Ethiopia fully opens freight forwarding sector to foreign investors

Ethiopia has announced another important step in opening its economy to foreign investment. On 25 May 2026, the Ethiopian Investment Board decided to remove the foreign ownership limits that previously applied to the freight forwarding sector. In practical terms, this means foreign investors are no longer required to partner with an Ethiopian investor and are no longer limited to a 49% shareholding. The move is expected to create new opportunities for international logistics businesses and to support the continued modernisation of Ethiopia's trade and transport landscape.

Why this decision matters legally?

The Ethiopian Investment Board's decision is grounded in Ethiopia's current investment law framework, which gives the Board authority to revise restricted and reserved sectors as market conditions and policy priorities evolve.

- **Investment Proclamation No. 1180/2020** The primary investment law of Ethiopia, published in the Federal Negarit Gazette on April 2, 2020. Article 30 re-establishes the Ethiopian Investment Board as the apex investment policy body. Article 31 sets out the Board's powers and duties, including the power to revise the list of investment areas open or restricted to foreign investors, initiate investment-related policies, issue implementation directives, decide on investor complaints against final administrative decisions, and recommend amendments to the Proclamation and Regulations. The Board reports to the Prime Minister and may establish Investment Advisory Committees. *Federal Negarit Gazette, 26th Year No. 22, April 2, 2020 — Proclamation No. 1180/2020*
- **Investment Regulation No. 474/2020** This is the principal subsidiary legislation to Proclamation No. 1180/2020, enacted by the Council of Ministers. It sets out the schedules of investment areas reserved for the government, joint ventures, or domestic investors, and those open to foreign investors. It previously classified freight forwarding under a restricted category, permitting foreign investor participation only through joint ventures with domestic investors and capping foreign shareholding at 49%. The Ethiopian Investment Board's decision modifies this restriction pursuant to Article 31(1)(a) of Proclamation No. 1180/2020. A formal amending regulation or directive is expected to follow. *Prior restriction: freight forwarding was limited to joint venture participation with a maximum of 49% foreign equity.*
- **Ethiopian Investment Commission (EIC) Mandate** While the Ethiopian Investment Board sets investment policy and opens or closes sectors, the Ethiopian Investment Commission, re-established under Article 37 of Proclamation No. 1180/2020 as an autonomous federal government agency accountable to the Prime Minister, is the operational licensing and registration body. Foreign investors wishing to enter the now-open freight forwarding sector must still register with and obtain an investment permit from the EIC under Article 38. The EIC is responsible for promoting

investment, facilitating investor services, and implementing the Board's directives. *Article 38 gives the EIC authority over investment registration, permit issuance, and implementation of Board directives*.

- **Investment Proclamation No. 769/2012 (repealed)** This predecessor investment law was repealed in full by Proclamation No. 1180/2020. It remains relevant only for historical context, as it formed the framework under which earlier restrictions in logistics and freight forwarding were established and applied for nearly a decade. *This law has been fully superseded by Investment Proclamation No. 1180/2020*.

What has changed?

Before this decision, freight forwarding was open to foreign participation only through a joint venture with a domestic investor, and foreign equity was capped at 49%, leaving majority control with Ethiopian partners. Following the Ethiopian Investment Board's decision of 25 May 2026, 100% foreign ownership is now permitted. The joint venture requirement has been removed, and foreign investors may enter and operate independently in the freight forwarding sector.

How this fits into Ethiopia's wider reform agenda?

The opening of freight forwarding is part of a wider sequence of economic reforms aimed at expanding foreign participation across sectors that were historically protected or tightly regulated.

- **December 2024 — Banking Business Proclamation No. 1360/2024** This reform opened Ethiopia's banking sector to foreign participation for the first time in 50 years. Foreign banks may now establish subsidiaries, branches, or representative offices and acquire equity stakes in domestic banks, subject to a 49% aggregate foreign ownership cap and oversight by the National Bank of Ethiopia under implementing Directive No. SBB/94/2025.
- **June 2025 — EIB Directive No. 1082/2025** This directive opened export, import, wholesale, and retail trade sectors to foreign investors, areas that had previously been reserved exclusively for Ethiopian nationals for more than 50 years. It introduced a minimum paid-up capital threshold of USD 2.5 million for retail entry, permitted foreign export of strategic commodities including raw coffee, oilseeds, and livestock, and replaced performance-based eligibility thresholds with a due diligence framework. It also superseded EIB Directive No. 1001/2024.

What this means for businesses and investors

- Foreign logistics and freight forwarding companies may now enter the Ethiopian market independently, without a local partner, following the Ethiopian Investment Board's decision of 25 May 2026.
- Existing joint venture arrangements in the sector should be reviewed, as restructuring to a fully foreign-owned entity may now be feasible and commercially advantageous.
- A formal implementing directive or amendment to Investment Regulation No. 474/2020 is still expected. Investors should monitor publication of the relevant legal instrument before finalising transaction structures.
- Investment registration with the Ethiopian Investment Commission remains mandatory for all foreign investors under Articles 37 and 38 of Proclamation No. 1180/2020.
- Foreign Exchange Directive No. FXD/01/2024, as amended by FXD/03/2025 and FXD/04/2026, continues to govern the repatriation of profits and dividends by registered foreign investors.

Note *This insight is provided for general informational purposes only and does not constitute legal advice. The legal and regulatory position may evolve as implementing instruments are issued or amended. Specific advice should be sought before acting on any matter discussed in this article.*

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