

Presentation about Investment & Trade Opportunities in Ethiopia

November 10/2014

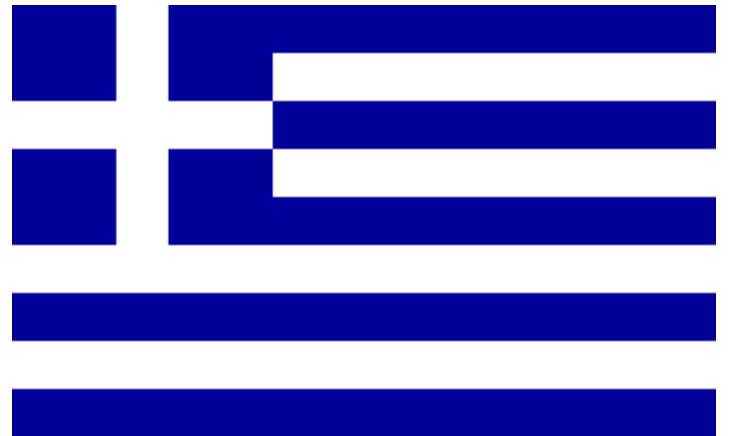
Athens

Partnership between old Friends

Ethiopia



Greece



Ethio-Greece Bilateral Relation

- Ethiopia and Greece have had long-standing, traditional friendly relations
- The first Greek missions to Ethiopia dates from 1917, with the establishment of the Greek Consulate, which became Greek Embassy in 1935
- Immigrants from Greece have been present in Ethiopia in the service of the Emperor or nobility since at least the mid-18th century.

- Ethiopia has an Embassy in Greece since 1951

Greek population in Ethiopia

- Ethiopia and Greece have enjoyed good people to people relationship
- The Greek community in Ethiopia today numbers about 500 person ,mostly business people, many of whom come from mixed marriages
- The Greek community in Ethiopia is first attested by the presence of craftsmen and sailors in the 18th century(1740)
- The Greek community is located in the capital city Addis Ababa and the city of Dire Dawa
- Today there is Greek school located in the capital city as well as a Greek Orthodox Church (St.Froumendios) many of the students of the school continue their studies in Greece

Ethiopia-Greece Business Relation

- In spite of Ethiopia and Greece have longstanding diplomatic relations, their relation in trade is low and the number of investors is also very small when compared with other European countries
- Although the two countries signed trade agreements in 1933, 1955 and 1959, the volume of trade between them remains very low
- The total trade volume between the two countries between 2009 and 2013 was over 83.2 million USD

- Ethiopia mainly exports items such as sesame, coffee, beans and roses while it imports from Greece aluminium and medicine
- However the trade relation between the two countries has shown an increase in 2013 with a growth rate of 34%

- These days Greece investors are showing interest to invest in Ethiopia and are making pre investment visits either in a form of business delegation or privately
- In October 2013 a Greece business delegation had visited Ethiopia with companies such as Alpha Grissi Group, Alpha Innovations Sitic and M/C Agents Group

ETHIOPIA AT A GLANCE

•Population 94 million

•Area..... 1.14 million km²

• **Geographical Location**.... Within 15° North of the Equator, at cross roads between Africa, Asia and the Middle East

TemperatureMean annual average of 20°C

- **Rainy Seasons** Receives big rain during June, July & August and small rain during February & March
- **Time Zone**.....GMT + 3 Hours
- **Population** Over 82 million
- **Capital City** Addis Ababa, seat of the Federal Government, AU, UNECA
- **Political System**... Federal Democratic Republic

Government Efforts Over The Last Two Decades

- **Democratization & political stability**
 - Adoption of new constitution
 - Establishment & development of autonomous Regional States
 - Good governance
- **Formulation of correct policies & strategies**
 - Continuous economic reform programs
 - Building institutions that support the private sector development

Government Effortscont

Human resource development

Access to Primary Education

Higher Education

Technical & Vocational Education

Infrastructural Development

Power

Road

Telecommunication

Major Achievements

- **Political stability**
- **Macro-Economic stability**
- **Rapid economic growth**
- **Increased investment**
- **Poverty reduction**

Major Investment Opportunities

I. Agriculture

1.1 Commercial Farming

- **Arable land** - about **51 million hectares (45% of the total area of the country),**
- **Cultivated area-** **only about 20%** of the available land
- **Irrigable area-** **about 10 million hectares** of which **only some 3% is irrigated**



- Availability of **big rivers and river basins** (10 major rivers) for:-
 - Commercial crops such as coffee, tea, sugar cane, cotton, tobacco, palm, rubber, rice, spices
 - food crops such as cereals, pulses and oil seeds
- 10 lakes & underground water resource
- Annual rain **fall 1,200-2,000 mm**
 - . 18 major agro-ecological zones and 49 agro-ecological sub zones

Potential Areas of Farming

No	Type of farming	Area (ha)	Region
1	Maize	1,400,000	SNNP, Oromiya, Amhara, Benshangul Gumuz, Gambella and Somali
2	Rice	280,000	SNNP, Oromiya, Amhara, Benshangul Gumuz and Somali
3	Horticulture	763,300	SNNP, Oromiya, Amhara & Dire Dawa
4	Coffee	426,000	SNNP, Oromiya, Amhara and Gambella

No	Type of farming	Area (ha)	Region
5	Tea	150,000	SNNP, Oromiya, Amhara and Gambella
6	Cotton	3,000,810	Tigray, SNNP, Oromiya, Amhara, Benshangul Gumuz, Gambella, Afar and Somali
7	Oil crops	1,601,323	Tigray, SNNP, Oromiya, Amhara, Benshangul Gumuz, Gambella, Afar and Somali
8	Pulse	3,274,469	Tigray, SNNP, Oromiya, Amhara and Benshangul Gumuz,
9	Rubber	200,000	SNNP and Gambella
10	Palm oil	450,000	SNNP, Oromiya and Gambella
Total		11,545,902	

AGRICULTURE Cont...

- * **Food Crops** : Wheat, maize, beans, peas, lentils, soybeans, chick peas, pulses, etc
- * **Oil Crops** : rapeseed, linseed, groundnuts, sunflower, Niger seed and cotton seed
- * **Beverage Crops** : Coffee and tea.

AGRICULTURE Cont...

- * Cotton : Over half a million hectares of land
- * Feed stocks for bio-diesel: Jatropha, Castor oil
- * Sugarcane, Rubber , palm tree , Tobacco plantations

AGRICULTURE Cont...

Horticulture : Major horticultural crops including: citrus, banana, mango, papaya, avocado, guava, grapes, pineapple, passion fruit, apples, potatoes, cabbages, cauliflower, okra, egg plant, tomato, celery, cucumber, onion, asparagus, watermelon, sweet melon, carrots, green beans, strawberries, herbs.

Floriculture: Highland and Lowland world
class flowers and roses

1.2) Livestock Farming

Population : No. 1 in Africa with:

43 million heads of cattle

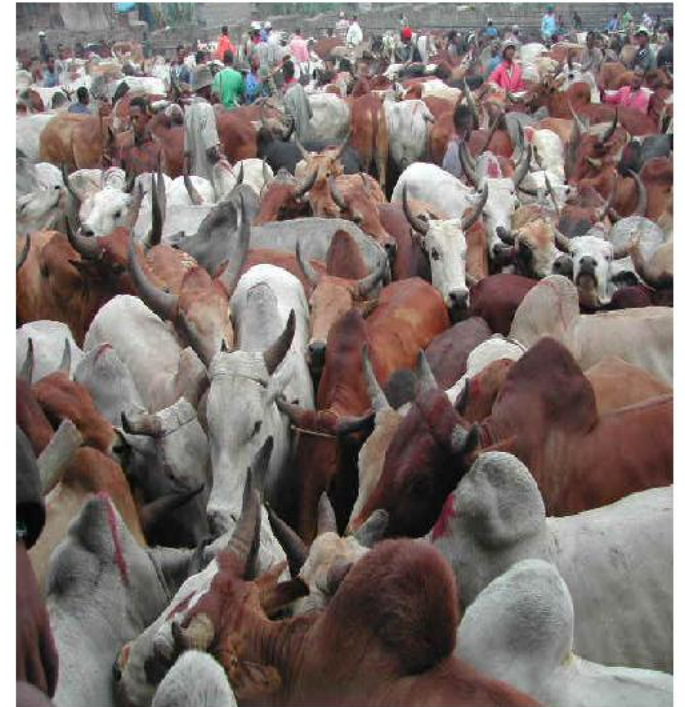
31 million heads of sheep

27 million heads of goats

53 million poultry

2.3 million camels

7 million equines



AGRICULTURE Cont...

- **Modern Commercial livestock breeding and animal fattening.**
- **Production & processing of meat, milk and eggs**
- **Ostrich, civet cat and crocodile farm.**

1.3 Apiculture

-Ethiopia is a leading producer of honey and Beeswax in Africa

-About 10 million bee colonies

-Over 800 honey source



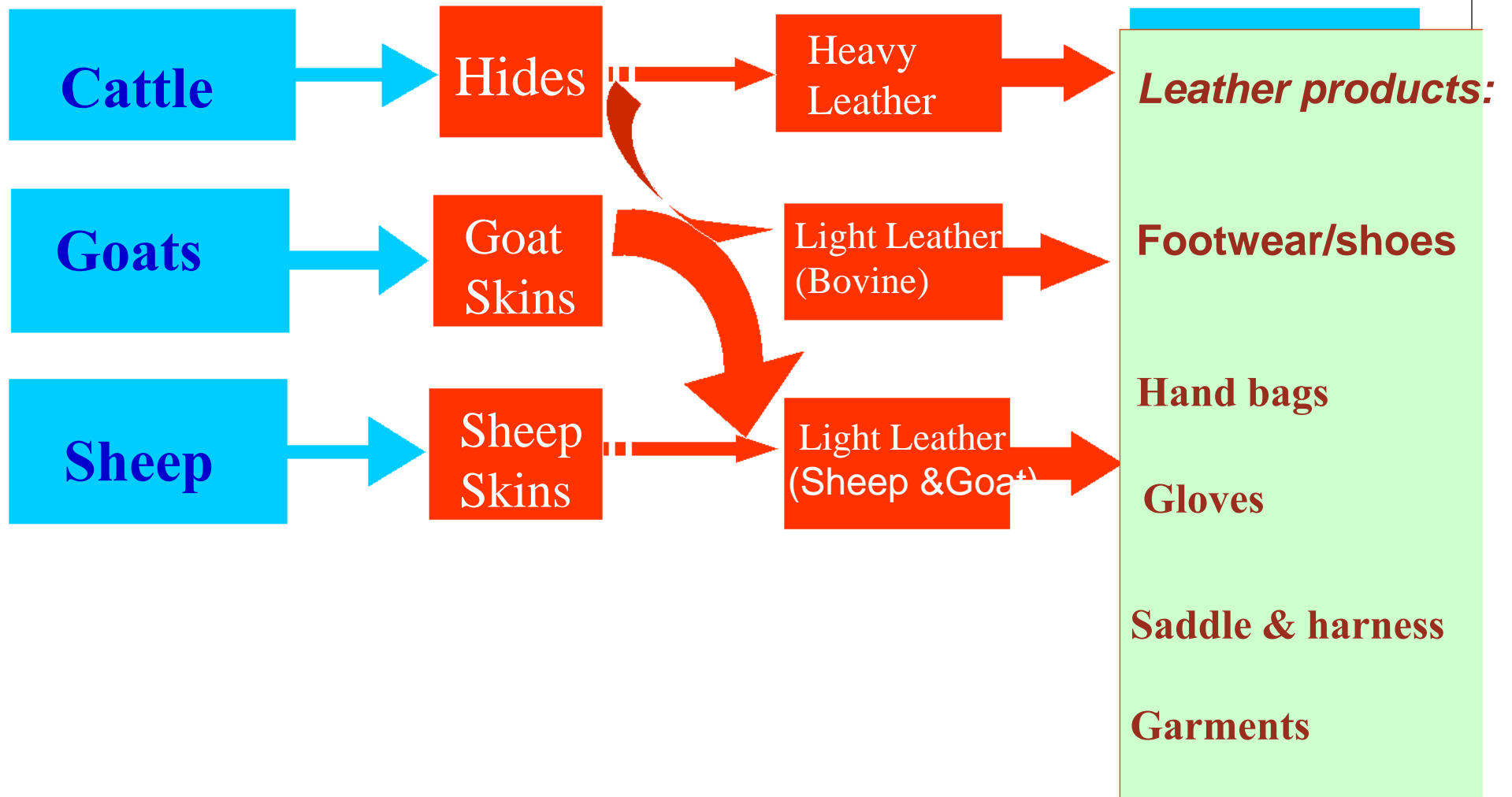
II. MANUFACTURING

2.1. TEXTILE & GARMENTS/APPAREL

- Spinning, weaving and finishing of textile fabrics
- Production of garments



2.2. LEATHER & LEATHER PRODUCTS



2.3.AGRO PROCESSING

Food and beverage products –

- Processing and preserving of meat products
- Processing and preserving of fruits and vegetables
- Integrated production and processing of dairy products
- Processing and preserving of fish and fish products

- Processing of crude and refined edible oil
- Production of flour and bakery products including spaghetti ,macaroni, baby food
- Production of starch, starch products and cornflakes
- Processing of animal feeds
- Sugar production
- Brewing and wine making, bottling of mineral water etc.

2.4) Chemicals & Chemical products

- fertilizers, nitrogen compounds, caustic soda , magnesium chloride
- rubber, PVC granules from ethyl alcohol,
- Man made fibers
- Manufacture of caustic soda and chlorine-based chemicals, carbon and activated carbon, precipitated calcium carbonate,
- Production of soap and detergent
- Paints, varnishes, writing and painting inks

2.5) Pharmaceuticals

- Manufacturing of inputs of basic pharmaceuticals products

2.6) Paper and paper products

- Pulp, paper and paper packages
- Plastic and plastic products
- Plastic pipes or tubes

2.7) Building Materials

- Manufacture of marble, granite, lime, gypsum, limestone, roofing tiles, corrugated sheets, tubes, pipes and fittings.

2.8) Plastic products

- High pressure pipes, pipe fittings, shower hoods
Wash basins
- insulating fittings, light fittings, office and school supplies, fittings for furniture

2.9) Glass & ceramic

- Tableware and sanitary ware, sheet glass and containers

2.10 Metal and Engineering

III. Construction - Infrastructure

Development

- First grade construction contracting for:-
 - General construction Grade One
 - Building Construction Grade one
 - Road Construction Grade one
 - Specialized contractor Grade one
- Real Estate Development
- Water Well Drilling
- Mineral Exploration drilling Grade one

IV) Energy

- Electricity generation from renewable sources(hydropower ,wind, solar, geothermal,biomass, bioethanol)

V) Health and Education

- Building schools
- Science & technology Colleges (universities)
- Colleges for business & marketing
- ICT institutions
- Training centre for hospitality industry

VI) Tourism

- **Huge potential in the tourism industry**
- Unique historical, religious, cultural heritage, magnificent scenery with rich flora and fauna makes Ethiopia one of the few awe-inspiring tourist destinations in Africa.
- **Axum Obelisk** –an ancient Ethiopian civilization and a symbol of the Ethiopian people’s identity
- **Lalibela** –Known as the “8th wonder of the World” –a legendary church carved from a solid rock.
- **City of Gondar-** Famous for its medieval castles and the design and decoration of its churches

- **Ancient city of Harar** – An Islamic city with unique Muslim, architectural designs which is one of UNESCO's prestigious world heritage sites.

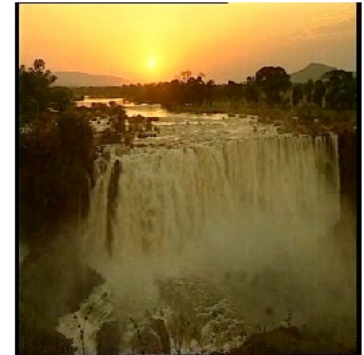
- **Mosque of Mohammed Al Negashi**

- **Mosque of Sheih Nur Hussein**

- **Blue Nile falls**

TOURISM (Cont...)

-
- Great Caves of Sof Omar
 - Attractive archeological sites
 - Exceptional climate with temperatures ranging from 10^o to 25^oc



-
- Seat of AU, ECA, and offices of other multilateral and bilateral institutions

Investment Opportunities

- star designated hotels, lodges and resorts
- international and specialized restaurants
- tour operations grade one

VI. Mining

Huge potential in the mining industry

- Precious and metallic minerals
- Industrial and construction minerals
- Energy minerals
- Extracting oil and natural gas

Priority Areas

- Agro Processing
- Textile & Garment
- Leather and leather products
- Sugar and related industries
- Chemicals Industries
- Pharmaceuticals industries
- Metal and Engineering Industries

Government support for priority areas

- Customs duty exemption
- Income tax holiday
- Provision of land at competitive lease prices
- Export incentives

LABOR

- Abundant, trainable & industrious labor force
- Young population - over 50%
- Labor cost in Ethiopia is cheap even compared to African average
 - Daily laborer \$2/day
 - Salaries of fresh university graduates....
\$110/month – \$200/month

Investment Policy and Incentives

No restriction on the modality of participation

No discrimination between domestic and foreign investors

Exemption from the payment of customs duty :

Duty free importation of capital goods and construction materials

Investment Policy and Incentives (Cont...)

- Duty free importation of spare parts whose value is not greater than 15% of the total value of capital goods to be imported
- English is the medium of instruction in secondary & higher education
- A number of international and community schools are available

Investment Policy and Incentives (Cont...)

Income tax exemption :

2 up to 7 years for manufacturing or agro-processing and agricultural investments

Carry forward of losses :

half of the tax holiday period

Export Incentive Schemes

- **Export Credit Guarantee scheme**
- **Duty Draw-Back scheme**
- **Voucher scheme**

Investment Policy and Incentives (Cont...)

- **Bonded Manufacturing Warehouse scheme**
- **Bonded Export Factory scheme**
- **Industrial Zones**

Investment Policy and Incentives (Cont...)

INVESTMENT GUARANTEE & PROTECTION

Constitution and Investment Law protect private property

- Repatriation of Capital and Profit
- Multilateral Investment Guarantee Agency (MIGA)
- Bilateral Investment Promotion & Protection Treaties (BIPPT) with more than 30 countries. Some are: Italy, Germany, France, UK, Sweden, Spain China, Austria, Netherlands,

Investment Policy and Incentives (Cont...)

One-stop shop services Time frame

- Issuance of investment permit 4 hours
- Principal commercial registration.... 4 hours
- Issuance of work permits..... 1 hour
- Issuance of business license 4 hours

Investment Policy and Incentives (Cont...)

One-stop shop services

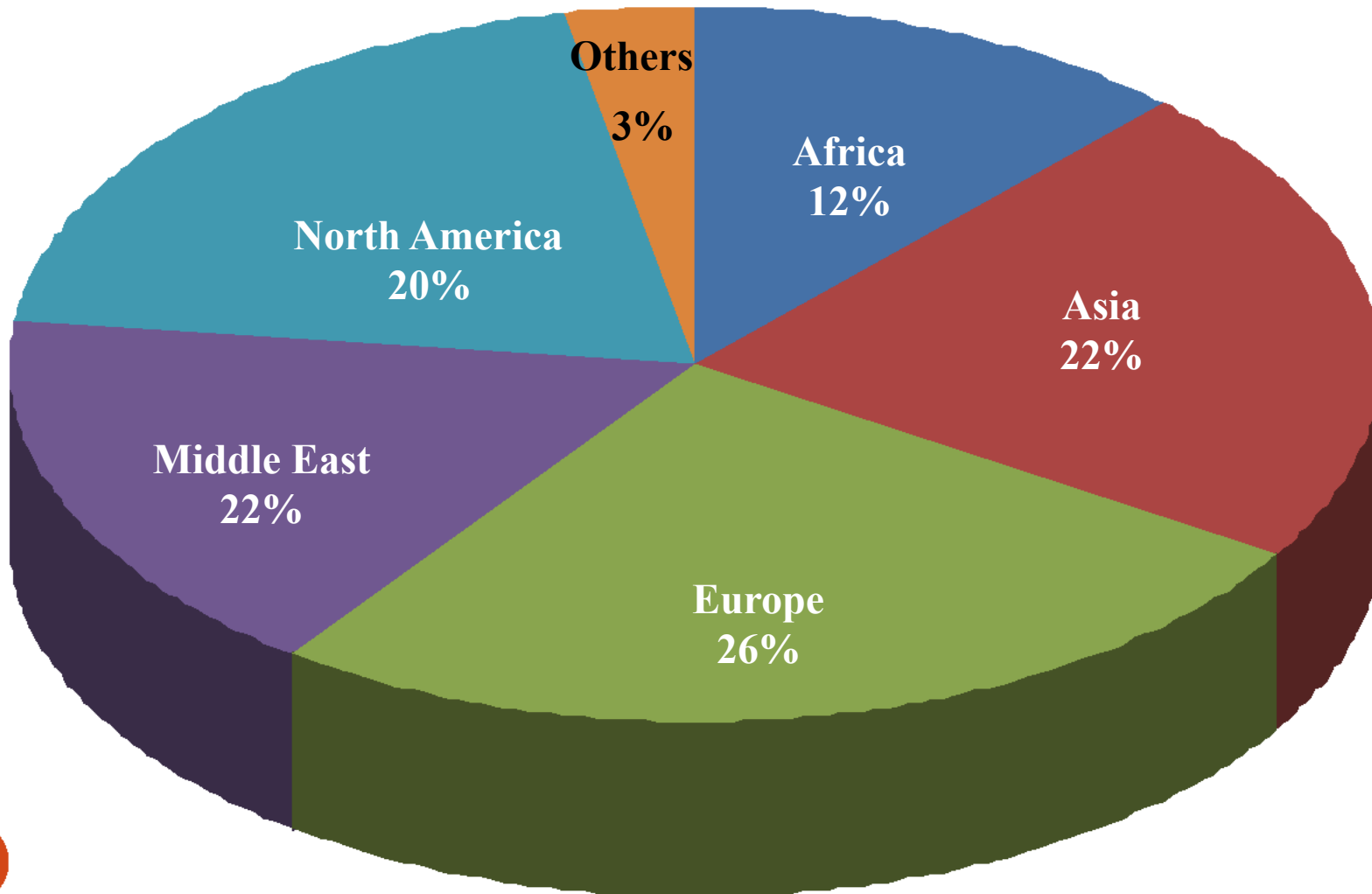
Time frame

- Technology transfer agreement
registration4 hours
- Issuance of certificate to foreign investors
to be considered as domestic investors.. 1 hour
- Pre-approval and post approval services to foreign
investors (facilitation & aftercare services)

WHY INVEST IN ETHIOPIA?

- Political and Social stability
- Correct policies & strategies
- Macro-economic stability
- Enormous investment opportunities
- Strategic location
- Simple investment procedures
- Abundant, cheap & trainable labor force
- Wide market opportunities
- Competitive investment incentives

Sources of Foreign Investment projects



Trade Opportunities

- Export trade is growing steadily from year to year in terms of variety, value and volume.

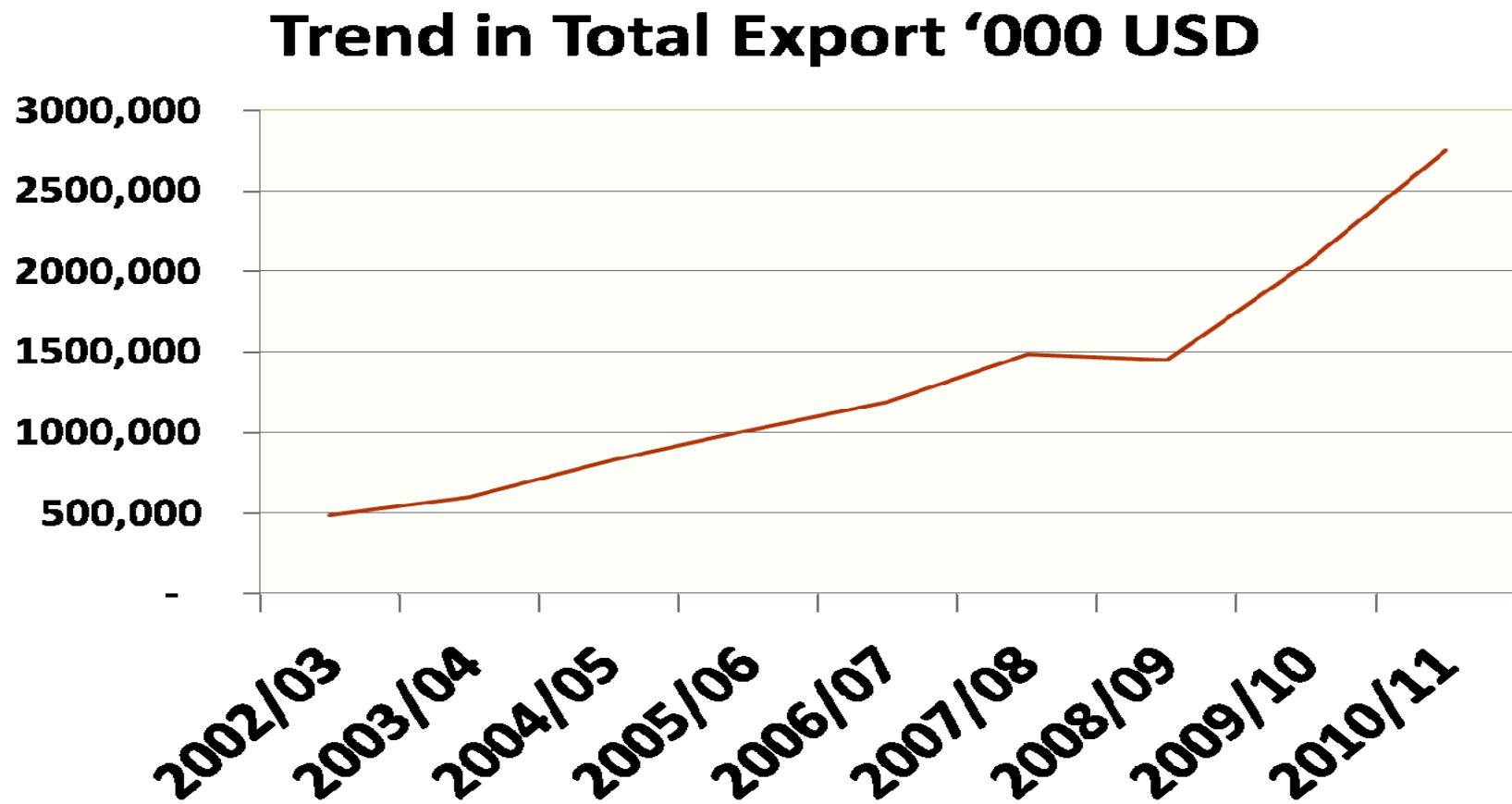
The major export items: all organic products

- Coffee- Coffee Arabica
- Oil seeds
- Pulses
- Spices
- Gold
- Flower
- Fruits and vegetables
- Live animals
- Meat and meat products
- Leather products
- Textile & Garment

Ethiopia's Export destinations

- Europe
- Asia
- North America
- Middle east
- Africa

Trend in Total Export





Thank you!!