



Ethiopia Investment Weekly

May 4, 2020

Top News Selected For You,
Frequently Asked Information,
Communication on EIC initiatives.





Top news

Top national news from the week

- [Nation gets 1.6Bn USD from FDI](#): Ethiopian Investment Commission (EIC) said it has collected 1.6 billion dollar from Foreign Direct Investment (FDI) within the first half of this Ethiopian fiscal year.
- [Council passes decisions to help implement economic stimulus, refers bills to house](#): The council allowed the deduction of donations from EFY 2012 taxable income (up to 20% of taxable income); postponed VAT and TOT declaration and payment period by one month; and postponed 3 month employee pension payments.
- [Gov't waves 78Bn ETB in tax as part of economic stimulus package](#): Ten year overdue taxes unpaid until 2015, have been written off. Audited taxes that should have been paid between 2016 and 2019, are exempted from interest and penalties. The principals will be paid on installment basis once 25 percent of the overdue tax is paid up-front. The remainder is set to be paid over one year.
- [Ministry requests 100Mn USD support to the manufacturing sector](#): The Ministry of Trade and Industry has requested 100Mn USD support from the government to support the manufacturing sector survive the pandemic and address raw material supply shortages.
- [Ministry Announces Tariff Cut for Export Commodities](#): The Ministry of Transport has decreed new price reductions to support the export manufacturing industry and alleviate economic pressure caused by the Novel Coronavirus (COVID-19). **(Details next page)**
- **As of May 4, 2020 there are 135 confirmed COVID-19 cases in Ethiopia, a 9% increase from last week, and 3 deaths.** For more information on current health status in Ethiopia, please go [here](#)

Details on government measures will be updated on the [EIC website](#) as they become available

EIC investor survey results

Main challenge reported is drop in demand. Logistics, access to finance and supply chain challenges have also significantly impacted operations

44% of surveyed manufacturers have started or are willing to re-purpose operations towards the production of Covid-19 goods

Tax exemptions or reductions and access to soft or interest free loans for working capital are the most requested areas for support

Note: the survey was sent by the EIC on April 27th and 54 investors have so far provided their input. Survey will be sent on a bi-weekly basis and is a privileged channel for communication with the EIC. To be added to the distribution list, please send a mail to covid-19.response@ethio-invest.com

To go further - additional resources

- [COVID-19 critical supplies: the manufacturing repurposing challenge](#): This article by UNIDO lists PPE products as defined by WHO, reviews the challenges and potential mitigations to re-purposing operations
- [Economic and welfare effects of COVID-19 and responses in Ethiopia](#): This paper by the Ethiopian Economics Association analyses the economic and welfare effects of COVID-19 and provides potential interventions
- [Managing a manufacturing plant through the coronavirus crisis](#): This report by McKinsey provides three guiding principles to keep workers safe while preparing for increased uncertainty and changes to the working environment



Frequently asked information

Logistics services during covid-19

Ethiopian Cargo and Logistics services top destinations

- | | |
|--|--|
| <ol style="list-style-type: none"> 1 Belgium (LGG, BRU) 2 China (CAN, PVG) 3 Hong Kong (HKG); 4 India (BOM, MAA); 5 United Arab Emirates (SHJ, DWC) 6 United Kingdom (LHR); 7 Saudi Arabia (RUH, JED) 8 South Africa (JNB) | <p>For a full list of destinations served by Ethiopian Cargo and Logistics Services, please see here</p> |
|--|--|

Ethiopian Shipping and Logistics Services Enterprise and Ethio-Djibouti Railway Services

The Ministry of Transport, Ethiopian Shipping and Logistics Services Enterprise (ESLSE), and Ethio-Djibouti Railway (EDR) have announced the below price discounts on transport and dry port services to be in effect from May 1, 2020:

- **Free rail transport** for all manufacturing exports going to Djibouti for 3 months or 5 months depending on need
- **50% reduction on dry port services** for the duration of the State of Emergency
- **50% reduction on rail transport** services from Hawassa Industrial Park to Modjo dry port for the duration of the State of Emergency
- **50% discount on transport services** to Djibouti for export manufacturers unable to use rail services due to distance
- **73% discount on shipping prices** for all export products shipped through ESLSE for the duration of the State of Emergency

Demand for covid-19 goods

As the number of COVID-19 confirmed cases progressively increases in Ethiopia, the demand for personal protective equipment (PPE) and medical supplies is increasing. The Ethiopian Pharmaceutical Supply Agency (EPSA) is responsible for the procurement of medical supplies for healthcare workers and law enforcement officers. Furthermore, the State of Emergency mandates everyone to wear two layer cloth face covers in public places.

A number of manufacturers in Ethiopia have accordingly been able to successfully re-purpose their productions to supply the required PPEs to the market.

There are **seven product categories** in particular where the **gap between local supply and demand is estimated to be high** in the country

- 1 Surgical face masks
- 2 Nitrile gloves
- 3 Test kits
- 4 Covers
- 5 Face shields
- 6 N95 face masks
- 7 Disposable surgical caps



EIC initiative

317326

EIC COVID-19 WEBPAGE

The Ethiopian Investment Commission is pleased to announce the launch of the new [COVID-19 webpage](#), which consolidates key information for investors. The webpage has five main components:

- 1 COVID-19 in Ethiopia** gives an overview of the current public health status and the impact of COVID-19 on EIC’s investors
- 2 FAQ** provides answers to COVID-19 related questions on topics such as workplace safety, government measures, EIC/park services, and company operations
- 3 Government support** highlights the key measures taken by government to support investors during this period
- 4 Additional information** provides valuable resources such as updated articles and analysis on the impact of COVID-19, available logistics service and useful resources and links.
- 5 Request for support** provides a platform for investors to request support on specific issues. EIC will review the applications and respond accordingly. Please note that while EIC will strive to support all investors, we cannot guarantee that all support requests will be granted.

We want to hear from you



Message of the Commissioner



Dear esteemed investors,
The coronavirus (COVID-19) pandemic is posing an unprecedented risk for the health of Ethiopian citizens. As Ethiopia prepares and adapts to defend its people’s health, economy, and society against the effects of this global pandemic, I am acutely aware that for you, our investors and key stakeholders such as brands, the global shocks from COVID-19 are already being felt. There are many day-to-day challenges still being faced and we as a government are working tirelessly to react and resolve them quickly. Measures are under investigation and will be communicated as the situation evolves.

COVID-19 has also significantly impacted the operations of investors in the country; demand is tightening at a global and local level, supply chains are disrupted, and the constraints on operations are increasing. The role of the Ethiopian Investment Commission is to support investors navigate this difficult period and pave the way for recovery. We have already kick-started support operations by engaging all relevant parties and investigating initiatives to support investors operationally and financially.

Latest Government Measures & Support

Business & Regulation Environment	Labor Protocols	Movement of People & Goods	Public Peace & Security
Bank & Financing	Fiscal Relief	Price of Locally Sold Goods	COVID-19 Medical Products Import and Production Requirements

[Read More](#)

CONTACT

If you have any feedback or questions, you can reach us at COVID-19.response@ethio-invest.com

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