

Investment

Written by EED Admin

Saturday, 04 December 2010 21:33 - Last Updated Tuesday, 21 December 2010 18:15

Investors are Welcome

The Ethiopian Economy is predominantly agrarian, with agricultural produce contributing 45% of gross domestic product (GDP), 62% of the total export and 85% employment. Manufacturing, mining, trade, tourism construction, services, etc. make up the remaining 55% of the GDP. Industry contributes only 11% of the GDP, and 16% total export of the country. According to the Economic Freedom index, published annually by the Heritage Foundation in the United States, noted in 2004 that Ethiopia offered the second-most-improved business environment in the world. The ranking was based on improvement in four areas: trade policy, foreign investment, fiscal burden and government intervention. With its market oriented economic policy, a liberal investment law, fast service delivery by the Ethiopian Investment Commission (the responsible body dealing with foreign investors) and with the number of opportunities stated below, it is the right time to invest in Ethiopia. The Embassy of the Federal Democratic Republic of Ethiopia in Dublin is always ready to cooperate with those who have interest to invest in Ethiopia

Why Invest in Ethiopia

There are a number of reasons why potential investors would find it well worth their while to consider Ethiopia as a location for investment:

- Stable political Climate
- Free market economy
- Conductive macro economic policies and stable foreign exchange
- Excellent climate and fertile soils
- Huge local market of 70 million people
- Access to 23 African countries through the Common Market for Eastern and Southern Africa (COMESA)
- Preferential treatment to the European market under the ACP-EU Convention
- Beneficiary of market access to the USA through the African Growth and Opportunity

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Act (AGOA)

- Favorable export market status under the US Generalized System Preference (GSP)
- Huge domestic raw material base Abundant, easily trainable and inexpensive labour force
- Strategic location with proximity to the lucrative markets of the Middle East, Europe and Asia
- Attractive incentive packages
- Participation in the privatization opportunities

Good Reasons to Invest In Ethiopia

The Ethiopian Economy is predominantly agrarian, with agricultural produce contributing 45% of gross domestic product (GDP), 62% of total export and 85% employment. Manufacturing, mining, trade, tourism construction, services, etc, make up the remaining 55% of the GDP. Industry contributes only 11% of the GDP, and 16% total export of the Country.

Due to diverse weather conditions, a wide variety of crops are grown in different parts of Ethiopia. But Coffee Arabica, sold in Japan, as mocha is the main cash crop bringing the largest portion of the country's foreign currency. Other cash crops include oil seeds (i.e. sesame, Soya beans), pulses (horse beans, lentils), cotton, fruits and sugarcane, to mention only a few. However agriculture remains largely in the hand of small holders who use less technology, making the sector more receptive to technological adaptations and attractive to investment.

Manufacturing is currently at its lowest level, only contributing 11% to National income. But it's a sector, which is fast growing and presents an attractive opportunity for investors. Currently Ethiopia exports clothing and apparel, canned and frozen meat, semi-processed hides and skins, sugar and molasses, footwear and gloves, tobacco, beverages, oil cakes and bees wax to the world market.

Although only 3% GDP comes from mining sector at the moment, there are proven reserves of minerals like gold, tantalum, nickel, iron-ore, coal, marble, potash, copper, silica, etc, as well as oil and natural gas awaiting exploitation, making the Country very attractive to both foreign and domestic investors.

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Following the fall of the military regime and the abolishing of the centrally command economy in 1991, the Government has embarked upon radical reforms to transform the economy to free market, speed up integration to the world economy and encourage wider participation of the private sector. The reforms include devaluation of local currency and introduction of inter-bank foreign currency market based on World market forces, deregulation of domestic prices, abolishing of all export taxes and subsidies, liberalization of foreign trade, reduction of taxes, privatisation of public enterprises, promulgation of a highly competitive investment code, etc. As the result the reforms, the economy has shown a marked improvement with growth rate averaging 6.3% in the last several years. Inflation rate was brought down from 20% in 1992 to an average of 4% in the last ten years. The country's foreign exchange has also stabilized and the budget deficit has declined to acceptable level. But above all private investment activities have flourished.

In the last nine months alone new investment amount to 10 billion Birr (roughly US\$ 1.16), more than half of which belongs to foreign investors. Compared to previous years foreign investment has shown a capital increase of 28%. This is very significant and a clear indication of how fast Ethiopia is becoming one of the major investment destinations in Africa.

Out of several factors that can be sighted as good reasons for investors to consider investing in Ethiopia, four stand out as indicated by recent revised draft issued jointly by the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO).

Perhaps the most important of these is the security and stability of the Country. Though the Country is very much diverse in many aspects, it offers a very stable political and economic environment with very little crime and disorder. Secondly, the market is one of the largest domestic markets in Africa with 72 million consumers. Though currently limited by low purchasing power, it's growing steadily with GDP growth rate averaging 6.3 in the last ten years.

The third reason is the Country's exceptional climate. Forty Five percent of the landscape consists of highlands with pleasant temperature averaging between 15 and 20 degree Celsius. The climate offers an excellent opportunity for various agricultural activities. Anything can grow in Ethiopia. Lastly Ethiopia is exceptional among the least developed countries, in its virtual absence of routine corruption. This is true for both public sector and the broader society, making the cost of doing business cheaper. The moral value is being strengthened further by the on going civil service reform.

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Ethiopia represents a unique business and Investment opportunity not found anywhere. We therefore hope the Irish business community take this opportunity to go and invest in Ethiopia. The Country, the Government and the people are ready to receive them with the legendary hospitality.

LIST of State-Owned Enterprises to be Privatized

No. Name of Enterprise Location

FOOF INDUSTRY

1	Addis Modjo Edible Oil S.C	Addis / Modjo
2	Kality Food S.C	Addis Ababa
3	Dire Dawa Food Complex S.C	Dire Dawa
4	Fafa Food S.C	Addis Ababa
5	Hamaressa Edible Oil S.C	Harar
6	Ethiopia Spice Extraction	Addis Ababa
7	Yerer Flour S.C	Nazareth
8	Bahir Dar Edible Oil S.C	Bahir Dar
9	Tigray Flour S.C	Quiha
10	Ada Flour & Pasta Factory	Debre Zeit
11	Awassa Flour S.C	Awassa
12	Addis Candy Factory	Addis Ababa

BEVERAGE INDUSTRY

13	Bedele Brewery S.C	Bedele
14	Harar Brewery S.C	Harar
15	Meta Abo Brewery S.C	Sebeta
16	National Alcohol Liquors S.C	Addis Ababa
17	Addis Ababa Bottle & Glass S.C	Addis Ababa
18	Babile Mineral Water Factory	Harar

GARMENT INDUSTRY

19	Addis Garment S.C	Addis Ababa
20	Akaki Garment S.C	Akaki
21	Gulele Garment S.C	Addis Ababa

LEATHER & SHOE INDUSTRY

22	Ambessa Shoe S.C	Addis Ababa
23	Addis Ababa Tannery S.C	Addis Ababa
24	Modjo Tannery S.C	Modjo
25	Kombolcha Tannery S.C	Kombolcha
26	Tikur Abay Shoes S.C	Addis Ababa
27	Rubber & Canvas Shoes	Addis Ababa

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ENGINEERING INDUSTRY

28 Akaki Spare part S.C Akaki

COFFEE

29 Coffee Plantation & Dev't Enterprise *

PUBLIC TRANSPORT

30 Abay Technical Serv. Enterprise Addis Ababa

31 Walia Public Transport Enterprise Addis Ababa

FREIGHT TRANSPORT

32 Addis Mechanical Enterprises Addis Ababa

33 Bekelcha Transport Enterprise Nazareth

34 Shebele Transport Enterprise Addis Ababa

35 Woyre Transport Enterprise Addis Ababa

CONTRACTORS

36 Awash Construction Enterprise Addis Ababa

37 Batu Construction Enterprise Addis Ababa

38 Blue Nile Construction Enterprise Addis Ababa

39 Water Works Construction Enterprise Addis Ababa

CONSTRUCTIONS DESIGN

40 Building Design Enterprise Addis Ababa

41 Transport Construction Design Addis Ababa

HORTICULTURE

42 Horticulture Development Enterprise Addis Ababa

43 Upper Awash Agro. Industry Merti-Jeju

44 Efruit Addis Ababa

PHARMACEUTIAL

45 PHARMID Addis Ababa

46 EPHARM Addis Ababa

BASIC METAL ENGINEERING INDUSTRY

47 Ethio-Iron & Steel Akaki

48 Kality Metal Kaliti

49 Kotebe Metal Addis Ababa

50 Kolfe Household Addis Ababa

51 Nazareth Tractor Nazareth

HOTEL & TOURISM

52 Ethiopian Tourist Trade Enterprise Addis Ababa

53 National Tour Operators (ATO) Addis Ababa

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54	Ras Hotels	Addis Ababa
55	Ethiopian Hotels	Addis Ababa

SHARE COMPANIES

56	Pulp & paper Factory S.C	Wonji
57	Crown Cork S.C	Akaki
58	Ethio-Japan Textile S.C	Modjo
59	AMCE (Truck Assembly) S.C	Addis Ababa

AGRI SERVICES

60	Coffee Technology Development	Addis Ababa
61	Fish Product & Marketing Enterprise	Addis Ababa
62	Natural Gum Marketing Enterprise	Addis Ababa
63	Agricultural Equipment & Technical	Addis Ababa

CONSTRUCTION

64	Addis Block S.C	Addis Ababa
65	Water Wells Drilling Enterprise	Addis Ababa
66	Building Materials Supply Enterprise	Addis Ababa
67	Bole Bulbula Construction Materials	Addis Ababa
68	Housing Construction Enterprise	Addis Ababa
69	Ethio-Marble	Addis Ababa
70	Prefabricated Building Production	Addis Ababa
71	Tabor Ceramics S.C	Awassa
72	ECAFCO	Addis Ababa
73	Ethiopian hard & Soft Board Factory	Addis Ababa
74	Sawmill & Joineries	Addis Ababa

MINING

75	Abijata Soda Ash S.C	Abijata
76	Ethiopian Mineral Development Enterprise	Addis Ababa

TEXTILE

77	Debre Berhan Blanket	Debre Berhan
78	Adei Ababa Yarn Factory	Addis Ababa
79	Ethio-Fiber Factory	Akaki
80	Meher Fiber Factory	Akaki
81	BahirDar Textile S.C	BahirDar
82	Dire Dawa Textile Factory	Dire Dawa
83	Edget Yarn & Sewing Thread	Addis Ababa

AGRICULTURE

84	Dairy Development Enterprise	Addis Ababa
85	Middle Awash Agricultural	Awash
86	Bale Agricultural Development Enterprise	Robe
87	Abobo Agricultural Development Enterprise	Antehor

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88	Arsi Agricultural Dev't Enterprise	Arba Minch
89	Awassa Agricultural Dev't Enterprise	Awassa
90	North Omo Agricultural Dev't Enterprise	Arba Minch
91	Tendaho Agricultural Dev't Enterprise	Assaita

PRINTING

92	Yekatit Paper Convert	Addis Ababa
93	Artistic Printing	Addis Ababa
94	Bole Printing	Addis Ababa
95	Commercial Printing	Addis Ababa

CEMICAL

96	Nefas Silk Paint Factory	Addis Ababa
97	Ethiopian Plastic S.C	Addis Ababa
98	Addis Ababa Foam & Plastic Factory	Addis Ababa

TRADE

99	M'S Whole Sale & Import Trade	Addis Ababa
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* Restricted for local investors

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LIST of Enterprises in search of Strategic Partners

No.	Preferred Modality	Sector	Name of Enterprise
1		JV-Equity	Textile Akaki Garment S.C.
2		JV-Equity	Textile Akaki Textile S.C.
3		JV-Equity	Textile Kombolcha Textile S.C.
4		JV-Equity	Textile Bahar Dar Textile S.C.
5		JV-Equity	Leather Blue Nile Shoe S.C.
6		JV-Equity	Construction Tabor Ceramics S.C.
7		JV-Equity	Food Kaliti Food S.C.
8		JV-Equity	Food Dire Dawa Food Comple
9		JV-Equity	Cement Dire Dawa Cement Facto
10		JV-Equity	Agriculture Upper Awash Agro-Indus
11		JV-Equity	Beverage Assela Malt Factory
12		JV-Equity	Agriculture Dairy Dev't Enterprise
13		JV-Equity	Textile DebreBrhan Blanket Fac
14		JV-Equity	Chemical Addis Ababa Bottle & Gla
15		JV-Equity	Food Addis Modjo Edible Oil O
16		JV-Equity	Food Fafa Food S.C.
17		JV-Equity	Mining & Mineral Ethiopian Mineral Dev't S
18		JV-Equity	Chemical Awash Aluminum sulfat

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19	JV-Equity	Chemical	Adami Tulu Pesticide Pro
20	JV-Equity	Agriculture	National Veterinary Instit
21	JV-Equity	Others	Industrial Project Service
22	JV-Equity	Agriculture	Horticulture Dev't Enterp
23	JV-Equity	Textile	Ethiopian Fiber Products
24	JV-Equity	Textile	Mehar Fiber Products Fa
25	JV-Equity	Construction	Ethiopian Marble Industr
26	JV-Equity	Food	Ethiopian Spice Extractio
27	JV-Equity	Pharmacy & Health	Ethiopian Pharmaceutica
28	JV-Equity	Beverage	Babile Mineral Water Fac
29	JV-Equity	Agriculture	Coffee Plantation & Dev'
30	JV-Equity	Chemical	Caustic Soda S.C.
31	JV-Equity	Textile	Adei Ababa Yarn S.C.
32	JV-Equity	Textile	Addis Garment S.C.
33	JV-Equity	Textile	Dire Dawa Textile Factor
34	JV-Equity	Textile	Arba Minch Textile S.C.
35	JV-Equity	Leather	Anbesa Shoe S.C.
36	JV-Equity	Leather	Ethiopia Rubber & Canva
37	JV-Equity	Textile	Gullele Garment S.C.
38	JV-Equity	Textile	Nazareth Garment S.C.
39	JV-Equity	Leather	Modjo Tannery S.C.
40	JV-Equity	Leather	Addis Ababa Tannery S.
41	JV-Equity	Leather	Kombolcha Tannery S.C.
42	JV-Equity	Textile	Edget Yarn Factory
43	Lease	Transport	Shebelle Transport S.C.
44	Lease	Transport	Walia Liter-City Bus Serv
45	Lease	Transport	Woyra Transport S.C.
46	Lease	Transport	Bekelcha Transport S.C.
47	Lease	Wood	ECAFCO S.C.
48	Lease	Wood	ETHARSO Factory
49	Lease	Wood	Ethiopia Ply Wood Facto
50	Lease	Food	Kokeb Flour & Pasta Fac
51	Lease	Food	Misrak Flour & Bread Fa
52	Lease	Food	Bahir Dar Edible Oil S.C.
53	Lease	Food	Yerer Flour S.C.
54	Lease	Food	Tigray Flour & Edible Oil
55	Lease	Food	Adama Edible oil Factory
56	Lease	Food	Ada Flour & Pasta Facto
57	Lease	Food	Nazareth Edible Oil Fact
58	Lease	Wood	Sawmills & Joineries Ent
59	MC	Agriculture	Coffee Technology Dev't
60	MC	Construction	Awash Construction S.C.
61	MC	Construction	Batu Construction S.C.
62	MC	Construction	Water Well Drilling Enter
63	Lease	Agriculture	Abobo Agricultural Dev't
64	MC	Agriculture	Agricultural Equipment &

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65	Lease	Agriculture	Agricultural Mechanization
66	JV-Equity	Agriculture	Arsi Agricultural Dev't En
67	JV-Equity	Agriculture	Awassa Agricultural Dev
68	JV-Equity	Agriculture	Bale Agricultural Dev't En
69	JV-Equity	Agriculture	Coffee Processing & Wa
70	JV-Equity	Agriculture	Ethiopian Fruit & Vegeta
71	JV-Equity	Agriculture	Fish Production & Marke
72	JV-Equity	Agriculture	Kaliti Animal Feed Enterp
73	JV-Equity	Agriculture	Middle Awash Agricultura
74	JV-Equity	Agriculture	Natural Gum Production
75	JV-Equity	Agriculture	Semen-Omo Agricultural
76	JV-Equity	Agriculture	Tendaho Agricultural Dev
77	JV-Equity	Beverage	Ambo Mineral Water Fac
78	JV-Equity	Beverage	Bedele Brewery S.C.
79	JV-Equity	Beverage	Harar Brewery S.C.
80	JV-Equity	Beverage	National Alcohol & Liquo
81	JV-Equity	Chemical	Addis Ababa Foam & Pla
82	JV-Equity	Chemical	Alkyd Resin S.C.
83	Lease	Chemical	Chora Gas & Chemical F
84	Lease	Chemical	Nazareth Soap Factory
85	Lease	Chemical	Nefas Silk Paint Factory
86	JV-Equity	Construction	Addis Block Production S
87	JV-Equity	Construction	Blue Nile Construction S
88	JV-Equity	Construction	Building Materials & Sup
89	JV-Equity	Construction	Prefabricated Building Pa
90	JV-Equity	Construction	Residential Houses Cons
91	JV-Equity	Food	Hamressa Edible Oil S.C.
92	JV-Equity	Hotel & Tourism	National Tour Operation
93	JV-Equity	Hotel & Tourism	SPA Service Enterprise
94	JV-Equity	Mining & Mineral	Abijata Soda Ash S.C.
95	JV-Equity	Mining & Mineral	Bole Bulbula Constructio
96	JV-Equity	Mining & Mineral	Adola Gold Dev't
97	MC	Pharmaceutical	Pharmaceutical and Med
98	Lease	Printing	Artistic Printing Enterpris
99	Lease	Printing	Bole Printing Enterprise
100	Lease	Printing	Commercial Printing Ent
101	JV-Equity	Printing	Educational Materials Pr
102	JV-Equity	Printing	Ethiopian Pulp & Paper F
103	Lease	Printing	Gonder Printing Enterpris
104	JV-Equity	Printing	Yekatit paper Converts E
105	Lease	Sugar	Addis Ketema Candy Fa
106	MC	Trade	Procurement Service Ent
107	MC	Trade	Merchandise Wholesale
108	Lease	Transport	Comet Transport S.C.
109	JV-Equity	Hotel & Tourism	Ethiopian Tourist Trading
110	MC	Hotel & Tourism	Ethiopia Hotel

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111	MC	Hotel & Tourism	Ras Hotel
112	JV-Equity	Sugar	Wonji/Shoa Sugar-Baker
113	JV-Equity	Chemical	Abjiata Soda Ash S.C.
114	JV-Equity	Textile	Ethio-Japan Synthetic Te

* Enterprises under partnership process.