

Invest in Ethiopia

Presentation by:-

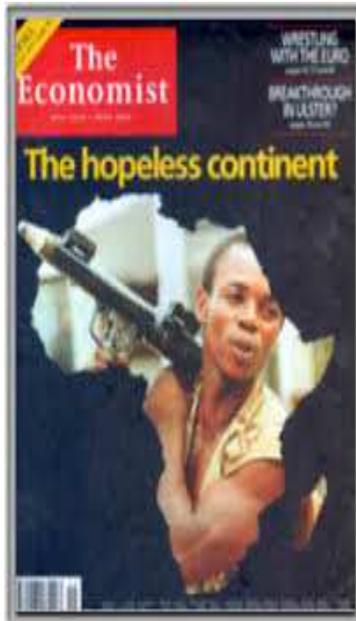
**H.E. Amb. Ewnetu Belata, Charge de' affair of
Ethiopian Embassy to the Benelux, Baltic Countries
and European Union**



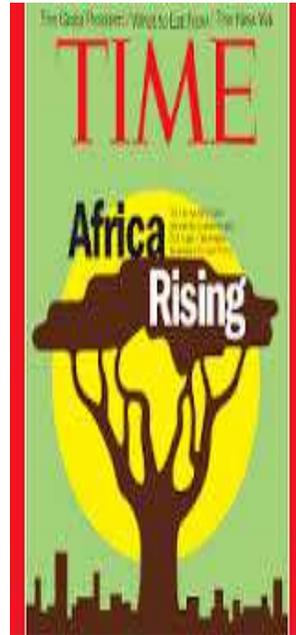
**ETHIOPIAN EMBASSY
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The Changing Narratives about Africa's Economy



2000



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Federal Democratic Republic of Ethiopia

Ethiopia is found in the north-eastern part of Africa known as “Horn of Africa”.

It enjoys a unique location at crossroads between Africa, the Middle East, and Asia.



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❖ Area

1.14 million sq. km

❖ Arable land

513,000 square KM (45% of the territory)

❖ Population

Over 100 million

Young population - about 70%

Labor cost in Ethiopia is cheap even compared to African average

❖ Climate

is identified by the U.N. and ICC as “exceptional”, offering “an excellent environment for various agricultural activities.”



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**Ethiopia:
The land of opportunities**

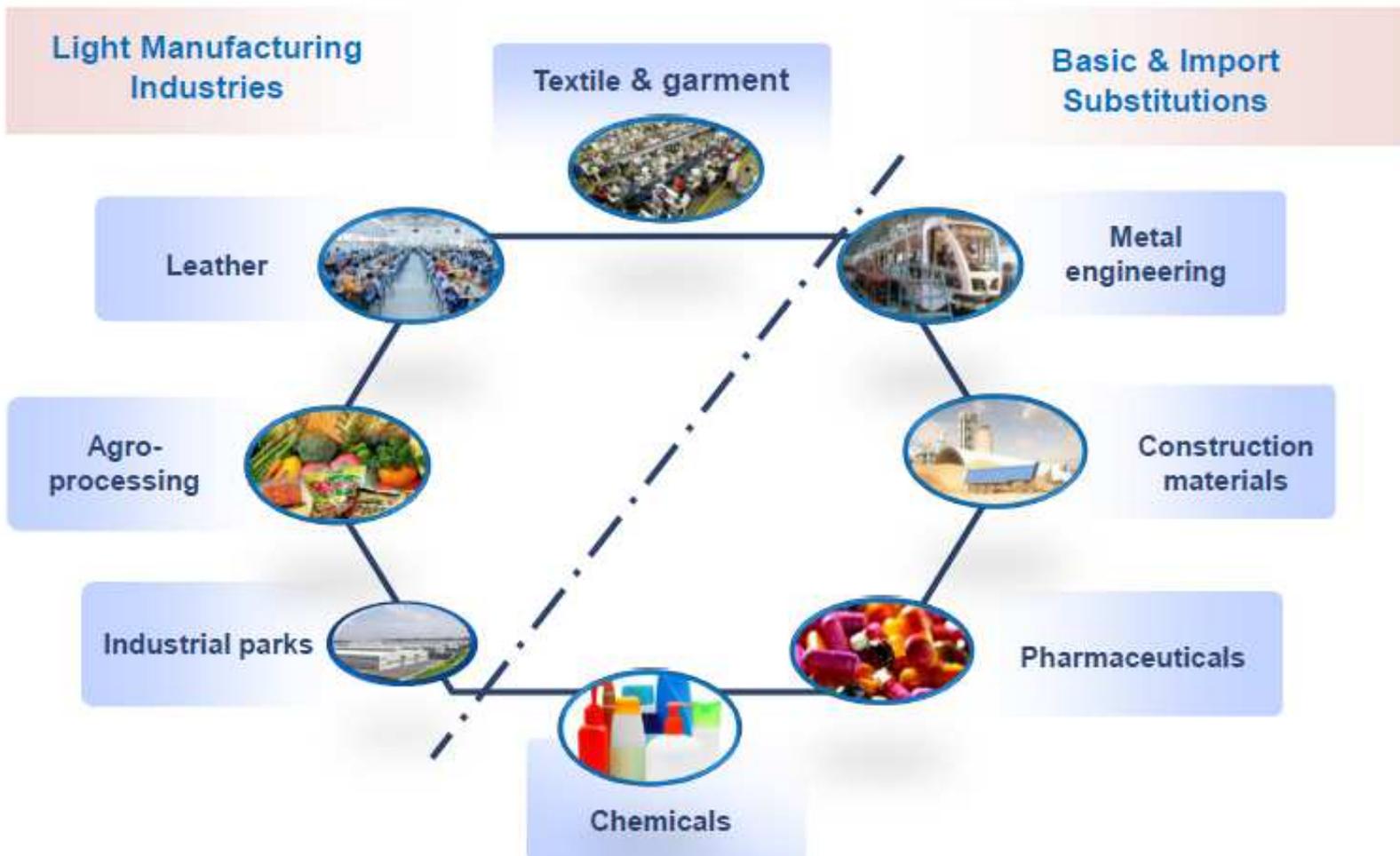
**The 7 main reasons
why you invest in Ethiopia**



1. Clear vision, strategy and promoted sectors (Vision 2025)

- **Middle income**
 - GDP to grow at 11% every year
- **Leading manufacturing hub in Africa**
 - Annual growth rate 25%
 - Increase by 4 times to 20% of GDP
 - Creating 2 million manufacturing jobs (200,000/year)
- **Targeted investment Promotion:** Key sectors, high-quality

Priority Sectors: Focus on Manufacturing Industries



2. Fastest growing economy

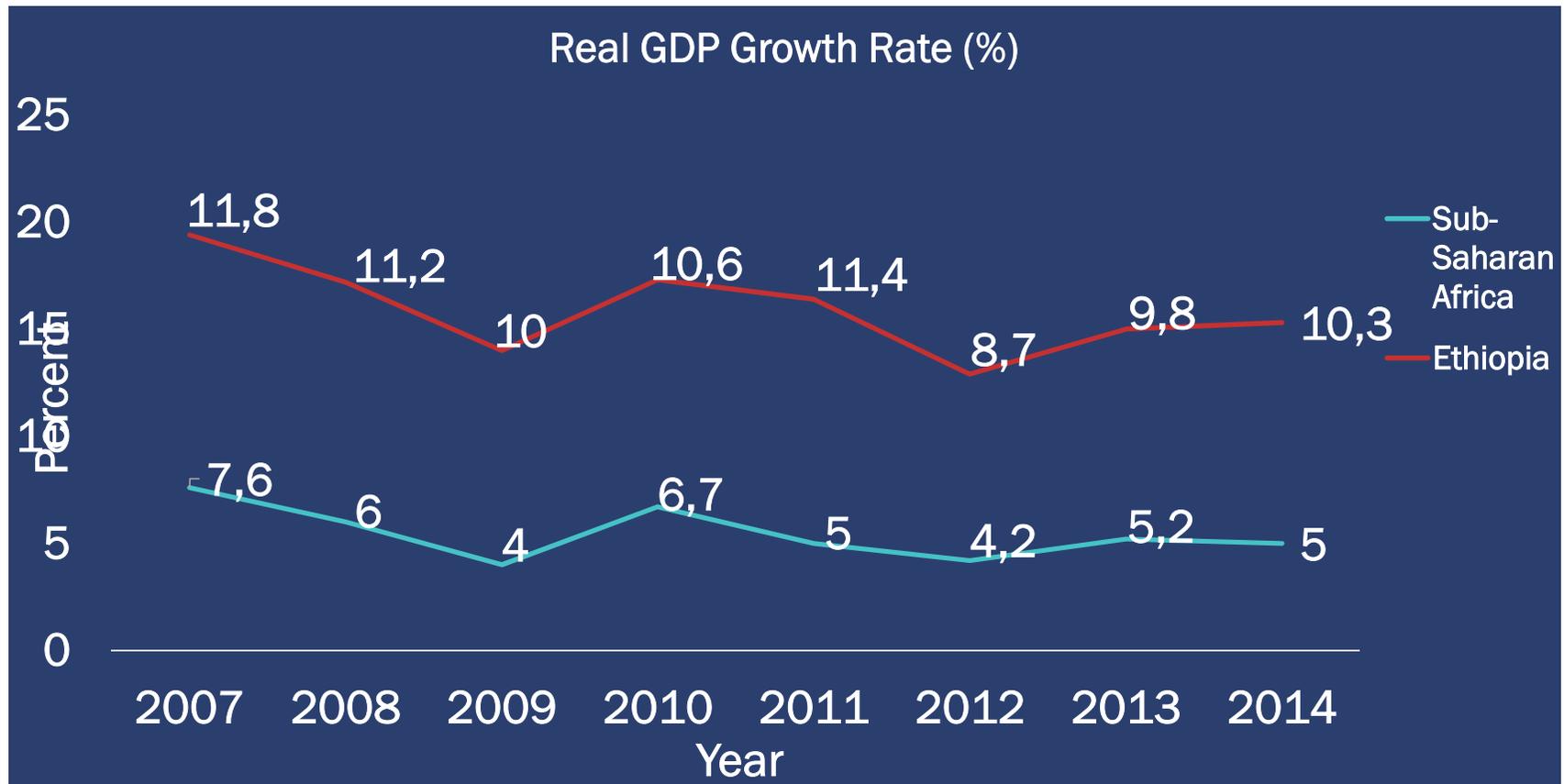


- 11% avg. growth for the last 15 years
- Shared growth,
- Development is happening (Poverty reduced, life expectancy improved etc)

Ethiopia has registered 11% GDP growth for the last 12 years and is promising to continue

FDI is reaching 2+ billion USD.

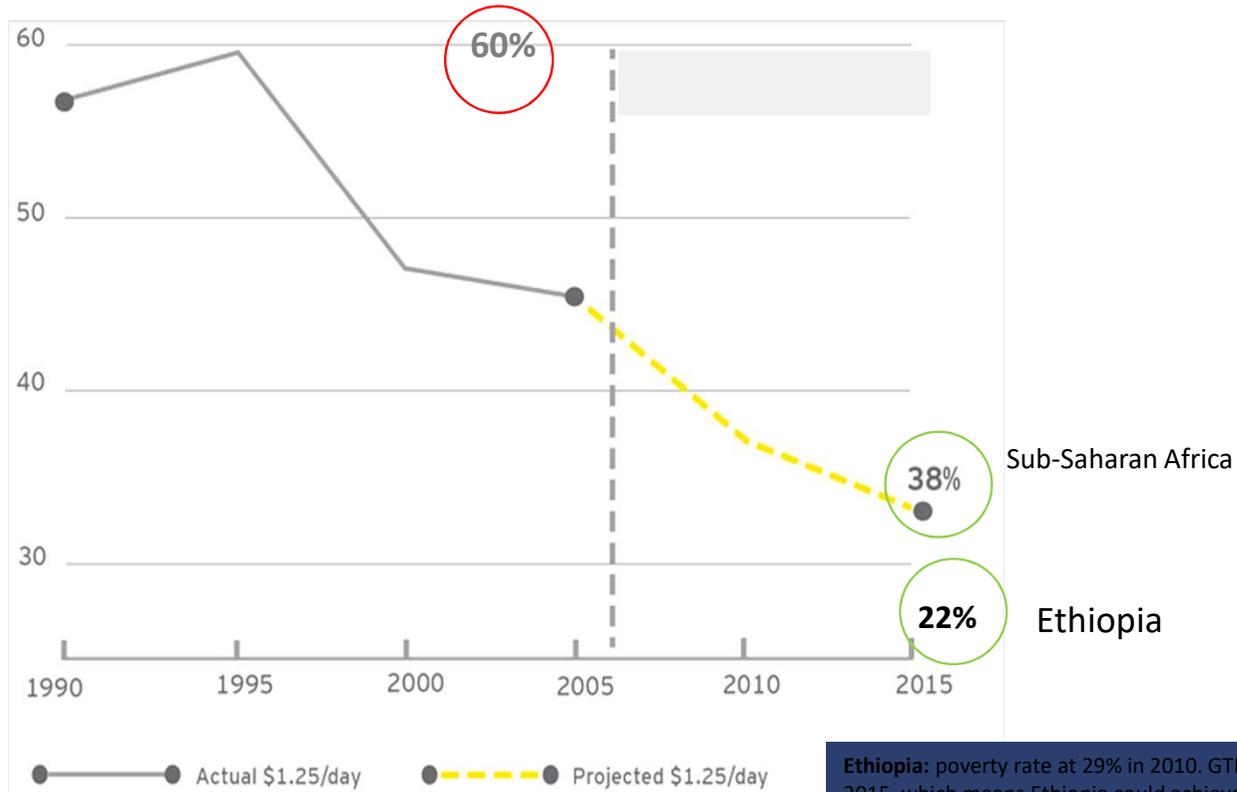
Coffee, Oil seeds like sesame, Gold and Horticulture products like flower has dominated export.



Ethiopia is not only growing but is transforming

Balanced growth - Poverty reduction

Declining Rate of Poverty in Sub-Saharan Africa



Ethiopia: poverty rate at 29% in 2010. GTP target is 22% by 2015, which means Ethiopia could achieve a poverty rate 16 points lower than SSA average.

3. Untapped natural Resource:

Ethiopia Land size:
1,140,331 sq. km (435,186 sq. miles)

World Rank
Africa Rank
#8

#27

- 74 million hectares of arable land
- Underground water
- Livestock
- Mineral Resources



Ethiopia's economy by the numbers

#1 Coffee exporter in Africa (5th in the world)

#1 Livestock in Africa (top 10 in the world)

#1 Hydro electric power dam in Africa (on the Nile River)

#1 Wheat producer in Sub Sahara Africa (S. Africa is 2nd)

#2 Flower exporter in Africa (only 10 years since the industry was established)

4. Availability of labor force

- Ethiopia's population is large & young;
- Median age is under 20;
- Wages very competitive in the world;
- Ethiopia is now and will still be the 2nd most populous country in Africa by 2070;
- ✓ World Rank #13
- ✓ Africa Rank #2





5. Building Infrastructure as Path to Middle Income

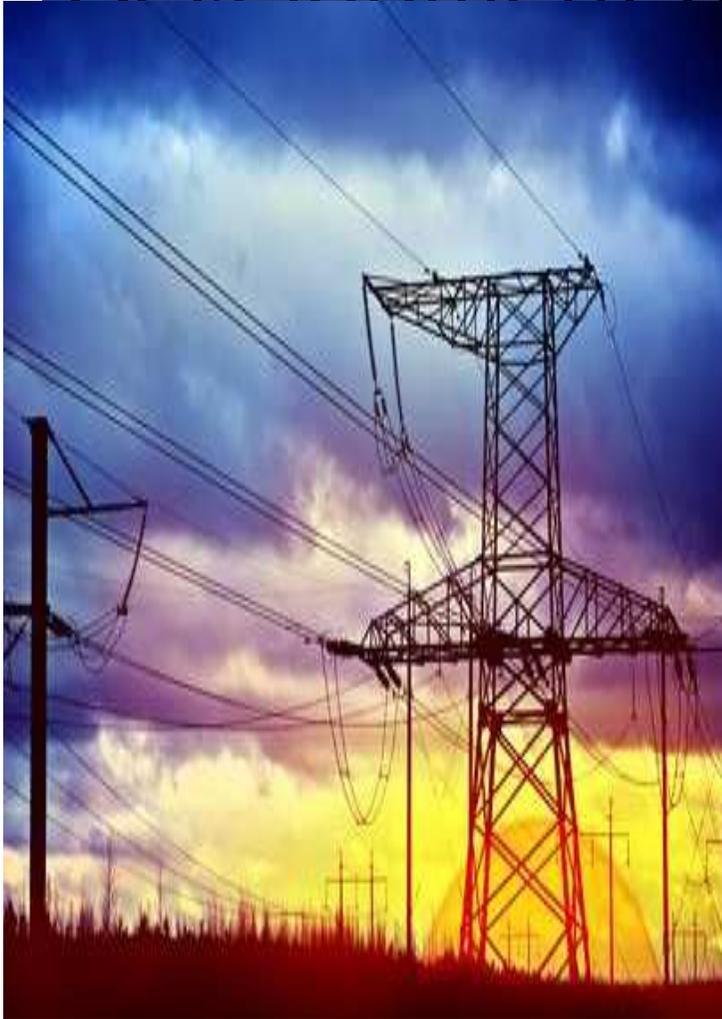
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Infrastructure

- Ethiopia is rapidly investing in modernizing infrastructure for population and industry
- Mega infrastructural projects have increased the accessibility of:
 - **Electric power**
 - **Roads**
 - **Communication services**
- The aviation industry is under a rapid growth with new airport projects and expansion of the existing ones



Electric Power Infrastructure Development opportunities



- Hydro : More than 45,000 MW
- Wind: More than 10,000 MW
- Geothermal: More than 5,000 MW
- Supply chain opportunities
- Engineering & tech. consultancies

Current Energy Supply Sources in the country

- Hydropower : 3800 MW
- Wind : 354 MW
- Geothermal : 100 MW
- Diesel : 143 MW

.....

Total **4300 MW**

- **Second largest energy generation in Sub-Saharan Africa**

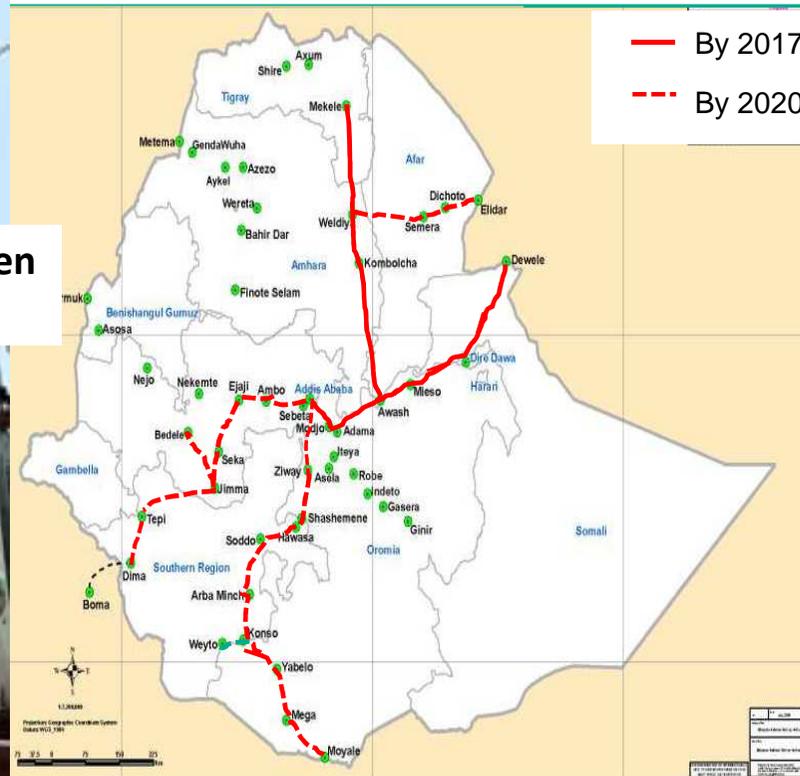
Additional energy supply target and construction in the country

- Target for 2025 : **17,000MW**
- Currently under construction: : **9000MW**
 - . Grand Renaissance Hydro Dam : 6400MW
 - . Genale Dawa hydro dam : 254MW
 - . Koysha hydro and other energy sources (hydro, geothermal, solar, bio-mas, etc.) : 2346MW
- . Under bid process (different energy sources) : 5000MW

Infrastructure: Investment in Modern Transportation Systems



Aviation Hub





Path to Middle Income

Market Access

#1 Airline in Sub-Saharan Africa



ETHIOPIAN AIRLINE'S 100% managed by Ethiopians.

#1 More profitable than ALL African airlines combined;

#1 Largest number of air craft in Africa;

#1 Largest cargo fleet in Africa;

#1 Fastest growing African airline for the past nine years in a row;

National career flying more than 100 international destinations and

member of star alliance



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Source: [Sub-Saharan Africa \(SSA\)](#)

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6. Market Access

Ethiopia's geographic location and its active membership in regional and bilateral trade agreements makes it a desirable investment destination

Local: construction boom, income is increasing

Export: 3.5 billion people live within 8 hours of flight from Addis Ababa;

- **Free trade advantages:**
 - **United States: African Growth Opportunity Act –AGOA (extended for 10 more years)**
 - **European Union: Everything But Arms (EBA)**
 - **Sub-Saharan Africa: A founding member of the Common Market for Eastern and Southern Africa (COMESA)**

Investment Guarantee and Protection

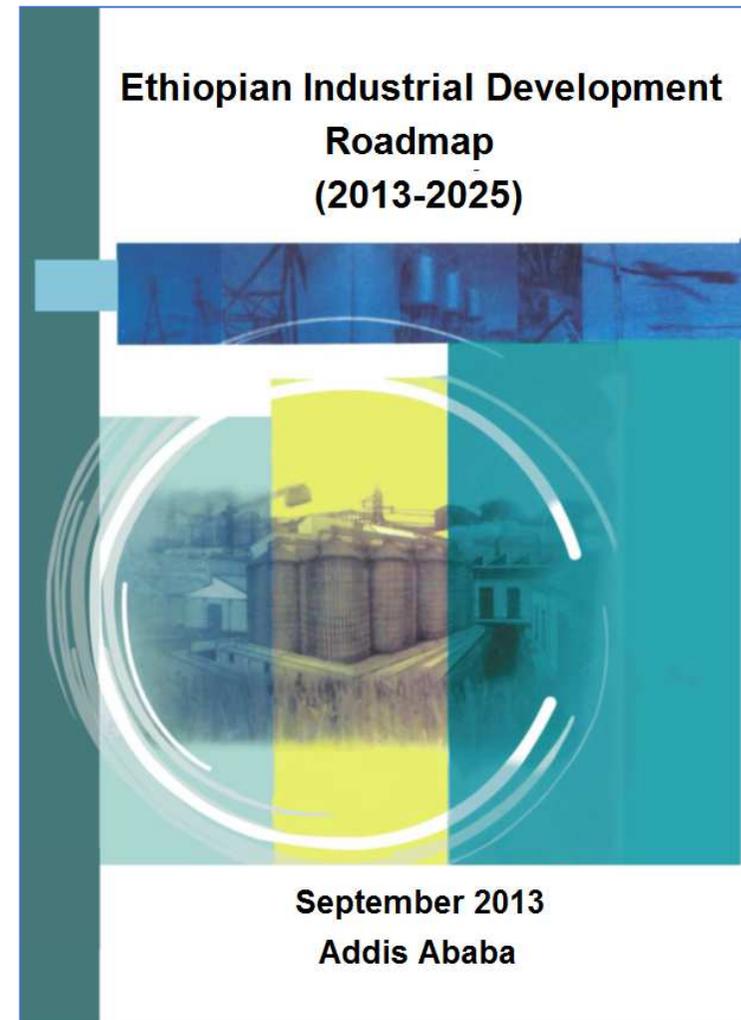
- ❖ Constitution and Investment Law of the country protect private property
- ❖ Repatriation of Capital and Profit
- ❖ Signatory to Multilateral Investment Guarantee Agency (MIGA), World Bank Affiliate
- ❖ Bilateral Investment Promotion & Protection Treaties (BIPPT) with more than 30 countries , including Benelux countries
- ❖ International Convention for the Settlement of Investment

Institutional supports

- **Ethiopian Investment Board (EIB) is the highest investment policy making bodies on Investment and Industry Park in the country.**
- **Industrial Park Development Corporation (IPDC) and Ethiopian Investment Commission are responsible for the development and operationalization of the Industrial Parks and Ethiopian Ministry of Trade for Integrated Agro-Industrial Parks Development and Investment.**
- **Ethiopian Investment Board (EIB) is chaired by The Prime Minister**
- **Ethiopian Investment Commission (EIC) is responsible for promoting, supporting & regulating investment projects at national level and Regional Investment Bureaus have also mandate in promoting and facilitating investments on their respective regions.**
- **EIC has introduced One Stop Shop services (OSS) and After Care Services**

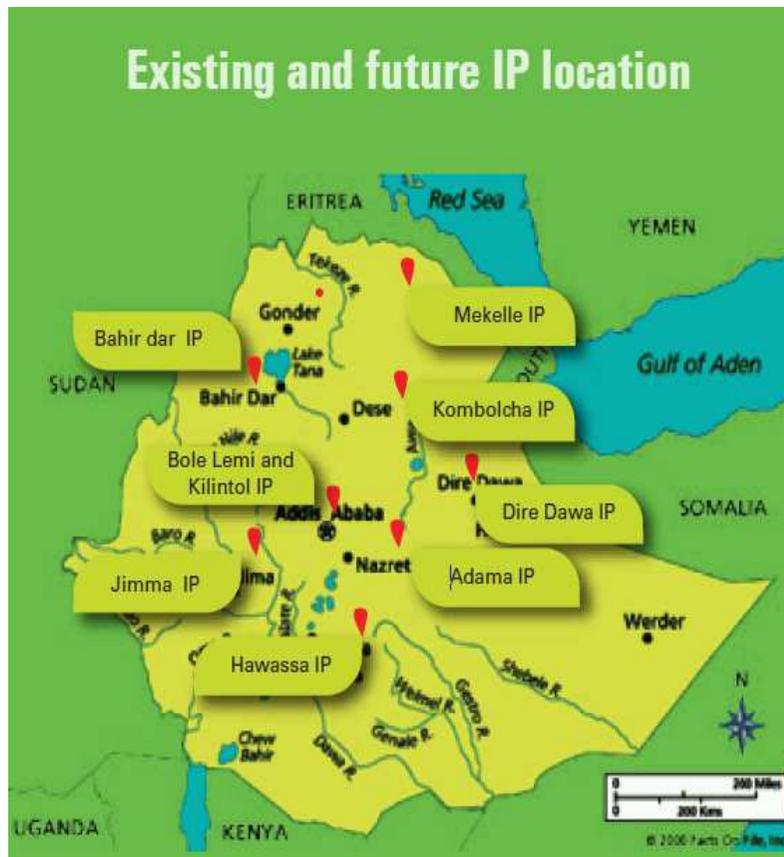
Industrial Development Strategy & Road Map

- Manufacturing Road Map Strategic Plan is developed for 13 years.
 - Phase 1: Enhancing productivity Priority Sector Industry (2013-25)
 - Phase 2: Diversifying and emerging new key industry (2016-25)
 - Phase 3: Building up high-tech industry (2021 -25)
- Different Sector Base Strategies up until 2025 are Developed



Industrial Parks Development Throughout The Country

Industrial Parks



By 2017	Cluster
Hawassa	Apparel & Textile
Mekelle	Textile & Garment
Adama	Textile, Machinery & Equipment
Dire Dawa	Apparel & Textile, Assembly
Kombolcha	Apparel & Textile
Kilinto	Pharma, Food & Beverages
Bole Lemi	Apparel and Textile

Hawassa Eco-Industrial Park



Why Hawassa?

- Labour supply
- Infrastructure development
 - Airport
 - Railway stations
- Proximity to ports

Features

- 1.3 million m² land
- 300,000m² factory buildings
- Specialized in **Apparel and Textile**
- **Eco-industrial park (ZLD)**
- Anchor and leading firms
- **One Stop Shop services**
- **Attractive incentives**



factory sheds, dormitories, USS office buildings and other service provisions





Bole Lemi I Park - Apparel and Footwear



- **Develop 12 public IPs in 5 years (Hawassa has two phases),**
 1. **Hawassa phase 1 & 2 (2 IPs)= phase 1 (Operational)**
 2. **Mekelle = (Operational)**
 3. **Kombolcha= (Operational)**
 4. **Adama= (About 70% of construction completed)**
 5. **Dire Dawa = To be operational soon**
 6. **Bole Lemi I (Operational)**
 7. **Bole Lemi II (Under construction and to be finished soon) and Bole Lemi III = feasibility & other studies have been conducted**
 8. **Kilinto = is in Akaki, its status is same as Bole Lemi II**
 9. **Jima= Under construction**
 10. **Debre Birhan= Under construction**
 11. **Bahir Dar= feasibility & other studies will soon be conducted**
 12. **Aysha= soon all the studies will be commenced**

Development of private industrial parks

1. Expansion of Eastern (*Dukem*) China
2. George Shoe (*Mojo*), Taiwan – China
3. Huajian (*A.A*), China
4. Arerti (*Minjar*), China
5. CCECC (*Dire Dawa*), China
6. Yangone Corp. (*Adama*), South Korea
7. Hunan Prov. (*Adama*), China

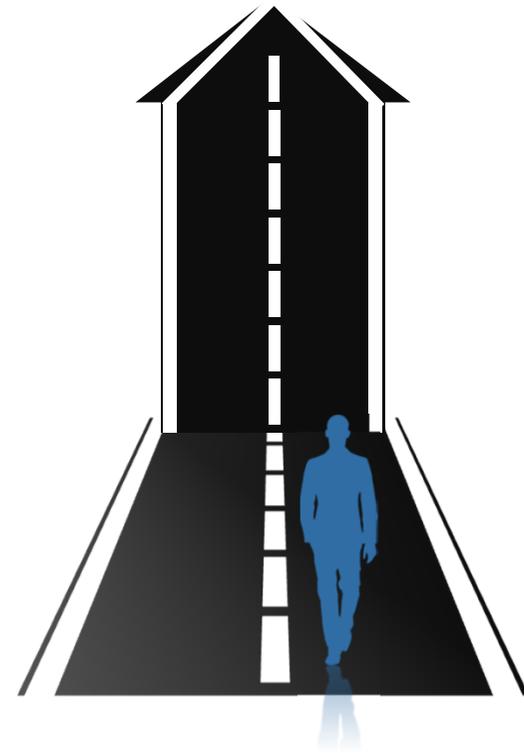
4 Integrated Agro Industrial Parks (IAIPs) are identified for development on pilot :

- 1. Western Tigray (Baeker)**
- 2. South –west Amhara (Bure)**
- 3. Eastern Southern Nations and Peoples Nations and Nationalities**
- 4. Central Eastern Shoa (Bulbula)**

- **Develop 4 Integrated Agro Industrial Parks (IAIPs)**

IAIPs

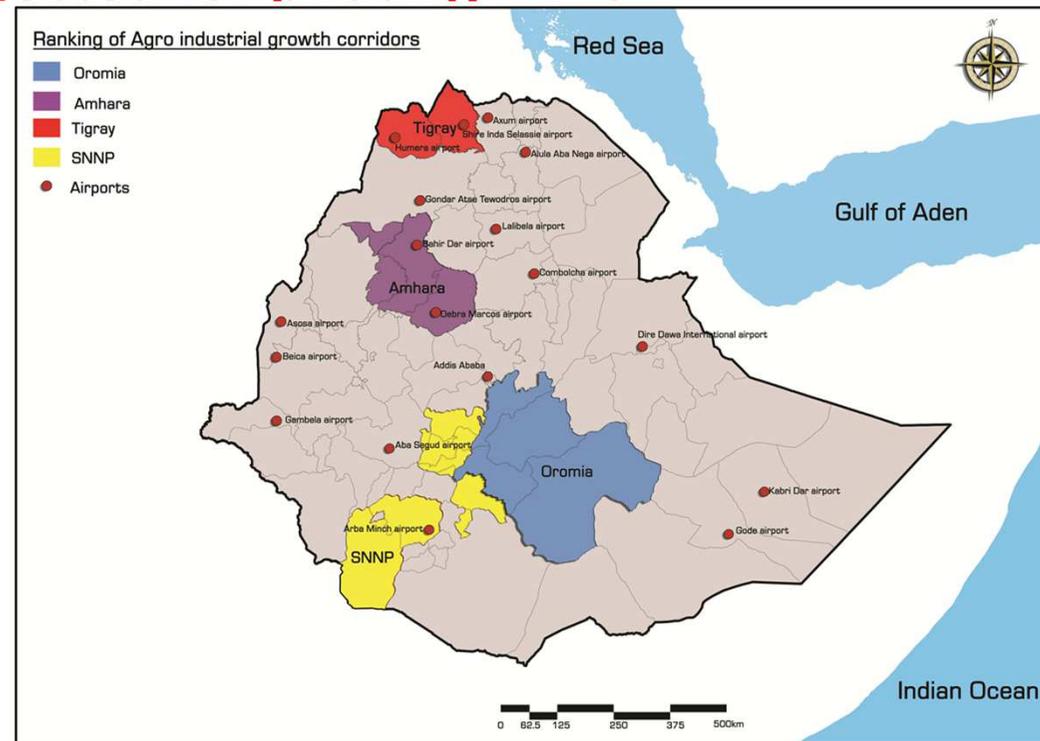
- Are new initiatives derived from the agro-industry strategy
- Aimed to **enhance rural industrialization** & agricultural transformation:
- **Dedicated to agro-processing**
- Address supply chain and infrastructure
- Create rural **off-farm jobs**
- Trigger **geographic clustering**
- Reduce **regional disparities**



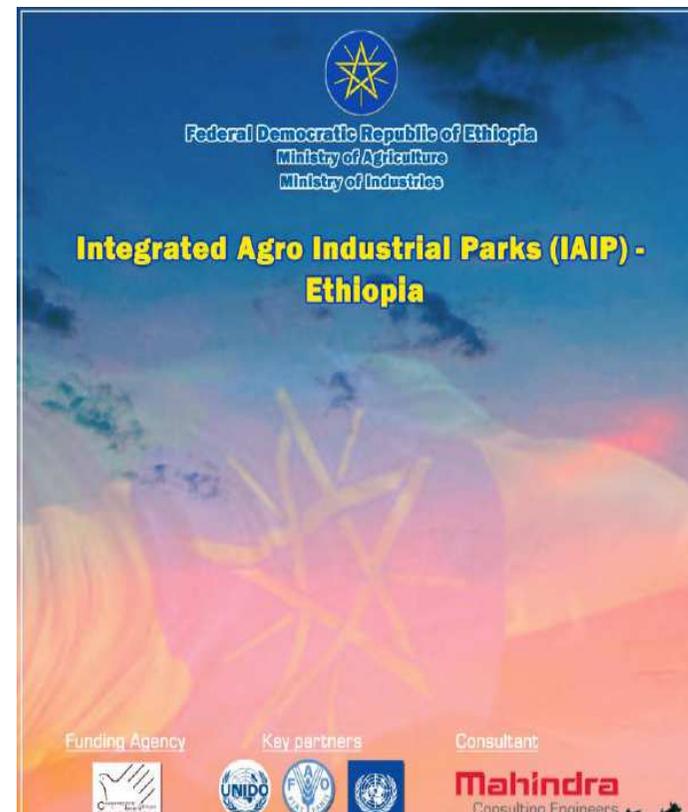
Four Agro-Corridor Pilot Zones (ACPZs) selected for piloting IAIPs

Selection Criteria:

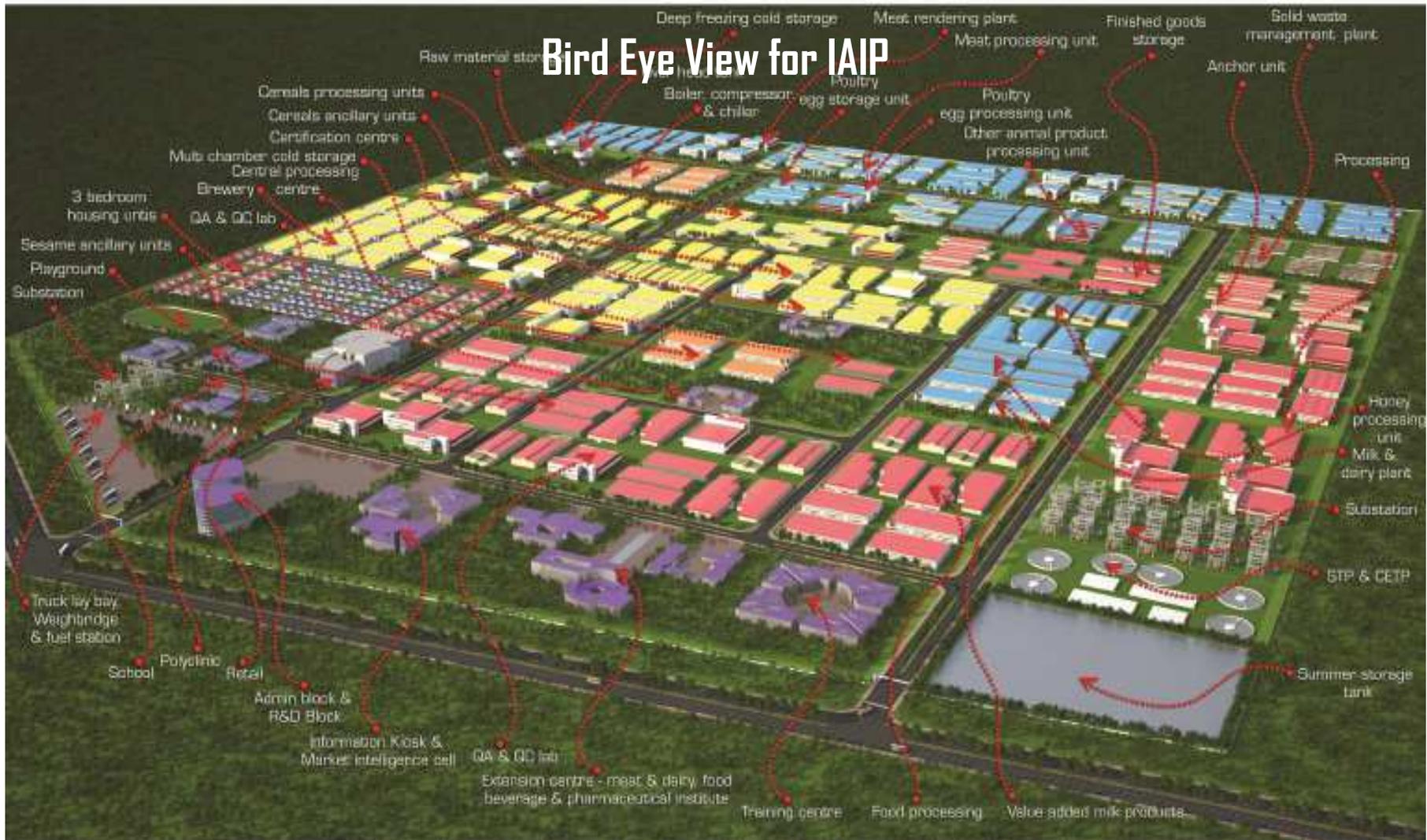
1. Production potential
2. Triggering Effect
3. Infrastructure
4. Market potential
5. Access to support services
6. Attractiveness for investors



- Master plan developed for the 4 IAIPs
- The studies show the projects are feasible & bankable
- Specific sites are identified for the IAIPs and RTCs
 - 1000 ha. each for the four IAIPs
 - 28 Rural Transformation Centers (RTCs) sites are delineated with average of 10 ha each.



Bird Eye View for IAP



Some of the focused commodities ...

1. Coffee

- Ethiopia is home of coffee Arabica & leading producer
- Globally, 5th - 8th top producer for 2009 - 2015 (FAOSTAT)
- But 99% of the exports is raw coffee
- Receives low price



Some of the focused commodities in the IAIPs

2. Livestock

- Ethiopia is 1st in Africa and 10th in the world
- However, meat export is very limited
- Export of *live animal* represents 49% of total livestock export value
- Constitutes only **15%** of the **African market**.



Some of the focused commodities ...

3. *Sesame*

- World's 3rd largest producer
- Accounts 18% of global export share
- 95% of the exports volume is in raw form



Some of the focused commodities ...

4. *Fruits & Veg.*

Has a comparative advantage due to its

- favorable climate,
- proximity to Europe & Middle East markets
- cheap labor.



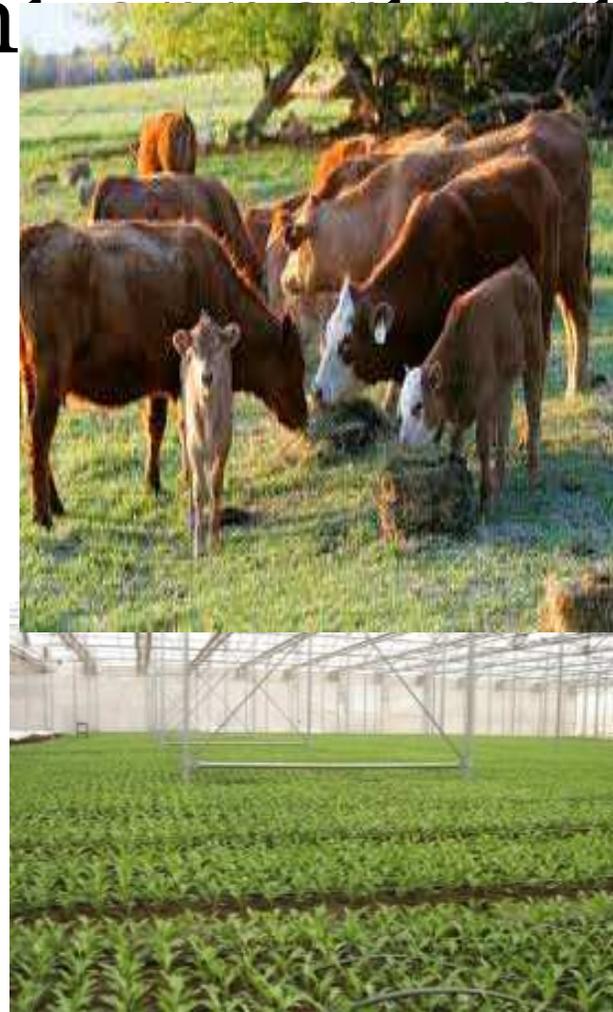
Expected Business Opportunities & Benefits

- **Agri inputs:** bio energy, green house cultivation, agri chemicals, agri Hi-tech, renewable energy
- **Agri infrastructure:** energy management, mechanization and transport, storage facilities, field handling, transport, bulk material handling
- **Agri Industry:** food technology, processing industry
- **Capacity building:** agri research, education hub, agri lab and clinic, extension service
- **Others:** agri tourism, rural financing, crop insurance

Agricultural Opportunities

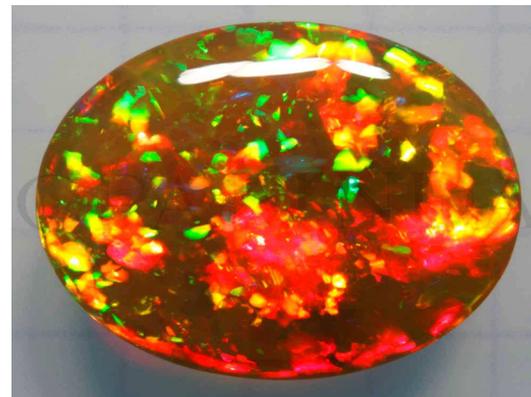
Agricultural Opportunities

- Horticulture: Flower, Vegetables, Fruits, Herbs, Sugarcane, Cotton, etc.;
- Biotechnology and seed multiplication, tissue culture etc
- Livestock & poultry breeding & processing: has the largest livestock in Africa, 55 million cattle, 28 million goats, 27 million sheep.



Huge Untapped Resources in Mining

- Opportunities both in upstream & downstream operations.
- Ethiopia has an emerging oil and gas opportunity.
- Currently, major gold exporter.
- Ethiopia is **Africa's only producer of Opal.**
- Mining potential includes:
 - Potash, Platinum, Iron and Tantalum.



Tourism

- ❖ 9 UNESCO Registered World Heritage Sites
- ❖ Natural riches, cultural heritages, and religious, archeological, and historical places make Ethiopia one of the few awe-inspiring tourist destination in Africa.
- ❖ Ethiopia is the cradle of human being
 - Lucy: 3.4 million years old
- ❖ **Opportunities:**
 - **Star designed hotels, lodges and restaurants**
 - **Tour operation (grade one)**



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Top investing countries in Ethiopia

- ❖ China
- ❖ India
- ❖ Saudi Arabia
- ❖ Turkey
- ❖ UK
- ❖ The Netherlands



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Belgian Investment in Ethiopia

- **23** licensed investment projects
- **13** operational investment projects
- **1** operational investment at Hawassa Industrial Park (Ontex Group)

Major Ethiopian export products

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
- ❖ Spice
- ❖ Gold
- ❖ Flower
- ❖ Fruits and vegetables
- ❖ Live animals
- ❖ Meat and meat products
- ❖ Leather products
- ❖ Textile & Garment



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Major export destinations

- ❖ Asia: 37.20
- Europe: 34.1
- ❖ Africa: 20.80
- America: 7%
- Oceania: 0:9



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Major import products

- Machinery and commercial aircraft
- Metal and metal products
- Electrical materials
- Petroleum products
- Motor vehicles
- Chemicals and fertilizers

Major import origins

Asia: 62.65%

Europe: 25.08%

America: 8.28

Africa: 3.88%

Oceania: 0.11%



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Summary
The Seven(7) main reasons for investing in Ethiopia

- 1. Clear vision, strategy and promoted sectors**
- 2. Fast and sustainable economic growth and development**
- 3. Untapped natural resources**
- 4. Availability of abundant and wage competitive labor force**
- 5. Fast growing infrastructure and very cheap green energy,**
- 6. Market access**
- 7. Attractive investment incentives**

Multinational companies operating in Ethiopia



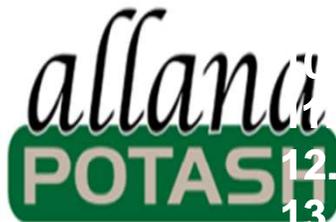
Tiger Brands



EUROPE BUSINESS NEWS | Updated August 15, 2013, 6:15 p.m. ET

H&M Looks to Source Clothing From Ethiopia

Retailer Hopes African Country Will Help Keep Shelves Stocked



Samsung Electronics to Open Assembly Plant in Ethiopia –
News media report, April 2013



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Multinational companies currently operating in Hawassa Industrial Park

1. PVH (USA)
2. Wuxi Jinmao (China)
3. Tal apparel (Hongkong)
4. Arvind Ltd (India)
5. Hirdaramair Garment PLC (Sri Lanka))
6. Busana Apparel Group (Indonesia)
7. Indochine International (China)
8. Isabella and Sevasavi Export Ltd (Sri Lanka)
9. EPIIC Group (Hongkong)
- 10., Raymond, Silver Spark Apparel Ltd (India)
11. Chargeurs Fashion Technologies (France)
12. Hela Clothing Group (British)
13. Ontex Group Nv (Belgium)
14. Quadrant Apparel Group PLC (Spanish)
15. Everest Textile (Taiwan)
16. Giangsu Golden Island Group (China)
17. Best Corporations Private Limited (India)

Thank you !

Invest in Ethiopia, the country where all it began...



@ Ambassador
Ewnetu Belata

www.ethiopianembassy.be/trade-investment/

