

# **Foreign Exchange Transaction in Industrial Parks**

## **Directive No. FXD /59/2019**

**Whereas**, it is found necessary to support the strategy of the government by creating smooth operation in industrial parks to address the emerging needs of investors, particularly that of foreign investors in industrial parks;

**Now, therefore**, in accordance with Article 20 and Article 27(2) of the National Bank of Ethiopia Establishment (as amended) Proclamation No. 591/2008, the Bank has hereby issued this directive.

### **Article 1** **Short Title**

This directive may be cited as “*Foreign Exchange Transaction in Industrial Parks* Directive No. FXD /60/2018”

### **Article 2** **Definition**

In this Directive, unless the context requires otherwise:

- 2.1** “**A bank**” means a company licensed by the Bank to undertake banking business or a bank owned by the Government;
- 2.2** “**Corporation**” means the Industrial Park Development Corporation established under Council of Ministers Regulation No. 326/2014;
- 2.3** “**Industrial Park**” means an area with distinct boundary designated by the appropriate organ to develop comprehensive, integrated, multiple or selected functions of industries, based on a planned fulfillment of infrastructure and various services such as road, electric power and water, one stop shop and have special incentive schemes, with a broad view to achieving planned and systematic, development of industries, mitigation of impacts of pollution on environment and human being and development of urban centers, and includes special economic zones, technology parks, export processing zones, agro-processing zone, free trade zones and the like designated by the Investment Board;

- 2.4 "**Industrial park developer**" means any profit making public, public-private or private developer including the Corporation engaged in designing, constructing or developing industrial parks in accordance with Investment Proclamation and Investment Regulation, industrial park developer permit and industrial park developer agreement;
- 2.5 "**Industrial park enterprise**" means a public, private or public-private enterprise owned by Ethiopians, foreigners or jointly and possess developed land under the industrial park through sub-lease or by renting or building a factory within the industrial park to engage in manufacturing activity or in service provision for profit making in accordance with Investment Proclamation and Investment Regulation, industrial park enterprise permit and industrial park enterprise agreement;
- 2.6 "**Industrial park operator**" means any profit making enterprise that operates, maintains or **promotes** industrial park in accordance with the Investment Proclamation and Investment Regulation, the industrial park operator permit and industrial park operator agreement and, includes the Corporation;
- 2.7 "**Investment**" means expenditure of capital in cash or in kind or in both by an industrial park developer, industrial park operator or industrial park enterprise, as the case may be, to establish a new or to expand or upgrade industrial park, industrial park operation and industrial park enterprises within the industry park in accordance with the permit issued or agreements concluded;
- 2.8 "**Investor**" means a person who has invested in the industrial park and includes an industrial park developer, industrial park operator or industrial park enterprise, as the case may be, to establish a new or to expand or upgrade industrial park, industrial park operation and industrial park enterprises within the industry park in accordance with the permit issued or agreements concluded ;
- 2.9 "**Raw Material**" refers to non-fabricated material directly used in processing or manufacturing, during the course off which its nature or form is changed. It also includes accessories' of garments;
- 2.10 "**the Bank**" means the National Bank of Ethiopia;
- 2.11 "**Person**" means any natural or juridical person;
- 2.12 **Any** expression in the masculine gender includes the feminine.

**Article 3**  
**Scope of Application**

The provisions of this directive shall apply uniformly in the territory of Ethiopia to the federal industrial parks.

**Article 4**  
**Purchasing and Selling of Raw Materials with Foreign Currency**

- 4.1 An investor may buy raw material or input in foreign currency manufactured by another investor within the same industrial park or across another industrial park from its foreign currency and/or retention account.
- 4.2 An investor may sell its manufactured product within the industrial park as an input to another investor within same industrial park or across another industrial park in foreign currency via credited to its retention account.

**Article 5**  
**Opening of Foreign Currency Account to**  
**Foreign Employee of Industrial Park**

- 5.1 An investor may pay the salary of his foreign employee in foreign currency from its retention account or foreign currency account.
- 5.2 A foreign employee of industrial park is allowed to open foreign currency account within a bank located in the industrial park by submitting application letter, work permit, resident ID and employment contract showing monthly salary which is payable in foreign currency.
- 5.3 The foreign currency account of a foreign employee shall be credited to the maximum of his net monthly salary excluding any other benefits, including but not limited to, a value of free accommodation gratuity and accumulated leave pay.
- 5.4 A foreign employee may transfer abroad or reconvert into birr at any time from its foreign currency account.

**Article 6**  
**Export and import Permit issuance for trade**  
**within and between industrial parks**

- 7.1 A bank may issue interim export permit to an investor upon submission of all relevant export documents to sell its product as a raw material to another investor within industrial park or another investor in other industrial park.
- 7.2 A bank may issue interim import permit to an investor upon submission of all relevant import documents to buy a raw material from another investor within industrial park or another investor in other industrial park.
- 7.3 The permit issued under sub articles of 7.1 and 7.2 shall be coded with specific code given by the Bank.
- 7.4 The permit issued under sub articles of 7.1 and 7.2 and transactions conducted shall be reported to the Bank on a weekly basis by attaching the relevant documents.

**Article 7**  
**Applicability of other Relevant Foreign Exchange Directives**

The provisions of other relevant foreign exchange related directives of the National Bank of Ethiopia shall, *mutatis mutandis*, be applicable to an investor in industrial park with respect to matters not covered by this directive.

**Article 8**  
**Effective Date**

This Directive shall enter into force as of February 4, 2019