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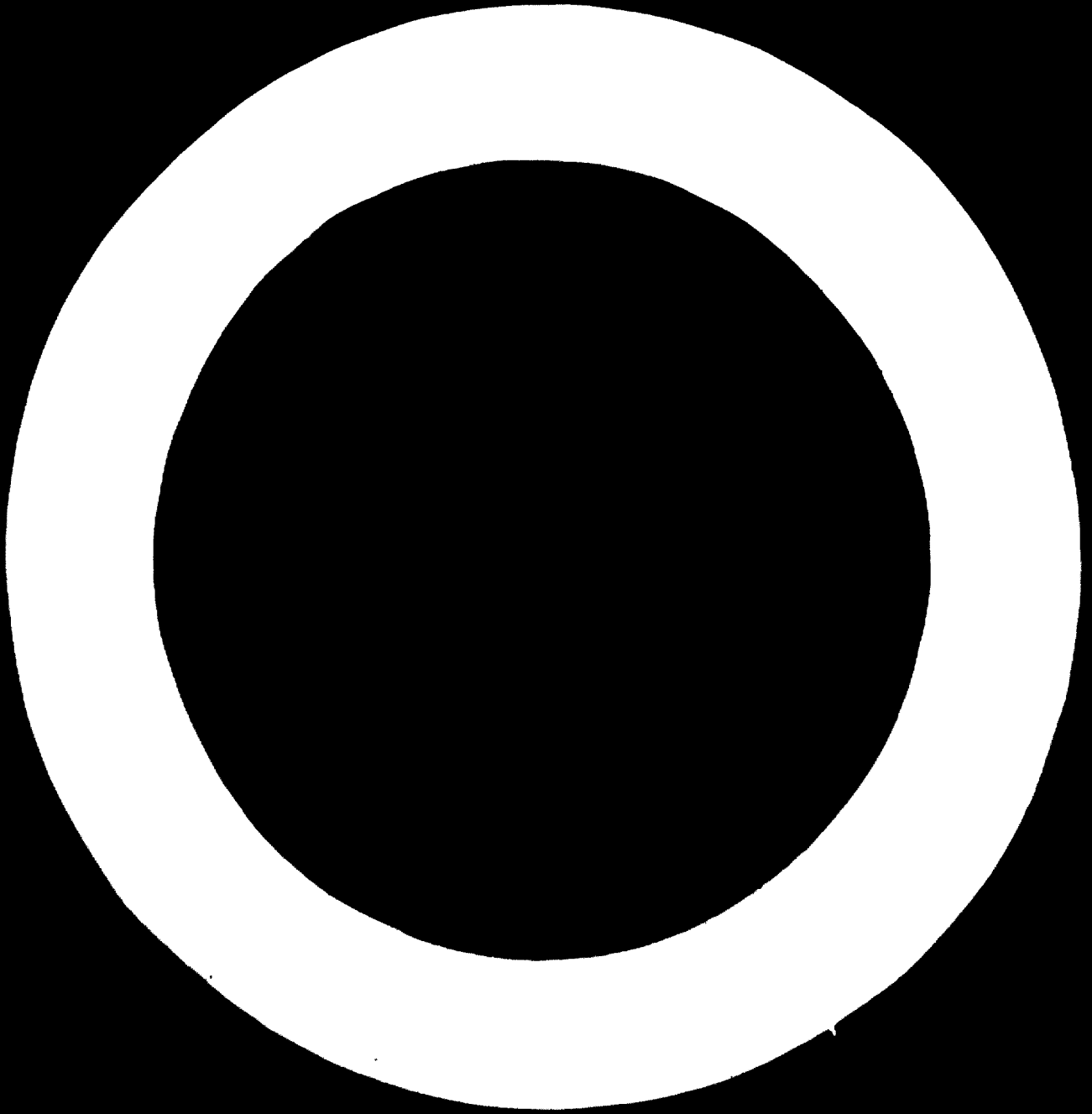
Meeting to promote specific Industrial
Projects in African Countries

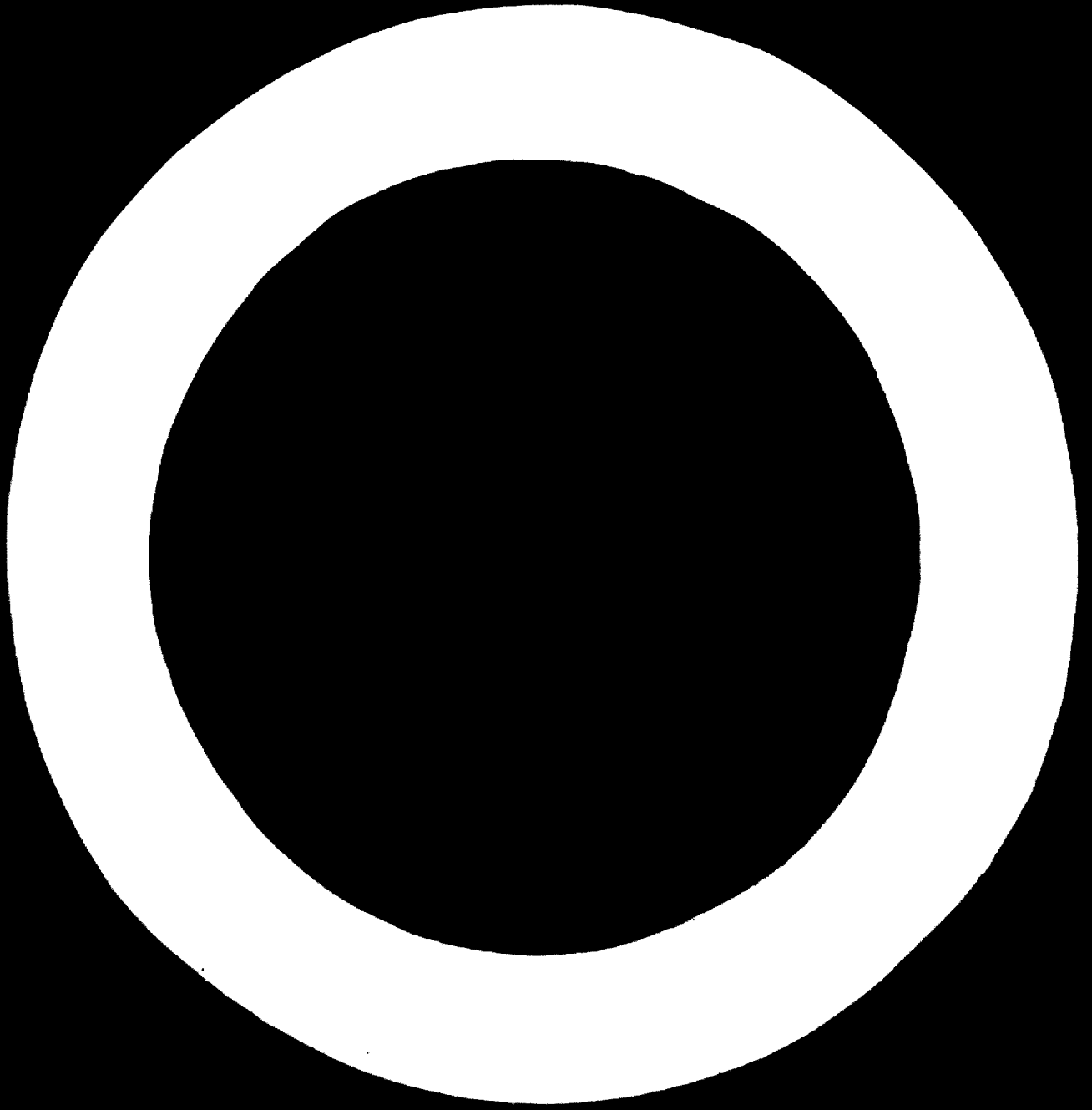
Nairobi, Kenya, 30 November - 4 December 1970

INVESTMENT INCENTIVES ^{1/}

ETHIOPIA

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ETHIOPIA

I. Incentive measures

. Import duty concessions

- Exemption from the payment of customs import duties, transaction taxes on imports, municipal taxes, etc., levied on imports for agricultural and industrial machines, implements, appliances and parts for the use of agricultural and industrial enterprises, provided that similar goods are not being produced within Ethiopia.

- Building, structural and other construction material for the exclusive use of industrial enterprises may also be exempt from import duties.

. Tax exemptions

- Exemption from the payment of income tax for a period of 5 years from the date of commencement of operations for newly established enterprises.

- Exemption from the payment of income tax for a period of 3 years for expansions of existing enterprises (provided that the new extension shall be operated as a separate technical unit with separate accounts).

. Export incentives

Manufactured finished goods destined for export may be exempted from export duties and transaction taxes on exports for a reasonable period of time if necessary to assure the competitive position of these goods on export markets.

. Other incentives

- Assistance with financing

- The Development Bank of Ethiopia assists the development of industrial and agricultural production and fosters investment of private capital for productive purposes.

- The Ethiopian Investment Corporation provides finance to industry through equity investment and medium and long-term loans. Other functions: to float sponsor, underwrite and deal in issue of shares and securities, to guarantee loans. The Corporation also provides financial advice, administrative assistance, etc., to potential investors.

II. Industries qualifying for incentive benefits

Benefits are granted to newly established industrial enterprises with a minimum capital investment of 200,000 Ethiopian dollars - and to existing enterprises for expansions amounting to a minimum investment of

200,000 Ethiopian dollars. Such enterprises may be agricultural, industrial, mining, transport and touristic enterprises. Condition: approval of the Investment Committee. No privileges are granted to industries engaged in the manufacture of alcoholic beverages or liquors.

III. Procedure

Proposed projects for private investment are to be submitted to the Investment Committee for review. The Committee recommends to the Ministry concerned (Ministry of Finance) the benefits to be granted. All enterprises must submit satisfactory proof of the amount of capital invested and the date of operations to the Income Tax Department of the Ministry of Finance.

A permanent Investment Committee has been set up by decree. The main purpose of the Committee is to study and recommend incentive measures and benefits granted to potential private investors. Composition: Chairman; Minister of Commerce and Industry, Ministers of Agriculture, Commerce and Industry and Finance; Governor of the National Bank of Ethiopia; General Secretary of the Planning Board. Additional Ministers, or their representatives, may be co-opted on an ad-hoc basis.

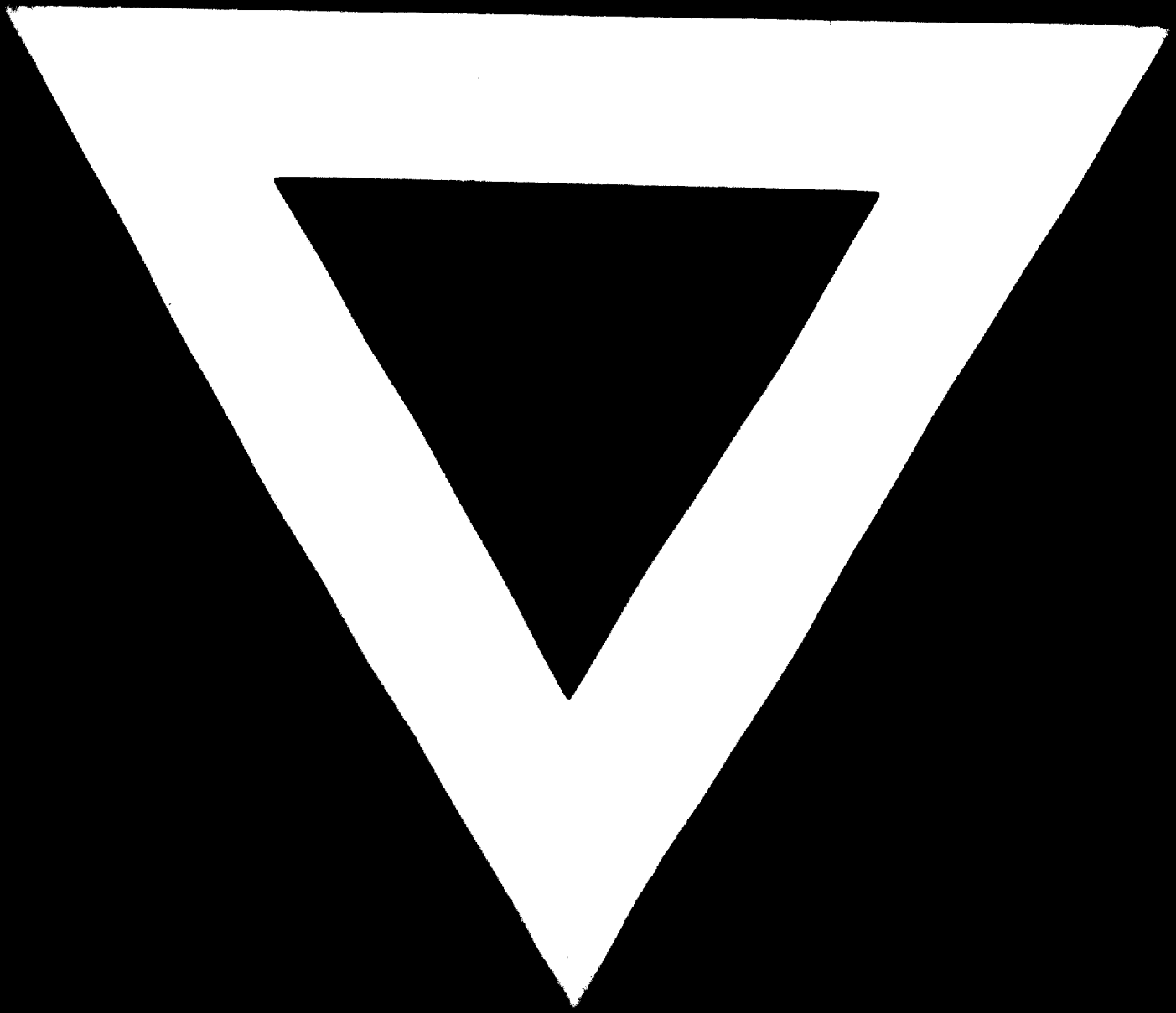
IV. Special incentives for foreign investors

- Constitutional guarantee with respect to private property.
- Foreign investors establishing industrial enterprises in Ethiopia are allowed to acquire land.
- The benefits provided by the law are granted to both foreign and national investors.
- The National Bank of Ethiopia makes available foreign exchange to assure:
 - The remittance of profits of foreign investors to their country of origin;
 - The repatriation of the net proceedings in case of sale or liquidation of a foreign investment;
 - The remittance of savings of foreign personnel subject to foreign exchange regulations;
 - The purchase of spare parts and other materials required.

References

- Decree to provide for the encouragement of Capital Investment in Ethiopia (Decree No. 51 of 1963).
- Proclamation to provide for the encouragement of capital investment in Ethiopia (Proclamation No. 242 of 1960). "Investment Proclamation 1966".
- Income Tax Proclamation, 1961 (Proclamation No. 173 of 1961).





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