



MICA Press Briefing  
Responding to Impact on Trade Due to  
Ebola National State of Emergency  
September 16, 2014  
Monrovia  
by  
Honorable Axel M. Addy  
MINISTER  
MINISTRY OF COMMERCE & INDUSTRY



Ministry of Commerce and Industry, Republic of Liberia

Remarks by

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September 16, 2014, 11:00AM

Office of the Ministry of Commerce and Industry

Ashmun & Gurley Street, Monrovia

Honorable Lewis Brown, Minister of Information and Culture and Tourism  
Other Distinguished Members of the Ministry of Information Family  
Members of the Commerce family headed by the our Senior Management Team  
Other Distinguished Colleagues of Government Present  
Members of the Press,  
My fellow Liberians in radio land  
Distinguished Ladies and Gentlemen.

Good morning.

Let me first extend a warm welcome to all of you today to the rebranded Ministry of Commerce and Industry and thank the Ministry of Information team for this innovation in taking its media engagements to the institutions mandated to serve the public in their respective capacities. I believe this innovation is a huge plus in empowering the public to be informed and educated consumer of services provided by public institutions. Mr. Minister, thank you for this innovation and your leadership especially given our current situation.

My fellow Liberians let me first begin by asking for a brief moment of silence in commemoration of our brothers and sisters who have lost their lives to this deadly disease, EBOLA. This is truly a challenge to our resilience as a people.

Thank you.

Fellow Liberians, today we are here to provide an overview of the impact the EBOLA Outbreak/State of Emergency is having on Commerce in our country and provide information on some of the actions we are taking to address these challenges. However before I begin, let me introduce the members of my cabinet, our SMT or Senior Management Team responsible for the management of the institution.

---Introduction of SMT Members Present-----

My fellow Liberians, in keeping with our mandate, today I am pleased to inform you of our stock inventory of our essential commodities particularly rice and petroleum given our state of emergency. As of last week inventory investigation we are pleased to inform you that we have adequate supplies of petroleum and rice.

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### **Rice**

Thanks to persistence of our importers, given import challenges due to our current crisis, we are currently offloading a shipment of rice that will take our total stock inventory to a little over 45,000 metric tons, which is about 900,000 50 kg bags of rice. Our monthly consumption is a little over 29,000 metric tons or 580,000 50kg bags per month. Our current stock will take us into November. However, we are also concluding additional shipment of 32,900 metric tons, which is due in between September 12 and October 15.

### **Petroleum**

In terms of petroleum, thanks to the hard work of the LPRC and the importers, I am pleased to inform you that we have adequate supply of gasoline (PMS) and diesel (AGO). We currently have in stock a little over 17,000 metric tons of gasoline, which is about 6 million gallons, and over 18,000 metric tons of diesel fuel which is about 6 million gallons. This current stock will take us for 45 days into October with pending orders of about 33 thousand metric tons due in country by end of September.

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My fellow Liberians, because we fully understand the magnitude of the impact on supply of rice and petroleum to our country, we are giving the importation high priority with extensive coordination between ourselves and the importers to ensure that we have steady supply of these commodities, particularly during this emergency period.

However, where we have seen a slight decrease in the price of petroleum products imported from right next door, the Ivory Coast into our country, we have seen an increase in the cost of transportation of rice from Asia to our country. The Food and Agriculture Organization in its recent publication reported that:

1. International rice prices increased in August for the third consecutive month. The tendency for prices to firm was common to virtually all Asian origins, reflecting a shortening of supplies ahead of major harvests due in the last quarter of the year and brisk import demand. Failure by Thailand to release large volumes from Government stocks starting in August, as originally announced, contributed to the market tightness;
2. The report also notes that serious market disruptions and restricted trade flows both internally and across borders continue to affect the Mano River sub-region particularly the EBOLA affected countries. Trade disruptions, combined with the significant depreciation of the local currencies, with all three countries, have caused food prices spikes in some areas, particularly Liberia because of its huge reliance on imports;

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Additionally, we have spent the last month and a half working with the importers to mitigate some of the challenges contributing to the price spike that FAO talks about. We are seeing an increase in prices due to factors associated with the EBOLA outbreak.

1. First, a number of vessels are refusing to come to Liberia.
2. Second, those vessels that are willing to come to EBOLA affected countries such as ours, are finding it hard to find crew, people to work on those vessels for fear of contracting the EBOLA virus.
3. Third, importers have to consolidate their shipments into one vessel so that Liberia is the final destination of that shipment because some countries have put in EBOLA prevention measures that will not allow ships coming from EBOLA affected countries to come to their country until between 22-30 days after they leave the EBOLA affected countries.
4. Fourth, as a result of the EBOLA outbreak, importers are having to pay higher cost for the shipment of rice to our country with the Cost Insurance and Freight cost increasing from US\$500 per metric ton to as high as US\$619 due to increase in insurance and incidental cost to get vessels to deliver to Liberia.

All of these factors have led to an increase in the price on our market.

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My fellow Liberians, what this means for us the consuming public is that the price of the various varieties of rice in 25 kg bags on the market will increase.

The price range of 25 kg bags of various brands of rice on the market is between \$15.50 to \$17.50 for Urban/Monrovia and is subject to increase on average by \$3.50 for transportation to rural areas given it is now taking longer number of days to transport rice into the rural areas.

- The Lady Noora 1001 and the Indian Parboiled 100% broken rice will now be sold at \$15.00 wholesale, \$15.50 retail for urban and \$19.00 for rural areas.
- The Bellaluna IR64 and the Indian Parboiled IR64 5% broken rice will now be sold at \$17.00 wholesale, \$17.50 retail for urban and \$20 for rural areas.

Ladies and gentlemen, these increases are likely to be the same with fish and other similar consumables being imported. We are currently monitoring the import trends and will continue to inform the public.

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My fellow Liberians, these truly are trying times that require a united response. To ensure that unscrupulous operators in our commerce do not take advantage of the situation we have taken several measures.

1. First, we now publish a report on prices every two weeks called the Commerce Today, Bi-Monthly Critical Commodities Bulletin, which informs you on our current stock inventory for rice and petroleum and cement and gives you the analyzed prices of those two commodities as well as recommended prices of other essential commodities derived from consumers calling the hotlines to report unfair pricing.
2. We have published the list of all Commerce Inspectors in the counties so consumers can report unfair pricing to those inspectors for investigation and action.
3. We have published the list of all the rice distributors in the counties so consumer can be aware of the major suppliers of rice in their counties to help us monitor stock.
4. We have opened our newly renovated Customer Service Center and Consumer Hotlines so the public can report unfair pricing of key essential commodities/goods including those used for the EBOLA response.
5. We have trained our inspectors to do targeted inspections using the Bulletin to monitor pricing of these critical commodities on the market. We have also published the Inspection Guide and the Business Bill of Rights to empower the private sector to understand what comes with our inspections.

Let me take this time to extend our warm thanks and appreciation to all of you who are taking advantage of the system and calling our hotlines; those of you who are adhering to our inspection program; and those of you who are operating within the law. The other day a businessman informed me about how professional our inspection team was when they conducted inspections at his premises. Yesterday, I received a letter from a customer complimenting our Division of Consumer Protection for solving a their problem and getting a refund for them.

Ladies and gentlemen, we are rebranding Commerce to be a better service provider to the public. Together we can improve how business is done in our country beyond individuals to institutionalized processes that is fair and balanced, based on logic instead of sentiments. Help us help you be better consumers, better operators by challenging us to have better governance of our mandate.

My fellow Liberians,

These truly are trying times, but yet provides a moment of self reflection. What does our past say about us? How will history judge us? When we talk about price elasticity and forever increasing prices, what does it mean? Well, let's first look at our past.

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First, for over a century and a half we have been a heavily import driven country with a forever growing trade deficit, now a little over \$800 million USD. We love all things foreign which comes at a high price when we produce very little to export to generate foreign exchange to pay for our import appetite. According to the IMF, our import bill represents 65 percent of our GDP, the total value of all the goods and services produced in our country. We earn our foreign exchange to finance this appetite from export of raw materials, iron ore, rubber and logs, and all mostly driven by foreign owned enterprises and foreign aid including UNMIL.

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The onset of EBOLA has truly exposed this vulnerability, given the immediate impact to our economy, due to expatriate flight during this crisis. The slowing down of major investments, and

quick exit of a large expatriate population has brought the entire system to a rapid free fall with GDP rate now projected at a drop of a little under 3% from the IMF projected over 5%. This drop has led to a negative impact on government revenue position impacting the way we finance our budget, especially when we factor in the unplanned expenditure of our EBOLA response.

My fellow Liberians,

This is when we need each other most. Today our Central Bank is intervening in the market to stabilize our exchange rate by mopping up the excess Liberian dollars in the market. However, the weekly \$1.5 million US Dollars Auction is only able to meet about 30% of the \$5 million dollars real market weekly demands and without this intervention it would be worse. It means that those operating in Liberian dollars will suffer the impact of this crisis more because of the exchange rate fluctuation.

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Ladies and gentlemen, these are truly trying times when unity and patriotism must take priority in our collective effort to end the spread of EBOLA in our country and end it sooner than later.

Today our priority what is critical in these trying time is we achieve the following in keeping with our mandate:

1. First, we must make sure we maintain adequate stock of critical commodities especially rice and petroleum at a reasonable price given the unforeseen challenges of the market.
2. Second, we must ensure that we make all the information available to the public to empower you them to make informed consumer choices and help us monitor market actors bad behaviors and penalize such actions to create a deterrent.
3. Third, we must work with business community to ensure that their growing challenges including excess inventory due to poor sales are addressed.
4. Fourth work with the task force to ensure supplies are adequately distributed throughout the country. Finally, encourage the business community to support efforts of the national EBOLA response.

In terms of post EBOLA recovery, we have commenced some work that will bear fruit in changing the way we manage commerce in our country.

1. First, we are looking at the policy framework and making changes that will lead to growth of domestic production, value addition and import substitution in a systematic way and is balanced and inclusive.
2. Second to achieve growth that is inclusive and domestic focus, we are looking at the laws and policy framework around an inclusive growth agenda.

We are proud to announce that the President recently submitted to the National Legislature, the Small Business Empowerment Act that sets aside 25% of all public procurement opportunities for Liberian owned businesses, Your tax dollars at work, used to help build the domestic private sector.

To further facilitate domestic production and broaden our export basket, we also launched the national export strategy, which provides a blueprint a roadmap for the transformation of critical sectors including fisheries, rubber including rubber wood production, oil palm, cocoa, and cassava. Working with SMEs through the Annual SME Conference, we have been able to facilitate investments in local rice processing with the domestic market and export with Fabrar Rice. We are also working on cassava production investment at industrial level for export. We have also begun the review of our import policy to migrate to a licensing regime to better structure the market and generate financing for domestic production.

Having recognized the power of MSMEs, we are also working to ensure that micro-enterprises operations are restricted to Liberians. We are currently in talks with the petty traders, the Monrovia City Government and partners to organize them through our E-Plus program.

While we recognize our limitation, we see the value in export diversification through partnership and as such we are continuing our work with our accession to the World Trade Organization. We

are currently the only member of ECOWAS that is not a member and as such will not benefit from ongoing negotiations on the trade facilitation agreement.

We believe joining the rules based multilateral trading system will help us realign our trade regime with international standards and best practices while broadening investment opportunities outside of our traditional foreign direct investments in the extractive and agriculture sector. We hope to see new opportunities in tourism, furniture making, distribution, IT, education, and healthcare services.

My fellow Liberians, as you can see, there is still much to be done to change the path of history in rebuilding our country. However, the journey starts with us, in what we say and what we do and our commitment as responsible, discipline patriots of our country. Collectively we can beat this disease and get back to the business of nation building.

Thank you. God Bless You and God Bless Our Republic.