

BUSINESS INFORMER

Nile Petroleum to launch benzene mixed with ethanol fuel

By Dereje Berhanu

ADDIS ABABA, Ethiopia - Sudan Nile Petroleum is set to launch its benzene and ethanol fuel mix today.

The company already has permission to launch E5 from The Ministry of Mines and Energy and the Quality and Standards Authority.

According to a source from the ministry, E5 will be in petrol stations from today, October 11, 2008.

E5, which will contain five per cent ethanol, will be found in all six petrol station companies in Addis Ababa.

The production of E5 saves 15

days worth of benzene hard currency to the government every year.

Sudan Nile Petroleum CD LTD, and six petroleum station signed an agreement to distribute the new fuel. The Ministry of Mines and Energy coordinated the agreement.

Nile Petroleum Ethiopia Branch has already built a mixing plant in Oromia Regional State, Sululta that cost \$6 million.

The ethanol product came from Fincha Sugar factory, but in the coming years we will expect the increasing ethanol production and also increasing ethanol percentages in other products.

Currently, Fincha sugar factory

is producing eight million litres of ethanol, a by-product of sugar cane.

According to the ministry, the government is planning to increase Ethanol production from sugar factories to increase Ethanol production from eight million to 12 million litres. The other three sugar factories are in Afar Regional State.

Tendo is the biggest factory under construction and production will rise significantly when it is operational. The four year target is 135 million litres.

Ethiopia spends a large amount of foreign currency importing fuel. For instance, Ethiopia imported 1.88 million tones of fuel during

the past tax year at a cost of Birr 15.5 billion representing a rise of about 17 per cent from the preceding one. Of this, 1.73 million tones was diesel, while 482,172 tonnes was benzene and jet fuel imported from Sudan.

The Ethiopian Petroleum Enterprise plans to import a total of 2.15 million tonnes of fuel during the current Ethiopian fiscal year, at an estimated cost of Birr 23.7 billion. However, the burden of subsidizing the domestic market from an increase in oil prices in the international market has become too much for the government.

From October 3, 2008, the government has decided gas station

level prices of benzene, diesel and kerosene on a monthly basis, without seeking prior approval from the Council of Ministers.

The council has also instructed the ministry of trade and industry to adjust local prices according to international ones, thus transferring the cost directly to consumers.

The council reviewed prices after eight months; in 2006, prices were adjusted twice, while in the subsequent years, they were adjusted once each.

The latest adjustments, however, were the largest ever made at a time; a price of a litre of diesel shot up by 2.72 Br to 9.62 Br, and that of kerosene climbed to 8.59 Br, an increase of 2.87 Br.

The rise in the price of benzene was not as huge - it went up by 56 cents to 10.15 Br. These record increases were as a result of the Council of Ministers' decision to transfer international prices directly to the market. *

Leather and textiles consortium trade shows success

By Dereje Berhanu

ADDIS ABABA, Ethiopia - USAID's support to a local leather consortium has resulted in success at an international trade show.

Taytu is group formed by 12 leather and hand-woven textile producing Small and Medium Enterprises (SME). The dozen companies are now going to get support to enter the international market by having the US development corporation promote the brand.

Mr. Teshome Kebede, USAID agri-business hide, skin and leather development sector manager, said: "The Taytu brand is being promoted by USAID in international market by helping them participate in the big US

market."

According to Teshome, Taytu's brand gets recognition in Ethiopia, but not internationally. The plan is to change this by participating in big international fashion trade shows.

USAID supported Taytu three times recently to participate in this kind of exhibition; the recent New York show was part of this and also they will participate next week in the Los Angeles show.

According to USAID, at a fashion trade show in New York this September, an unprecedented number of retail outlets and prestigious department stores visited the Taytu stand and top international retailers - including Barneys New York who bought 240 leather bags - ordered more than 500 products from Taytu.

Nine other stores from the United States, one from South Korea and one from Japan made up the list of purchasers.

USAID's ATEP supports Ethiopian efforts to maximize export earnings from priority sectors like the leather industry. Over the last two years, USAID's ATEP and UNIDO have actively supported Taytu's participation in high end trade shows in Europe and the United States.

This participation has helped the consortium earn more than US \$50,000 in sample orders from the United States, Canada, Europe and Japan and lead to regular export engagements for the consortium's member SMEs.

USAID's support has also helped build Taytu's capacity through professional develop-

ment of staff and the establishment of a modern showcase and retail outlet in Dembel City Center in October 2007. Through this shop, Taytu has sold more than \$50,000 of products.

Taytu's products combines unique designs inspired by age-old Ethiopian traditions with the superb quality of Ethiopian

leather and indigenous workmanship of the SMEs' artisans.

Initially supported by UNIDO and ITC, Taytu was formed five years ago to market its members' products to Western markets.

USAID's ATEP joined UNIDO in 2007 to support the consortium. *

World Currency Exchange Rates

Base currency is United States Dollars - USD Mid-market rates as of October 2008, 09 05:36:42 UTC (GMT)

CY		Units per USD	USD per Unit
DZD	Algeria Dinars	61.1370707168	0.0163566881
AUD	Australia Dollars	1.4492459489	0.6900140040
CNY	China Yuan Renminbi	6.8239025730	0.1465565962
EGP	Egypt Pounds	5.5069084425	0.1815900901
ETB	Ethiopian Birr	9.8978000000	0.1031161706
EUR	Euro	0.7327438478	1.3647333963
INR	India Rupees	47.5562002551	0.0210277523
IRR	Iran Rials	9,880,959,373,470.4	0.0001012047
IQD	Iraq Dinars	1,173,500,000,004.3	0.0008521517
ILS	Israel New Shekels	3.5980464123	0.2779285994
JMD	Jamaica Dollars	72.7049000000	0.0137542878
JPY	Japan Yen	100.4511628286	0.0099550864
KES	Kenya Shillings	74.0600021373	0.0135029351
KWD	Kuwait Dinars	0.2674000032	3.7397157369
MUR	Mauritius Rupees	29.4999999951	0.0338983051
MXN	Mexico Pesos	12.2144998464	0.0818699097
MAD	Morocco Dirhams	8.2140627019	0.1217424357
NOK	Norway Kroner	5.1325462001	0.1630644054
QAR	Qatar Riyals	3.6421248335	0.2745850137
RUB	Russia Rubles	26.0930228113	0.0383244213
SAR	Saudi Arabia Riyals	3.7641053922	0.2655673753
ZAR	South Africa Rand	9.1533912758	0.1092491263
KRW	South Korea Won	1,382,488,115,895.0	0.0007233440
SDG	Sudan Pounds	2.1323000000	0.4689771608
SEK	Sweden Kronor	7.0851261097	0.1411407482
CHF	Switzerland Francs	1.1285905431	0.8860609422
TND	Tunisia Dinars	1.2910002560	0.7745931849
TRY	Turkey New Lira	1.396686187	0.7159894528
AED	United Arab Emirates Dirhams	3.6734203130	0.2722258590
GBP	United Kingdom Pounds	0.5809837183	1.7212186306
VEF	Venezuela Bolivars Fuertes	2.1500000000	0.4651162791
ZMK	Zambia Kwacha	3,710,000,697,952	0.0002595417

Moroccan government targets rental housing crisis

By agencies

RABAT, Morocco - A new study in Morocco found mistrust between landlords and tenants, fewer people renting houses and a lack of motivation for people to rent. The government has resolved to find a solution.

The Moroccan government is planning to shake up the country's troubled rental housing sector.

According to a government study released September 24th, Morocco faces a shortage of developers in both the public and private rental housing sectors, few financial and legal incentives for people to rent and an ill-defined and mutually-suspicious relationship between landlords and tenants.

New proposals are in the works to end the crisis. Housing, Town Planning and Development Minister Ahmed Taoufik Hejira said at a press conference announcing the study findings.

One major problem the ministry analysis uncovered: 30% of landlords surveyed said they have encountered disputes with tenants over increasing rent, late payments

or no payments.

"Tenants refuse to pay higher rent," said landlord Mohamed Marouane, adding that he is disappointed by the direction the rental market is going. The study showed that the percentage of families living in rental housing units has fallen to 29% in 2008 from 43% in 1992.

"I've been renting my house with an area of 100m2 for 800 dirhams a month over twenty years, and now this price is set to more than double," he said. "I'm thinking of going to court."

To address problems uncovered by its study, the Housing Ministry put forward a number of measures. In addition to legal reforms to shake up the sector, it aims to restore trust between landlords and tenants, introduce tax breaks and create rental mediation companies to provide guarantees to landlords.

The government is proposing a 20% cut in the level of taxation on rent and the total elimination of tax paid by small landlords on their rental income. Seventy-seven percent of landlords would like to see the tax breaks available in the

property sector extended to the rental sector.

The tax changes also support Morocco's new scheme for expanded social housing. The plan would give higher tax allowances for profits earned from homes rented to low-income families, tax breaks for rental-sector investments and subsidised long-term loans for the construction of affordable rental housing.

Mediation between landlords and tenants must be stepped up if the disarray in the market is to be tackled, the ministry's study recommends.

Hejira has high hopes that these proposals will restore trust between real-estate investors and potential tenants in order to fill some 163,000 currently empty rental properties.

A bill to strengthen the legal framework governing the sector will soon be sent to parliament.

"This will clearly define the rights and obligations of landlords and tenants and ensure conditions of profitability and stability in the relationship between the two parties," Hejira said. *