

# ***ETHIOPIA ON THE MOVE***



**Embassy of the Federal  
Democratic Republic of  
Ethiopia, India  
2014**

**Map of Ethiopia**



**Proximity of Ethiopia to South Asia**



Message from  
Her Excellency Ambassador Gennet Zewide,  
Ambassador Extraordinary and Plenipotentiary to  
India, Thailand, Bangladesh and Sri Lanka



Dear Partners,

From the outset, allow me to introduce my country, Ethiopia that offers a vast opportunity in the areas of trade, investment and tourism.

Ethiopia is a peaceful country with a mature political system and stable macro-economic and social policies. The country has now become the third fastest growing economies in the world with a double digit GDP growth rate of about 11% for the last ten years. Ethiopia is investing heavily in infrastructure, telecommunication, education and energy to make it a competitive investment destination in Africa.

In the area of investment there is immense opportunities in agriculture, manufacturing sector such as, agro-processing, textile and garment, leather and leather products, chemical, metal industries, pharmaceutical; and mining. Ethiopia provides a very friendly investment climate with the provision of many incentives.

Trade is another opportunity to explore. Ethiopia exports a high quality of commodities, namely; coffee, pulses, oilseeds, spices, honey and wax, gold, opal, and marble as well as others. The proximity of the country to the Middle East, Europe and Asia enables easy entry to these important markets. Furthermore, since Ethiopia has the second largest population in Africa it has a vast opportunity in the local market. Being a member of Common Market for East and South African countries (COMESA), the regional market with a population of 400 million offers a big market potential.

In the area of tourism, Ethiopia has various touristic attractions; historical, archeologically, natural, wildlife, cultural and festival.

Ethiopia is known as a mosaic of people with more than 80 languages, different costumes, cuisines, dances and music. Ethiopia has a variety of touristic heritage among which nine are recognized as world heritage sites by UNESCO.

This booklet will inform you about the investment opportunities, priority areas, incentives and market accessibilities. It will also give you a glimpse of touristic attractions. I would, therefore, kindly invite you to take some time to go through the booklet. For further information please contact my Embassy; and I assure you that my office will always be open to you.

I encourage you to visit and be a development partner; and thank you for your interest in Ethiopia.

## Introducing Ethiopia

<b>Official Name</b>	Federal Democratic Republic of Ethiopia
<b>Political System</b>	Federal system with multi-party democracy. Election is held every 5 years.
<b>Capital City</b>	Addis Ababa
<b>Location</b>	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. Ethiopia is bordered by Djibouti and Somalia to the east, Eritrea to the north, the Sudan and South Sudan to the west and Kenya to the south.
<b>Area</b>	1.14 million sq. km.
<b>Population</b>	90 million
<b>Elevation</b>	Lowest point: Dallol Depression, 148m below sea level Highest point: Mt. Ras Dashen, 4620m above sea level
<b>Climate</b>	Temperate in the highland and hot in the lowland. Temperature ranges from 20°C to 30°C. Rainfall ranges from 200mm to 2000mm
<b>Rainy Seasons</b>	Ethiopia receives big rains in June, July and August; and small rains in February and March.
<b>Time zone</b>	GMT+3
<b>Religion</b>	Christianity and Islam are the major religions.
<b>Language</b>	Multi-ethnic state with a variety of languages, out of which 83 have over 200 dialects. Amharic is the working language, and English is widely spoken particularly in business transactions.
<b>Calendar</b>	Ethiopia uses the Julian calendar. The calendar is seven years behind Gregorian calendar, with the Ethiopian New Year falling in the month of September.
<b>Currency</b>	The currency is based on the decimal system. The units of currency are the Birr and cents. The Birr is divided into 100 cents.
<b>Economy</b>	Agriculture and allied activities 41% of GDP (2010/11) Industry 13.4% of GDP (2010/11) Services 45.6% of GDP (2010/11)
<b>Main Agricultural Products</b>	Coffee, oil seeds, chat, leather and leather products, gold, pulses, live animals, flower, meat and meat products, fruits and

vegetables.

**Main  
Manufactured  
Products**

Textile, foodstuffs, tobacco, beverages, cement, leather and leather products, wood, metallic and non-metallic products, paper, plastic, tiles, apparel, sugar and molasses.

## Economic Environment

- Economic reform programmers since 1992.
- Double digit annual GDP growth rate for the last ten years.
- The Government of has set up a five year plan, Growth and Transformation Plan (GTP) from 2010/11-2014/15.
- The GTP gives special emphasis to agriculture and rural development, industry, infrastructure, social and human development.

## Infrastructure

### Road

- Road transport is the dominant mode of transportation which accounts for more than 95% of motorized inter-urban freight and passenger movement.
- 52,000 km road network is in place.

### Railway and Ports

- The port of Djibouti, which is located on the Red Sea coast, serves as the main sea port.
- There are 3 dry ports in the country.
- The existing railway, which stretches 780 km links Addis Ababa to the port of Djibouti.
- Ethiopia plans to build a railway network spanning 5,000 km interconnects different parts of the country.

### Air Transport



- Ethiopian Airlines has an excellent reputation for 67 years of service.
- Connects more than 69 cities worldwide and it has 17 domestic connections.
- Daily flight from Delhi and twice day flight from Mumbai; 5 and half hours flight from Delhi and 4 and half hours flight from Mumbai.
- Ethiopian Airlines cargo service provides fast and reliable services and operates over 40 cargo destinations spread across Africa, Europe, Asia and the Middle East.

## Electric Power



- Ethiopia has vast hydropower and promising geothermal energy resources.
- Potential for 60,000 MW (hydropower 45,000, wind, solar and geothermal 15,000 MW)
- Currently utilized is 2,075 MW power, the target set for 2014/15 is 8000 MW.
- The construction of Renaissance Dam project with a capacity of 6,000 MW has started in 2010/11.

## Telecommunication

- Direct microwave links connect all regional cities.
- Smaller towns have automatic telephone services.
- 50,000 Broadband Internet installations have been completed. Modern Broadband Internet, multimedia and VSAT technology are operational
- Currently there are 10.7 million mobile phone service subscribers; the target for 2014/15 is to reach 40 million.

## Investment Opportunities

### A. Agriculture Sector

- There are 18 major agro-ecological zones and 49 agro-ecological zones and 49 agro-ecological sub zones.
- Major Food Crops: cereals, pulses, oil crops.
- Beverage crops: coffee and tea.
- Apiculture: There is an opportunity in the production of honey and other bee products, establishing of honey and beeswax processing and packing plants.



### Priority Areas in Agriculture Sectors

- Cotton**  
It is extensively grown in the lowlands under large-scale irrigation schemes. Existing textile industries demand more cotton annually.
- Sugar cane plantation**  
Ethiopia has a potential for large scale sugar cane plantations.
- Horticulture**  
Fruits and vegetables, herbs and cut flower
- Livestock**  
Ethiopia is number one in Africa in terms of livestock population. There are 53 million heads of cattle, 25.2 million heads of sheep, 23.4 million heads of goats, 2.3 million camels, 53 million poultry and 7 million equines. Investment opportunities in this area includes, animal fattening, animal feed processing, meat processing and abattoir for chilled and frozen meat.

## B. Manufacturing Sector



### 1. Agro Processing - Food & Beverages

Integrated production, processing and preserving of fish and fish products, fruits and vegetables, meat products, dairy products, processing of crude and refined edible oil from oil seeds, starch, cornflakes, edible oil from maize, spices, production of spaghetti, macaroni and brewing and wine making, coffee roasting, grinding and packing and modern tea blending and packing.

### 2. Leather and leather products

Ethiopia's hides and skins are highly regarded for its natural qualities of clarity, flexibility, strength, thickness and compact texture. Leather footwear and leather garment, luggage, handbags and gloves, saddle and harness, integrated tanning and manufacturing are the major opportunities in this area.



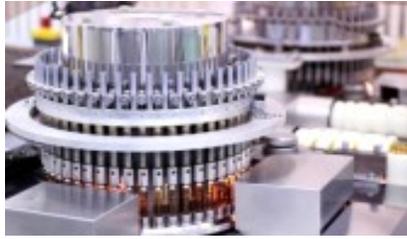
### 3. Textiles, garments, apparel

Textile and garment manufacturing sub-sector is a rewarding business. It includes spinning, weaving, and finishing of textile fabrics and knitting, woven and knitted garments.

### 4. Chemicals

Manufacturing of caustic soda and soda ash, plastic and related products, soap and detergents.





### **5. Pharmaceuticals**

Manufacturing of pharmaceutical, medicinal, chemical and botanical products in the form of tablets, capsules, syrups and injectable.



### **6. Metal Industry**

Manufacturing of structural metal products, reservoirs and steam generators.

### **C. Mining Sector**



Precious and metallic minerals (tantalum, iron ore, platinum, silver and gold). Industrial and construction minerals (diatomite, field spar, quartz, silica sand, potash, salt, phosphate, soda ash, rock salt, marble limestone, granite). Energy minerals and extracting oil and natural gas.

### **D. Investment Opportunities in Tourism Sector**

Natural riches, cultural heritages, and religious, archeological, and historical places make Ethiopia the best tourist destination in Africa. Investment opportunities in this sector are:

- Star-designated hotels,
- resorts and
- lodges

### **E. Social Services**

Health and educational services are other potential areas for FDI in Ethiopia. Potential foreign investors can take full advantage of these opportunities through sole investments or joint-ventures with Ethiopian partner. The main areas are:

- General Hospitals
- Specialty Hospitals
- Laboratory

## **Investment Policy and Incentives**

### **Legal Framework**

- The constitution, in accordance with Article 40, ensures the right of every citizen to the ownership of private property, including the right to acquire, use and dispose of such property.
- The Government of Ethiopia in recognition of the role of the private sector in the economy has revised Investment Code several times to make it more transparent, attractive and competitive.

### **Investment Regime**

- A foreign investor can undertake investment
  - As a sole proprietor; or
  - Jointly with domestic investors
- Capital requirement for foreign investors (As a sole proprietor)
  - USD 200,000 for a single and wholly foreign owned investment
  - USD 100,000 per project in areas of engineering, architecture, accounting & audit services, project studies, consultancy services
- Capital requirement for investment in partnership with domestic investors:
  - USD 150,000 per project
  - USD 50,000 in areas of engineering, architecture, accounting & audit services, project studies, consultancy services
- No capital requirement for an investor who reinvests his profits or dividends generating from the existing enterprise.
- Land is leased out by the government.
- Repatriation and remittances are granted to foreign investors to be made in convertible foreign currency at the prevailing exchange rate on the date of remittance:

#### **Guarantees**

- The Constitution of Ethiopia and the Investment Proclamation and the legal system protect private property
- Ethiopia is a member of Multilateral Investment Guarantee Agency (MIGA) which issues guarantees against risks to entrepreneurs that invest in signatory countries,
- Ethiopia has signed Bilateral Investment Promotion and Protection Agreements as well as Avoidance of Double Taxation with many countries including India.

## **Investment Incentives**

### **Customs duty exemption**

- 100% exemption from payment of import customs duties and other taxes levied on imports to import all investment capital goods, such as plant machinery and equipment, construction materials, as well as spare parts up to 15% of the value of capital goods imported

### **Export Incentives**

- **Duty Draw-back Scheme:** Duty paid at the port of entry and locally on raw materials used in the production commodities is refunded, 100 percent, upon exportation of the commodity processed.
- **Voucher Scheme:** It is a printed document to be used for recording balance of duty payable on raw materials imported for use in the production of goods for external market. The beneficiaries of the voucher scheme are also exporters.
- **Bonded Manufacturing Warehouse:** Producers wholly engaged in exporting their products who are not eligible to use the Voucher Scheme and who have license that enable them to operate such Warehouse.

## Taxation

No	Type of Tax	Rate
1	Corporate Income Tax	30%
2	Turn over Tax	2% and 10%
3	Excise Tax	10 up to 100%
4	Customs Duties	0% up to 35%
5	Income Tax for Employment	0% up to 35%
6	Withholding Tax	2%
7	Value Added Tax	15%
8	Export Tax	Nil
9	Royalty Tax	5%
10	Dividend Tax	10%

## Why Invest in Ethiopia?

### Stable Political and Economic condition

- Mature and stable political environment
- Stable social and economic environment
- Peaceful and friendly people
- Zero-tolerance to corruption
- Fastest growing economy with a double digit GDP growth rate for the last ten years.
- Third largest economy in Sub-Saharan Africa, after South Africa and Nigeria.

### Strategic location and Market Access

- Strategically located in Eastern Africa with easy access to the lucrative markets of the Middle East, Europe and Asia,
- Vast market opportunities to domestic, regional and international markets.
- Second largest domestic market in Africa with 90 million consumers,
- Access to markets of 19 member states of COMESA, Common Market for Eastern and South Africa, with a population of over 400 million with a preferential tariff rates,
- Preferential access to European Market under EU's everything-But-Arms (EBA) initiative,
- Preferential access to Austria, Canada, Finland, Japan, Norway, Sweden, USA and most other EU countries under Generalized System of Preference (GSP),
- Under the African Growth and Opportunity Act (AGOA) program, Ethiopia is entitled to duty-free U.S. market access.

### Natural Resource

- Exceptional climate due to location on highlands, half the country experiences average annual temperatures of 20°C to 30°C,
- Untapped natural resources and fertile soils,
- Sufficient surface and ground water resource

### Investor friendly policies

- Government policies encourages and supports FDI,
- Government invests on infrastructure, telecommunications and other facilities,
- Preparing Industrial zones and clusters with the necessary facilities and infrastructure

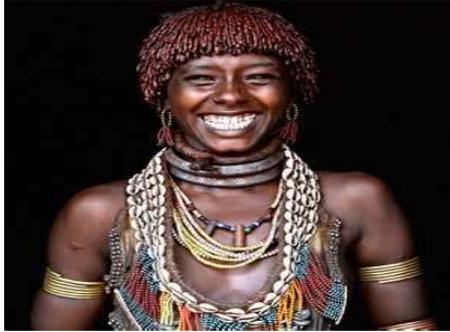
### Labor

- Ethiopia has abundant, hard working, disciplined and easily trainable workforce,
- Labor cost ranges from Birr 38 to Birr 50 (US\$ 2),
- Universities, engineering colleges and technical and vocational training schools annually providing trained personnel,
- English is widely spoken and understood.

## Ethiopia Touristic Attractions

Ethiopia is old beyond imagining. Its culture and traditions date back over 3,000 years. The charm and the hospitality of the Ethiopian people is most infectious.

### People



Ethiopia has a population of 90 million ranking the second most populous country in Africa after Nigeria. The people are ethnically and culturally diverse. It is a multi-ethnic state with a variety of languages, out of which 83 have over 200 dialects, constituting Cushitic, Omotic, Nilo-Saharan and Semitic languages. Amharic is the working language of the Federal Government.



### Festivals

Ethiopia has a number of festivals throughout the year starting with, *Tseday*, which is the time of the Ethiopian New Year which falls on Maskaram 1 or September 11. This is also the beginning of the harvest season which is a time of parties and weddings. The most popular festivals are Meskal, Timket, Kulubi Gabriel, Sheikh Hussein, Gishen Mariam and Sof Omar.



## Nine UNESCO World Heritage Sites



### 1. Rock-hewn Churches, Lalibela

Lalibela is famous for its 11 rock hewn church dating back to the 12<sup>th</sup> century. The church is chipped out of solid rock.

### 2. Simen National Park

It is found in the northern Ethiopia and is home to the rarest animals on earth, including the Simien fox, the Gelada baboon and the Walia Ibex.



### 3. Fasil Ghebbi, Gondar

It is a unique 17<sup>th</sup> century fortress city located in the northern town of Gondar. It had served as the royal residence of Ethiopian emperor Fasilidas and his successors at a time when Gondar was the country's capital.

### 4. Axum

Axum is renowned for world's tallest monoliths, or obelisks, which experts say were erected to mark the passing of some ancient royal personages. Axum has a history that goes back more than 2,000 years. Axum was a centre of one of the first civilisations to adopt Christianity as a state religion.





### 5. Lower Awash Valley

One of the world's most famous hominid fossils, known as 'Lucy', was discovered in the Lower Awash Valley in the searing heat of the eastern Afar region. The area contains some of the most important paleontological remains on the African continent.

### 6. Lower Omo Valley

This area in south western Ethiopia close to Lake Turkana, is another haven of prehistoric finds which have been essential in the study of human evolution. Ancient tools and hominid fossils dating back 2.4 million years ago have been discovered there.



### 7. Tiya

The prehistoric site of Tiya in southern Ethiopia houses a collection of some 30 intricately carved stelae and is probably an ancient burial ground.

### 8. Harar Jigol

The historic walled city of Harar in eastern Ethiopia was a major trading crossroads and a centre of Islamic learning. It was built as a protective wall from invaders between 13<sup>th</sup> and 16<sup>th</sup> centuries. The wall is about four metre high and pierced by five gates.



### 9. Konso Cultural Landscape

It is a 55 km<sup>2</sup> arid property of stone walled terraces and fortified settlements in the Konso highlands of Ethiopia. It constitutes a spectacular example of a living cultural tradition stretching back 21 generations (more than 400 years) adapted to its dry hostile environment. The landscape demonstrates the shared values, social cohesion and engineering knowledge of its communities.

### Cities

Addis Ababa is the Federal Capital. It is a seat of Africa Union, UNECA and many other international organizations and embassies. Other major cities are Awassa, Dire Dawa, Gonder, Dessie, Nazareth, Jimma, Harar, Bahir Dar, Mekele, Debre Markos and Kombolcha. All are connected to Addis Ababa by asphalt roads. Telephone, electricity and Internet service; and star designated hotels, excellent restaurants, cafes are well provided in all cities.

### Conference Facilities



The state of the art conference facilities include the United Nations conference centre that combines architectural elegance with the very latest technology, the Africa Hall, and the newly built African Union, the Sheraton Addis, Hilton Addis Ababa and more. The hotel facilities range widely from the luxury accommodation of the highest international standards to mid-priced and budget hotels.



### General Information

#### Visa

- Visa on arrival service is provided for Indian tourist at Bole International Airport in Addis Ababa. The visa is for one month.
- Business and Tourist Visa can also be obtained from the Ethiopian Embassy in New Delhi and the Consulate General in Mumbai, from Monday to Friday (application from 10:00a.m-13:00). Kindly visit the Embassy's web-site or call the Embassy for further information.

#### Embassy working Hours

- Monday – Friday from 10:00 a.m. – 13:00 and 14:00 – 18:30.

#### Working hours in Ethiopia

- Monday –Thursday 8:30a.m.-12:30 and 13:30-17:30, Friday 8:30a.m.-11:30a.m. and 13:30-17:30 Saturday, Sunday is off for Government offices.
- Private and public businesses including banks are open on Saturdays.

#### Hotel Reservation

- There are star designated hotels in Ethiopia with full facilities. Reservation can be made on line.

#### Car Hire

- Valid international driving license needed to rent self driven car. A car can be rented with a driver and city taxis are available at the airport and hotels.

# Ethiopia: Land of Beauty

## Historical Heritage



Yeha



Fasiledes



Harar

## Wild Life and Birds



Endemic Gelada Baboon



Endemic Walia Ibex



Birds

## Natural Attraction



Erta Alie



Nile River Fall



Sof Omar Cave

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