small airports. Director General of ECAA, Wossenyeleh Hunegnaw (Col.), noted that the draft proclamation would enable private sector operate airports. CEO of Ethiopian Airports, Tewodros Dawit expressed his concern of the possibility that neither the private sector nor the regional states have the experience of building airports. [...] Source: [The Reporter, March 09, 2019]



The MAX saga

In the early morning of Sunday March 10, 2019, Yared Getachew (Capt.), 28, who was in command of the ill-fated Ethiopian Boeing 737-8MAX jetliner phoned his mother who lives in Nairobi, Kenya to tell her that he was coming home. Sadly he could not make it. Few minutes after departing from the Addis Ababa Bole International

Airport the aircraft with registration number ET-AVJ encountered a problem with the flight control system. Before reaching the cruising altitude allotted for Flight ET302 Yared contacted the Air Traffic Control Tower (ATCs) at Addis Ababa Airport informing them of the problem he had faced with the flight control system. "I have

faced a flight control problem. I would like to return back," a source who listened to the voice communication recording told The Reporter. Ethiopian Airlines Aviation Group CEO, Tewolde Gebremariam, confirmed that the Captain made a distress call requesting for clearance for landing. The ATCs who were on duty at the control tower gave clearance for ET302. [...] Source: [The Reporter, March 16, 2019]

Unilever to manufacture signature toothpaste in Ethiopia

The Anglo-Dutch multinational, Unilever Global, is set to start manufacturing its signature toothpaste product "Signal" within Ethiopia, no longer importing its products from abroad. The expansion is to take place within its facility inside the Eastern Industrial Zone, The Reporter has learnt.

The company is set to call a press conference to make its "major" announcement next week and reveal details of its expansion. In the meantime, the company is set to mark World Oral Health Day by highlighting the importance of better hygiene among youth by educating more than 200,000 students in different

schools for 15 consecutive days, about the value of oral health. It will also hold a blood donation, offer free dental care day for children living in Joy Autism Center and distribute free tooth brush and toothpaste to young people on [...]. Source: [The Reporter, March 16, 2019]



Tadesse Tilahun, CEO of National Oil Company (NOC)

Government adjusts oil profit margin

The Council of Ministers on March 2 approved a proposal for a slight increment on the profit margin oil distribution companies and dealers earn from the sale of petroleum products.

The Ministry of Trade and Industry (MoTI) announced that it has made an incre-

ment for oil companies and fuel transporters. In a meeting held with oil companies, dealers and transporters on Monday, officials of the Ministry said that they tried to address the concerns of oil companies and fuel transporters. The MoTI on average made an increment of 5-6 cents on the profit

margin oil companies earn from the sale of litres of petroleum products. The ministry also made 10-15 percent increment for fuel transports per kilo meter depending on the type of roads. [...]

Source: [The Reporter, March 9, 2019]

Ministry collects record revenue in a month

The Ministry of Revenues announced that its tax payment campaigns has resulted in the hike of its revenue collection for the month of February as it collected 17.8 billion birr, a record monthly collection its history. This performance is 90 percent of the planned 19.9 billion birr targeted for the month. There has not been a collection made more than 15 billion birr on a monthly basis, so far.



Speaking to a group of journalists, the Minister of Revenues, Adanech Abebe, said that, for the past eight months of the Fiscal Year (FY), her

Ministry has collected 130.7 billion birr out of its planned 161.8 billion birr, achieving 81 percent of the plan. This showed an increase of 11.6 percent when compared to the previous FY. The Ministry planned to collect 137.1 billion birr from internal revenues for the FY 2018/19 while it collected 80 billion birr within the past eight months [...]

Source: [The Reporter, March 16 , 2019]

Planned cannabis project faces backlash

Reports of consultative the meeting between local communities in Demebecha Woreda, West Gojam Zone of the Amhara Regional State, and investors who have said will open a Cannabis factory in the locality has created a massive backlash among the online community in Ethiopia.

The meeting which was first posted in the local administration's commu-

nication office and circulated in the virtual world has become a bone of contention among commentators towards end of the weekend.

Following the news, many have expressed their anger and protested against the proposal to open the factory in the area, arguing it will bring harm to the general public.

The meeting which took place in

Demebecha was initiated by a company called Africana Cannabis Holding, a joint venture company between Ethiopian and foreign investors from Canada, The Reporter learnt. The company has been asking the Ethiopian government to get an investment permit to open the factory which will produce Cannabis end to end: from farms to semi-processing [...]

Source:[The Reporter, March 16, 2019]

Government lifts privilege afforded to local rebar producers

The Government of Ethiopia has lifted a year old controversial privilege given to local rebar manufacturers which directs public procurement agencies to purchase reinforcement bar exclusively from local producers, The Reporter has learnt. It is to be recalled that the privilege given to the local rein-

forcement bar producers was given by the then Ministry of Finance and Economic Cooperation back in February, 2016, where a circular was signed by the then Minister Abdulaziz Mohammed, directing all government procurement agencies to exclusively buy rebars only from local producers.

For almost the past three years, the circular was controversial where a number of local importers and international suppliers were criticizing it, saying it excluded importers and goes against free market principles. However, the government said it had issued the circular in order to incentivize local rebar producers [...]

Source: [The Reporter, March 16, 2019]

Ethiopia launches national space policy



Ethiopia has drafted a space policy aiming to support the continued growth in the country and prepare a structure to supervise space affairs while safeguarding national security. Ethiopia established The Space Science and Technology Council and Ethiopian Space Science Technology in 2016. Designed by the

Ethiopian Space and Technology Institute, the policy combined structures that can be implemented in three phases. The first phase, which is considered to be the basis for space policy, incorporates the building of space technology capacity, human power, space infrastructure and supervising space related

issues. Integrating the study of space science with national development strategies to facilitate the country's economic, social; infrastructure development is the second stage, in addition to conserving natural resources, climate change and natural disaster prevention. Using space for commercial purpose is also incorporated in this stage.

Source: [Capital, March 18, 2019]

Intercontinental Addis ordered to change

After a six year legal battle, the Lideta Federal High Court ruled in favor of Intercontinental Hotels Corporation (IHG), ordering JH Simex Plc to cease using the trade name 'Intercontinental Addis'. The international chain sued both J.H. Simex and Semachew Kebede for us-

ing a trade name to attain unlawful enrichment. The court also ordered the hotel, located in Kazanches, to stop using the name 'Intercontinental Addis' in advertisements, other equipment and also forfeit their website. The court also ordered J.H. Simex Plc to pay 750,000

birr in compensation to Intercontinental Hotels Corporation with a nine percent interest. The court was unable to find legal documents needed to ascertain the hotel's actual profits from tax offices and auditors since the hotel began operating. [...]

Source: [Capital, March 11, 2019]



German medicine giant to supply subsidized packs for NCDs

Novartis, one of the global medicine manufacturers, said that it will supply 1.8 million packs of medicines costing USD 1.8 million to treat patients of non-communicable diseases (NCDs) in Ethiopia through its social business platform.

The manufacturer, with its

Novartis Social Business (NSB) segment which mostly undertakes socially edged business activities, has agreed to supply Ethiopia with medicines that could serve patients with blood pressure, asthma, cancer and diabetics at ex-factory price rates that exclude costs of transportations,

deliveries and the likes. Hence, based on an agreement with Ethiopia and a handful of other African countries, it is availing a much highly needed medicines for non-communicable diseases with a dollar per patient per month arrangement. [...]

Source: [The Reporter, March 30, 2019]

Yirga Haile joins Competitive beer industry



Yirga Haile and families, a prominent and widely known name in the business community has now ventured into the beer industry with an investment of 1.5 billion

birr in partnership with United Africa Beverages, a Mauritius based beer maker. Ephraim Yirga Haile, one of the sons of the late Yirga Haile told The Reporter that the new bottler—United Beverages Share Company—employs a German technology and will be able to bottle 1.6 million hectoliters per year. In addition to that, the factory will have an annual capacity of manufacturing 800,000

units of packing materials.

The Beverage factory—located in the town of Modjo—rests on 25 hectares of plot of land. And Ephraim said that they seek to accommodate future expansions including malt and other beverages. The new beer will be unveiled in about a month [...]

Source: [Capital, March 9, 2019]

Mining policy mandates value addition

The Ministry of Mines and Petroleum has drafted a mining policy that will last for the next twenty years. The current policy draft pays due attention to value addition. It also uses all available mines as an input for the growing construction, industrial and agricultural sector. Mining companies are expected to partially add value to exporting, to increase the share of the mining

sector to the country's economy. The fiscal and the legal framework adopted by Ethiopia's government allows a free market driven economy, which permits both local and foreign-based companies to participate in developing the country's mining industry. However, they must operate in a transparent

manner that helps boost the country's economic outlook. The policy states that if mining policy is unclear it will damage the sector and minimize mining's role in the economy. [...]

Source: [Capital, March 5, 2019]

Agent sues Heineken Ethiopia

Heineken Share Company of Ethiopia is being sued, accused of abruptly ending a contract worth more than 2.7 million birr by one of its former agents and distributors. Solomon Gizaw, the plaintiff, has taken his complaints to the Lideta Federal High Court's Civil Bench with a slew of allegations, according to the charges.

The Switzerland citizen and an Ethiopian Diaspora, Solomon

claims that he has long association with the company as its exclusive agent, importer and distributor in Ethiopia since 2005.

Heineken decided to enter the Ethiopian market in the midst of the privatization foray of the local beer industry by international players. It initially had an early interest in the acquisition of Meta Abo Brewery but has lost out to Diageo and decided to construct its own state-of-

the-art brewery. It instead launched its signature made-in-Ethiopia Heineken products in addition to refurbishing local brands. Solomon alleges that the contract he had with Heineken was voided abruptly and has been losing upwards of 10,500 Birr of income daily and about 315,000 birr per month, that he alleges, otherwise is entitled to have.

[...]

Source: [The Reporter, March 30, 2019]

Upcoming Events

“International Trade Show on Agriculture, Food Processing & Packaging and Food & Hospitality”

Dates: 09-11 May 2019 | Venue: Millennium Hall, Addis Ababa

Agrofood Ethiopia is an international trade fair covering the entire value chain from field to fork and consists of the following parts: agro Ethiopia. It will gather international and Ethiopian industry leaders, investors, experts, academia, and journalists to discuss latest technologies and conclude business.

Plastprintpack Ethiopia

Dates: 09– 11 May 2019 | Venue: Millennium Hall, Addis Ababa

“International Trade Show on Plastics & Printing & Packaging” plastprintpack Ethiopia will display products like plastics and composites, raw materials and auxiliaries, machinery and equipment for the plastics and rubber industries, packaging machines and equipment, printing & publishing solutions etc. The 3rd plastprintpack Ethiopia 2019 has lots of news for 2019.



“Investment is craft in Ethiopia”

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@eastafriagate.com

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.