



IN THIS ISSUE

Launch of the EUBFE

- **Dialogue with the Ethiopian PM**

- **Multimodal Transport Directive**

- **Ministry of Trade's Study**

- **Customs Valuations System**

- **New Customs Proclamation**

We want to hear from you

If you have stories to share, comments or any suggestions for our publications please contact us:

Attn: EUBFE Secretary
contact@eubfe.eu

NEWS & PAST EVENTS

Successful launch of the EUBFE

More than 100 European companies attended the launch of the EUBFE held on May 7th, 2012, where guest speakers pictured the European private sector in Ethiopia and the goals of EUBFE.

Dialogue with H.E. Hailemariam Desalegn, Prime Minister

Minister of Industry, Mr. Mekonnen Manyazewal, invited foreign and local investors to discuss how to attract more investment in the country in three specific sectors: agricultural, manufacturing and mining, in the presence of the Ethiopian Prime Minister.

Advocacy to mitigate the impact of the multimodal transport directive

Meeting with State Minister of Transport, Mr. Getachew Mengiste to discuss the accumulation of 22,000 containers in Djibouti port and advocating how the Government could remediate.

EUBFE's input to the Ministry of Industry's study

A team of the Ministry of Industry met with representatives of the EUBFE and EU Delegation to gather information on Ethiopia's attractiveness as well as challenges encountered by the private sector operating locally.

ERCA equipped with new valuation system

On December 1st, 2012, ERCA and Indian consultants introduced the new customs valuation system in compliance with WTO requirements, to be implemented in the next few months.

EUBFE comments on the new Customs Proclamation

Following an invitation from ERCA to comment on the new Customs Proclamation, the EUBFE shared its members' concerns in a letter sent to ERCA as well as other foreign business forums.

AND IN THE PIPELINE...



SUCCESSFUL LAUNCH OF THE EUBFE

EVENTS



After a one-year gestation period, the European Union Business Forum in Ethiopia (EUBFE) was formally launched on May 7th, 2012, in the presence of more than 100 European companies operating in Ethiopia, representatives of numerous diplomatic representations as well as high-level staff from the Ethiopian Revenue & Customs Authority (ERCA) and Ministry of Foreign Affairs. The EUBFE was set-up in response to the need for both a platform for networking and information exchange between EU businesses and a systematic dialogue with the Ethiopian authorities. The EUBFE operated under the umbrella of the EU Delegation to Ethiopia.

Opening the event, Ambassador Xavier Marchal, Head of the EU Delegation, explained that the EU has a longstanding commitment to Ethiopia. Europe is the most important export market for Ethiopia. Also the EU has traditionally been an important investor in Ethiopia. He stressed that setting up the EUBFE is very timely as the Ethiopian authorities have recently shown an increased appetite to dialogue with the private sector. He further stated that the EUBFE can count on the EU support and concluded that *“the EUBFE can be a powerful platform to strengthening networking and business linkages between Europe and Ethiopia”*.

For the private sector, Mr. Chris De Muynck, interim EUBFE Chairman and CEO of MOENCO, clarifying the purpose of establishing a permanent business forum, said, *“the 300-odd European companies in Ethiopia, should act as a single consolidated investment group to discuss business issues with the Ethiopian Government.”* He added that the EUBFE should also allow a better flow of information amongst European companies and improved networking abilities and knowledge.

On the occasion of the EUBFE launching ceremony, a Memorandum of Understanding between the EUBFE and ERCA was signed, establishing a systematic dialogue between EUBFE and ERCA.

Today, 8 months after its inauguration, the EUBFE membership has reached a healthy 20% of the total number of European businesses in Ethiopia and as this newsletter shows, has already achieved some first results and recognition. The EUBFE is determined to further increase membership in order to strengthen the voice and the networking capacity of EU companies.

HAVE YOUR VOICE HEARD, JOIN THE EUBFE: [a membership application form is attached to this Newsletter.](#)



THE STEERING COMMITTEE OF THE EUBF: The Steering Committee of European Business Forum Ethiopia is composed of the following individuals: Chris de Muynck (*CEO of MOENCO and honorary Chairman*), Cor Jan Zee (*Meset Consulting and Treasurer*), Antonio Pagliaricci (*RC Trade*), Bruce Hamilton (*Red Fox*), Tsion Taye (*Neumann Coffee Group*), Fikru Maru (*Addis Cardiac Hospital*), Winta Yohannes (*BGI*), Saskia Kloezeman (*North South Consulting*), Domenico Falletta (*Falletta Seeds*), Koen Bronder (*Safmarine*) and Christophe Marie (*Commerzbank*).

DIALOGUE WITH H.E. HAILEMARIAM DESALEGN, ETHIOPIAN PRIME MINISTER

DIALOGUE

Minister of Industry, Mr. Mekonnen Manyazewal, invited foreign and local investors to discuss how to improve investment climate in the country in three specific sectors: agricultural, manufacturing and mining. While local investors met on the morning of October 24th, 2012, foreign investors were invited to the meeting held in the afternoon, in a session personally chaired by the Prime Minister, Hailemariam Desalegn. Present were representatives of the international business communities operating in Ethiopia: Europeans, via the EUBFE and the EU Delegation headed by Ambassador Xavier Marchal, Chinese, Turkish, Indian and Korean business communities.

Following a short introduction by the Prime Minister and the Ministry of Industry, the floor was opened to the private sector. In a very direct and open ambiance, participants were able to express their concerns on the current issues impeding their operations and therewith ultimately the economy. In terms of challenges, it was emphasized that companies have to deal with high transaction costs, complex and restrictive financial regulations, a highly volatile regulatory environment and limited administrative capacities at key governmental agencies. Strong concerns were expressed in relation to electricity and telecom; the impact of the multimodal transport system on cost and timeliness of imports; the limited availability of foreign exchange and its consequences; the difficult access to finance and to land; the gap between the spirit of government policies and their practical implementation as well as the need for better dialogue between the private sector and the governmental authorities.

The Prime Minister welcomed the comments and ensured the audience that the dialogue with the private sector will continue, including through bilateral consultations at PM level. He ensured that the successful efforts made by the Ethiopian Customs and Revenue Authorities (ERCA) will continue to ensure proper operations and implementation of rules and regulations. The Prime Minister reiterated that more attention would be devoted to communicating rules and procedures to the public, especially the private sector. In terms of telecoms and electricity, the Government pointed out that the capacity is there, but the infrastructure, including electricity distribution lines, lags behind, causing the existing gaps.

During the course of the presentation, the Prime Minister gave a prominent place to the EU Business Forum in Ethiopia, explicitly congratulating the EU for being able to speak in one voice.

This meeting was a practical example of the importance of having a EUBFE representing concerns and interests of European enterprises in the Ethiopian business landscape. Following the consultation meeting the EUBFE sent a letter to the Prime Minister highlighting the EUBFE's position and requests. Please contact the EUBFE secretariat to receive a copy of the letter.



ADVOCACY TO MITIGATE THE ADVERSE IMPACT OF THE MULTIMODAL TRANSPORT DIRECTIVE

ADVOCACY

The enactment of the multimodal transport directive early in 2012 creating a de facto monopoly of Ethiopian Shipping Lines for the handling of commercial import containers passing through the Port of Djibouti has had significant impact on businesses. In the summer of 2012, the Port of Djibouti was faced with a backlog of 22,000 containers or 2 months value of import.

Concern was raised in early August in a letter sent by the EU Ambassador, Mr. Xavier Marchal, to the Minister of Transport, Mr. Diriba Kuma, summarizing the problems encountered by the EUBFE's companies. This was followed-up by a meeting and several discussions with the State Minister of Transport, Mr. Getachew Mengiste.

During the meeting, practical suggestions to relieve EU businesses were relayed, including the need for improvement of information and communication, the waiver of the need for a second customs seal, the improvement of the waiver in regards to current and upcoming legislation, the responsibility of payment of additional storage and demurrage costs and, ultimately, the opening of the transportation sector to private investments in coherence with Ethiopia's future WTO obligations. The State Minister has taken on board some of the suggestions while appointing the Director of the Transport Logistics Coordination Directorate, Mr. Berhanu Amsalu, as a focal point in the Ministry to support EU companies faced with problematic cases. The EUBFE stands ready to follow up on this commitment of the Ministry of Transport; so do not hesitate to communicate to us any issues experienced in the future.

EUBFE'S INPUT TO THE MINISTRY OF INDUSTRY'S STUDY

CONSULTATION



As part of the strengthened dialogue between the Government and the private sector, a research team from the Ministry of Industry met with representatives of the EUBFE and the EU Delegation on December 3rd, 2012 to prepare a study on the medium and long-term strategy for Ethiopia's industrial development.

The European business community was asked to comment on Ethiopia's attractiveness, challenges encountered by the private sector and how to make the country more FDI friendly. The EU businesses present shared concerns, recommendations and presented practical examples of issues encountered in their day-to-day operations. The delegation from the Ministry warmly welcomed the comments and committed to reflect those issues in the Study. Following the consultation meeting, the EUBFE sent a written summary of the comments and recommendations to the Ministry of Industry. Please contact the EUBFE secretariat to receive a copy of the summary document.



EU BUSINESS FORUM ETHIOPIA

MEMBERS NEWSLETTER – N.1 / JANUARY 2013



ETHIOPIAN CUSTOMS EQUIPPED WITH NEW VALUATION SYSTEM

NEW INITIATIVE

On December 1st, 2012, ERCA held a presentation meeting to launch its newly acquired Ethiopian Customs Valuation System which is the result of 3 year of joint work with the Indian Customs Authorities and the Center for Development of Advanced Computing. An ERCA representative introduced the system as “*the most advanced system currently used in emerging market*” for goods valuation. The process was initiated in 2009 with an Ethiopian Custom Proclamation (622/2009), modernizing the existing legal framework. Then, after several visits of Indian experts in 2010 and 2011, a Memorandum of Understanding was signed and work started on 5 key items: improvement of legal background, organization of a valuation system, elaboration of procedures within the framework of the WTO, development and enforcement activities as well as elaboration of a communication plan towards stakeholders.

While the CD-ROM concept (or Minimum Valuation System) relied on customs officers’ input, the new system (or Transaction Value System) will rely on externally uploaded information. Detailed custom declarations on predefined formats will be processed by the software allowing to benchmark declared and stored values. Any discrepancies in prices past a defined threshold or abnormal discounts shall trigger a transfer to a custom officer in charge of assessing the declaration. Compliant shipments will be immediately facilitated. Other key elements to be implemented include a general principle of releasing goods during negotiation or conflict phase with Customs, the set up of appeal, review and prosecution committees, the separation between civil and criminal offenses and prosecutions as well as the creation of a dedicated unit to investigate related parties transactions (the “RPU” or Related Parties Unit).

Overall, the new system brings transparency in customs operations and prevents forum shopping in the choice of ports, allowing Ethiopian Government to exercise a better control of this main revenue source. On the customer side, after a 3 to 4 months period of implementation, we shall expect improved efficiency in handling shipments and a reduced backlog in containers.

EUBFE COMMENTS ON NEW CUSTOMS PROCLAMATION

CONSULTATION

A new Customs Proclamation has recently been drafted, aiming at replacing Customs Proclamation 622/2009. ERCA took the initiative to present the draft new legislation to foreign investors, by organizing a meeting in the EU Delegation on June 1st, 2012. In addition to the EUBFE, the meeting was also attended by the Indian and Chinese Business Forums. Following the consultation meeting, the EUBFE prepared a detailed commentary paper on the draft law, putting together concerns and recommendations expressed by the EU business community and European Commission experts. It is to be noted that the EUBFE was the only Business Community which provided written comments to ERCA who has appreciated this input.



EU BUSINESS FORUM ETHIOPIA

MEMBERS NEWSLETTER – N.1 / JANUARY 2013



IN THE PIPELINE ...

DIALOGUE WITH ERCA



In the framework of the Memorandum of Understanding between the EUBFE and ERCA, a meeting is scheduled to take place in the following weeks. Main focus of the meeting will be on the application of dividend tax. However, other tax and customs issues can also be discussed during this meeting. Should you wish to raise specific tax and customs issues do not hesitate to contact the EUBFE's secretariat at contact@eubfe.eu.

EU EXPORT HELP DESK TRAINING



The EU export help desk (www.exporthelp.europa.eu) is an on-line service of the European Commission providing support to companies from developing countries on how to export to the EU. A mission from the EU Export Helpdesk to Ethiopia is planned from 25-27 February. The mission will include a full day of product specific trainings (leather, organic coffee, oil and sesame seeds) on February 26th. Should you be interested in attending such a training, or if you would like to have more information, kindly contact the EUBFE's secretariat

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