

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** The Ethiopian Government Lifts Foreign Exchange Permit Requirements for Food Commodity Imports through Franco-Valuta

**Country:** Ethiopia

**Post:** Addis Ababa

**Report Category:** Agriculture in the Economy, Policy and Program Announcements, Dairy and Products, Grain and Feed, Sugar, Oilseeds and Products

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**Report Highlights:**

On April 8, 2022, the Government of Ethiopia (GOE) passed a directive allowing franco-valuta imports of essential food commodities without foreign exchange permits. With the new decision, the GOE lifted the foreign exchange permit conditions imposed previously — a minimum import threshold of \$250,000 and verification of the source of foreign currency with the National Bank of Ethiopia. The food commodities approved for direct importation through the franco-valuta scheme are wheat, rice, sugar, edible oils, and instant baby milk. The GOE removed the foreign exchange permit requirements for franco-valuta imports amidst a shortage of essential food commodities and rising inflation in the country.

## **GOE Lifts Conditions of Foreign Exchange Permit for Food Imports on Franco-Valuta**

On April 8, 2022, Ethiopia's Ministry of Finance (MoF) officially announced a decision to lift the conditions of foreign exchange permits for essential food imports. The decision allows the importation of wheat, rice, sugar, edible oils, and infant milk on a franco-valuta basis, without foreign exchange permits. The new decision will be applicable for at least six months and reviewed as situations unfold. The GOE passed the decision at a time when Ethiopia grapples with high inflation driven by internal factors as well as a rise in global commodity prices following the Russia-Ukraine crisis. The decision also calls on the Ethiopian diaspora to play a role in exporting the food items to Ethiopia and easing the soaring inflation.

In April 2021, the GOE allowed the Ethiopian diaspora to export food commodities such as cooking oil, rice, wheat, powder milk, and flour on a franco-valuta basis. The GOE set conditions to allow the importation of food products under franco-valuta: 1) The minimum import value must be \$250,000, and 2) the National Bank of Ethiopia must verify the source of the foreign currency. The GOE initiated the franco-valuta scheme to reduce the escalating food inflation through issuing special import permits for food products.

In September 2021, the GOE removed tariffs and taxes levied on imports of food commodities such as wheat, sugar, rice, and edible oils to stabilize the rising food inflation in the country. The tariff and tax removal will stay in effect for an unspecified period from the date of public announcement. Please visit the [Ethiopian Customs Trade Portal](#) for details regarding applicable tariffs on imported goods.

### **Attachments:**

No Attachments.