

Eritrea



Country Note

Eritrea is located in the eastern region of Africa and shares its borders with Sudan, Ethiopia, Djibouti and the Red Sea. Eritrea's natural mineral resources include gold, copper, potash, zinc, oil, natural gas, cement, gypsum, marble, ceramics, limestone and iron ore.

Why Invest in Eritrea:

Investment opportunities in Eritrea are most promising in the mining, minerals, energy and agricultural sectors. Foreign activity in financial services, domestic wholesale trade, domestic retail trade, and commission agencies is prohibited. The GSE prefers to obtain a controlling interest in any large ventures.

The country performs poorly with regard to public finance management. It has never published a national budget. Economic indicators are based on conjecture and incomplete information.

Measure	Year	Index or Rank
TI Corruption Perceptions index	2015	154 of 168
World Bank's Doing Business Report "Ease of Doing Business"	2015	189 of 189
Global Innovation Index	2015	Not ranked
U.S. FDI in partner country (\$M USD, stock positions)	2014	USD 7
World Bank GNI per capita	2011	USD 480

Millennium Challenge Corporation Country Scorecard (CIA Factbook)

Investment Environment:

- Both local and foreign private sector investors are allowed to participate in all sectors of the economy with no restriction and discrimination
- Priority foreign exchange allocation given to exporters;
- Up to 100% retention of foreign currency earning;

- No taxes on dividends declared;
- Capital goods, intermediates, industrial spare parts and raw materials are subject to nominal customs duty of 2%
- Raw materials and intermediate inputs are subject to 3% sales tax; however, all sales tax will be rebated on all materials and inputs that have been used for export production.
- Exports are exempted from export duties and sales taxes;
- Any loss incurred during the first two years of operation by an investor may be carried forward for three consecutive years;
- Marginal tax rate on personal income from 2%-38%: on non-corporate profit from 2%-38%; on corporate profit from 25%-35%; on commercial agriculture from 2%-320%; and on rent income from 1%-48%;
- Profit derived from mining activities will be taxed as per the mining legislation; and
- Corporate profit that is set aside from reinvestment taxed at the rate of 20%.

Economic & Commercial Links

During 2014-15 India-Eritrea bilateral trade was around US\$ 244.73 million.

Year	Indian Exports	Indian Imports	Total Trade
2012-13	18.99	10.90	29.89
2013-14	16.45	4.85	21.30
2014-15	14.06	230.68	244.73

- Exports from India include electrical and miscellaneous engineering equipment, drugs and pharmaceuticals, cotton yarn and fabrics. India is among the largest exporters to Eritrea along with Italy and the UAE. Eritrea imported millets worth US\$ 200,000 from India during 2010. Eritrean exports to India consist mainly of leather, hides (excluding raw hides) and skins.
- Eritrea qualifies for India's offer of unilateral duty free tariff preferential market access for export of goods and services to India. The scheme, introduced in 2008, offers duty free access to exports from LDCs on 84% of India's tariff lines and preferential access for another 9%.
- India extended a Line of Credit of US\$ 20 million (US\$ 10 million each for education and agriculture projects) to Eritrea in July 2009.

Sources:

Ministry of External Affairs, India: http://www.mea.gov.in/Portal/ForeignRelation/Eritrea_Jan_2016.pdf

Eritrea Investment Centre: <http://www.comesaria.org/site/en/eritrea-investment-centre.209.html>