



Embassy of the Federal Democratic Republic of Ethiopia

## **Investment Opportunity in the Chemical Sector in Ethiopia**



New Delhi, India  
2015

## 1. Introduction

Ethiopia has a vibrant economy with a stable democratic government system. A double GDP growth rate has been registered consecutively for last ten years has made the nation among the three fastest growing economy in the world.

The Government of the Federal Democratic Republic of Ethiopia has formulated and implemented a five year Growth and Transformation Plan (GTP) from 2010/11-2014/15. The performance of the GTP so far has shown that Ethiopia can achieve her long term plan of becoming a middle income country by the year 2025. The 2<sup>nd</sup> GTP is being formulated with sound development policy and has sets an ambitious but achievable plan in its priority areas. Chemical manufacturing industry sector is one of the main sectors that is identified as a priority sector.

In the Industrial Development Strategy of Ethiopia, it is clearly stated that the private sector is considered as the engine of the sector's growth. Furthermore, the investment policy encourages Foreign Direct Investment (FDI) and special incentives are given to companies who are investing the manufacturing industries. In order to support and facilitate investment flow in the sector, the Government of Ethiopia has established Chemical Industry Development Directorate under the Ministry of Industry. The Directorate has prioritized major chemicals that are considered as the main input to the selected manufacturing industries.

Therefore, main chemicals identifies are:

1. Formic Acid,
2. Hydrochloric Acid,
3. Nitric acid,
4. Potassium chloride,
5. Potassium Nitrate,
6. Magnesium chloride,
7. Polyethylene,
8. Calcium Carbide,
9. Polyethylene Terephthalate (PET),
10. Poly Vinyl Chloride (PVC),
11. Talc
12. Titanium Dioxide,

Other opportunities in the chemical sector includes Calcium Carbonate and Lime, Candle Wax (Artificial Wax), Car Paint, Carbon Black, Cellulose Acetate, Detergent Powder, Disinfectants,

Essential Oils, Ethyl Acetate, Fatty Acid, Formaldehyde, Gelatin, Glucose, Glycerin, Herbicide and Fungicide, Hydrochloric Acid, Industrial Adhesive, Lactic Acid, Low Density Polyethylene (LDPE), Liquid Detergent, Natural Adhesive, Polish (Shoe And Floor), Polyethylene Resin (Hdpe), PVC and Resin.

## 2. Types of Main Chemicals

### 2.1 Formic Acid

The production Formic acid, which is used in fabrication process and in many other manufacturing areas as an input is considered to be import substitution. The principal use of formic acid is as a preservative and antibacterial agent in livestock feed. Furthermore, it is used in artificial flavorings and perfumes.

#### Demand

Formic acid is used in the priority sectors that are given priority in the GTP, such as, tannery, rubber, textile industry, agriculture, pharmaceutical. It has also a promising market in the African countries. Ethiopia is importing the chemical with a large quantity.

#### Import Data for Formic Acid 2008-2011

Budget year	Net wt	CIF value (ETB)
2008	357,104.61	3,887,092.51
2009	81,490.76	908,916.42
2010	471,197.31	5,587,002.51
2011	290,733.02	6,777,327.45

Source: Ethiopian Customs authority

### 2.2 Hydrochloric Acid

One of the chemicals which is given a priority is hydrochloric acid, which is used virtually in all industry processes and in many manufacturing areas as an input.

Hydrochloric acid is a strong inorganic acid used in almost all sectors of industry, where quality of the hydrochloric acid is the decisive factor for the type of application. Chemically pure hydrochloric acid is mainly used in the pharmaceutical and food industry, for preparation of drinking water and as a raw material for consumable products.

#### Raw Material availability

Magnesium chloride brine which is one of the raw material for the production of hydrochloric acid, is available in virtually unlimited quantities in the Afar Region in the North East of Ethiopia. Afdera Lake in Afar regional state is full of the deposit and has a promising future. The country has also a large deposit of magnesium oxide ore in the Adola area, Oromia regional state which

can alternatively play significant role in the production of magnesium chloride locally which can be used in some processes for concentrating.

## Demand

Since the demand for hydrochloric acid has increased by many industries, the country is importing the chemical in a high quantity. Locally no factory is producing the chemical. The market gap is filled only by importing the chemical which shows it has untouched potential opportunity. Table below shows import data for the chemical of four consecutive years.

Import data for Hydrochloric Acid

Budget year	Net wt	CIF value (ETB)
2008	1,568,053.99	5,259,346.12
2009	649,571.91	2,618,803.46
2010	1,243,592.22	6,634,421.91
2011	1,344,964.97	7,842,102.25

Source: Ethiopian Customs authority

## 2.3 Nitric Acid

Nitric Acid is one of the chemical that has a high demand in agriculture sector and by chemical industries. The main use of Nitric Acid is for the production of fertilizers and other important uses include etching and dissolution of metals, especially as a component of aqua regia for the purification and extraction of gold, and in chemical synthesis.

### Demand

Ethiopia has an agriculture-based economy, in this connection; the main input which is fertilizer is imported in large quantity. In order to save foreign currency, the country has now began to produce fertilizer locally. It is known that one of the main input for the production of fertilizer is Nitric Acid. Therefore producing this chemical locally would mean acquiring a large local market. Furthermore, there are also other industries that demand Nitric Acid. The following table shows four year import data for the chemical supplied for different industries other than fertilizer industry.

Import data for Nitric Acid

Budget year	Net wt	CIF value (ETB)
2008	731,527.00	4,778,216.95
2009	329,424.34	1,981,856.01
2010	992,374.69	7,515,818.86
2011	372,887.21	3,555,752.32

Source: Ethiopian Customs Authority

## 2.4 Potassium Chloride

The production Potassium Chloride, which is mainly used for agriculture and raw material in other many chemical productions, is considered to be import substitution chemical. The majority of the potassium chloride produced is used for making fertilizer, since the growth of many plants is limited by their potassium intake. It is also used in medicine, lethal injections, scientific applications, food processing, and as a sodium-free substitute for table salt (sodium chloride).

### Raw Material Availability

There is large potash deposit in Ethiopia in Danakil Depression near Dallol. The potash deposit is part of a Quaternary evaporate sequence that covers an area of about 1,150 km<sup>2</sup>, of which only a small portion has been explored. In this area the evaporite sequence is greater than 1,000 m thick and includes large potash reserves. Most of the potassium salt is in the form of sylvite (KCl), but carnallite and kainite are also reported. The main sylvite-bearing zone ranges from 15-40 m in thickness. Exploration the potash project are undergoing in the region.

Potassium chloride can be explored directly, because it is found as its ore naturally deposited in the area; it does not need any other source for the formation KCl, only from the ore, potassium chloride is imported in a great quantity. There is only a project which is in a pipeline, potassium chloride is said to be untouched potential investment sector.

### Demand

#### Import data of Potassium Chloride

Budget year	Net wt	CIF value (ETB)
2008	108,123.00	919,102.33
2009	15,962.87	237,916.21
2010	26,217.00	358,757.62
2011	18,479.33	3,287,740.76

Source: - Ethiopian Customs Authority

## 2.5 Potassium Nitrate

There is a demand for the chemical in agriculture, industry, concentrating solar power (CSP) plants, food, and pharmacology sectors is very high.

### Raw Material Availability

The raw materials for potassium nitrate which are potash and nitrate are available in Ethiopia. There are large potash resources in Ethiopia in the hot and arid Danakil depression near Dallol.

The potash deposit is part of a Quaternary evaporite sequence that covers an area of about 1,150 km<sup>2</sup>, of which only a small portion has been explored. In this area the evaporite sequence is greater than 1,000 m thick and includes large potash reserves. Most of the potassium salt is in the form of sylvite (KCl), but carnallite and kainite are also reported. The main sylvite-bearing zone ranges from 15-40 m in thickness. Exploration the potash project are undergoing in the region.

The nitrate-nitrogen source is sodium nitrate or nitric acid. Alternative production process is based on ammonium nitrate as the nitrate-nitrogen source; nitric acid is produced in the southern part of the country i.e., Awash Melkasa.

### **Demand**

No company is engaged in this investment area and as the chemical has a vast local, regional and international market opportunities it is attractive to explore the area. The country is importing the chemical in a large quantity.

#### Import data for Potassium Nitrate

Budget year	Net wt	CIF value (ETB)
2009	175,549.63	1,985,808.24
2010	28,478.00	469,121.34
2011	576,792.44	7,807,292.14

Source: Ethiopian Customs Authority

### **2.6 Magnesium chloride**

Magnesium chloride is an important input for textile industry which is given a priority in the GTP period.

#### **Raw Material Availability**

It is believed that the Afdera Lake the one in Afar regional state is full of the deposit and has the promising future. In spite of the fact that the presence of magnesium chloride deposit is not well studied, it is known that the country has a bigger deposit of magnesium oxide ore in the Adola area, Oromia regional state which can alternatively play significant role in the production of magnesium chloride locally.

#### **Demand**

Locally magnesium chloride is one of the basic chemicals that are imported in considerable quantity for different applications. The main local user of magnesium chloride is textile,

magnesium board factory and paper industry. There is no local production of magnesium chloride in spite of the magnitude of demand. In order to fulfill the country demand a considerable quantity of this chemical is imported annually from abroad.

**Annual import of Magnesium Chloride /2007-2010/**

Quantity imported & CIF value	Budget year			
	2007	2008	2009	2010
Quantity in ton	3.5	14.45	19.1	238.5
CIF value in birr	381,521.63	429,532.48	549,391.13	1,933,220.36

**Source: - Ethiopian Revenue and Customs Authority, compiled by Ministry of Industry**

**Market Opportunity**

There is a prospect for market opportunity both in locally and in the neighboring countries. Since the textile industries are growing in Ethiopia the demand for this chemical is high.

**2.7 Polyethylene**

Polyethylene is one of the selected chemicals which is imported in large amount. It is playing a key role in package industry.

**Demand**

Since there is no a mill that produces polyethylene locally, the country is importing a considerable quantity of different types of polyethylene for different application. The quantity and CIF value of imported polyethylene over the past four years is shown in below.

**Annual Import of Polyethylene (1998-2001 Ethiopian Calendar)**

Year of import	Quantity imported and CIF value	
	Quantity (tones)	CIF value in birr
1998	3005	38,251,977
1999	4608	67,619,199
2000	9750	123,049,939
2001	8063	154,846,036

**Source: - Ethiopian Revenue and Customs Authority, compiled by Ministry of Industry**

Due to the versatile application nature of the product and the ever increasing demand of the product, the global production of polyethylene increases every year. This provides an opportunity for utilizing export market especially in the neighboring countries where the market competition is less (because of the geographical location).

**Local Availability of Raw Material**

The raw material to make polyethylene is ethylene. The raw material ethylene can be produced from ethanol by the dehydration process. This ethanol is currently produced by four companies in Ethiopia. The total amount of ethanol produced by sugar companies is shown below.

**Production of Ethanol by Sugar Mills (1999–2002 E.C)**

No	Budget year	Quantity /in liter/
1	1999	6,066,860
2	2000	5,330,337
3	2001	5,878,516
4	2002	7,116,585

Source Ethiopian Sugar Corporation

**Production plan of ethanol /2003 – 2007 E.C/**

No	Budget year	quantity/in liter/
1	2003	20,500,000
2	2004	26,565,000
3	2005	68,653,000
4	2006	99,352,000
5	2007	181,604,000

Source: Ethiopian Sugar Corporation

## **2.8 Calcium Carbide**

Calcium Carbide plays a key role in the development of chemical industry, particularly in the production process of acetylene, steel and iron, PVC production, fertilizer production.

### **Local availability of raw material**

The raw materials for the manufacturing of calcium carbide are calcium carbonate and carbon mixtures. There is potential bulk deposit of calcium carbonate in Ethiopia, especially in Ambo which is in the west part of the capital city, Addis Ababa. Exploration and manufacturing operation is on going in this area. There is a potential in the northern part of country Tigray regional state, and in the areas of different parts of the southern regional state. Currently there are different calcium carbonate manufacturing factories available that ensure the supply. Geological and geophysical studies show that the carbon source, coal is found in ten areas of the country. The table shown above the general information about the deposit of carbon mixture.



No	Specific areas	Region	Deposit in tone and catagory	Name of the mixture	Energy in k.cal	/BTU /pound/	Sulfure content	Ash content %
1	Delbi	Oromia	14 C1 & C2	Lignite and bituminus	1443 -5150	4641-13054	0.1-2.4	16.9 - 52.9
2	Moye	Oromia	27.5 C1 & C2	Sub bituminous bituminous	2850 - 6900	11937-15625	0.03-2.1	13.1 - 59.4
3	Gusqula degi	Amhara	60 inferred	Lignite and Sub bituminous	1605- 5218	6476-10271	0.08-0.22	16-50
4	Achebo sombo	Oromia	106 A & B	Lignite and Sub bituminous	1173-9100	7358-11641	0.7-3.5	3.31-59.3
5	Geba bezen	Oromia	391.7 C1 & C2	Lignite and Sub bituminous	1978-5985		0.7-3.1	5.5-45.7
6	chilga	Amhara	20 C1 & C2	Lignite and Sub bituminous	3214 - 5176	7433-10244	0.2-1.1	3.4 - 36.5
7	Mushavali	Amhara	0.3	Lignite	2105-5620		0.6-3.6	0.3-33.6
8	Gojeb chida	South	4.5 C1 & C2	Lignite and Sub bituminous	1126 - 6862	6652-13320	0.1-0.6	6.7-64.4
9	Sese bezin	Oromia	-	Lignite and Sub bituminous	1690 - 3468			27.7 - 55.3
10	Wichali, robit	Amhara	4 inferred	Lignite	2600-5554			

## Demand

As calcium carbide is used for different industrial chemical productions, Ethiopia is importing the chemical in a considerable amount. The local demand has grown drastically. The demand is high especially in industrial and civil engineering sector. This sector uses acetylene gas for welding cutting and for different purposes. Calcium carbide is also demanded for its side products as it is used for many civilian uses. The following table shows three year import data.

No	Budget year	Quantity	
		Quantity in tons	CIF value ( ETB)
1	2008	665,921.12	4,565,907.00
2	2009	759,692.22	5,840,218.73
3	2010	551,374.85	6,472,688.01

Source: Ethiopian Revenues and Customs Authority

## 2.9 Polyethylene Terephthalate (PET)

Polyethylene Terephthalate (PET) is one of the main raw materials for plastic and textile industries that are imported in considerable quantity. The main local end use of PET is for plastic bottle and textile.

Some of this plastic is used in PET soft drink bottles, and other blow molded containers, although sheet applications are increasing. Cleaned, recycled PET flakes and pellets are in great demand for spinning fiber for carpet yarns and producing fiber fill and geo textile. Other application include

strapping, molding compounds both food and non food containers, vacuum cleaner component, electric fans, hair drier shell, coffee container, switch, motor shell, fuse boxes, computer key board key, radiator frame and wheel cover.

### **Demand**

Since there is no a mill that produces PET locally, the country is importing a considerable quantity of different types of PET for different application. The quantity and CIF value of imported PET is shown in the following table.

#### **Annual Import of PET (2006-2010)**

Year of import	Quantity imported and CIF value	
	Quantity (tones)	CIF value in birr
2007	3124	41,931,372
2008	5226	76,258,405
2009	7271	98,207,153
2010	5283	103,783,582

Source: - Ethiopian Customs Authority, and compiled by Ministry of Industry

### **Export Market Opportunities**

Due to the versatile application nature of the product and the ever increasing demand of the product, the global production of PET increases every year. This provides an opportunity for utilizing export market especially in the neighboring countries where the market competition is less (because of the geographical location).

### **Availability of Raw Material**

The raw materials to make PET are mono ethylene glycol (MEG) and purified tere phthalic acid (PTA) or dimethyl tere phthalic (DMT). These raw materials are produced from the hydration of ethylene oxide and by the oxidation of paraxylene in the liquid phase respectively. These raw materials have to be imported.

### **2.10 Poly Vinyl Chloride (PVC)**

PVC, a synthetic resin belonging to the family of polymeric organic compound, manufactured by bulk, solution, suspension, and emulsion polymerization of vinyl chloride monomer with free radical initiators (peroxide catalyst), usually in aqueous suspension or emulsion.

Plastics have considerable influence over the people live. Because of their versatility and convenience, they are used in products of all kinds on a daily basis. Until recently most synthetics have replaced wood and metals; synthetic fibers have been used instead of cotton and wool. Ethiopia has realized that due to the wide range use of these products it has to be produce locally to substitute import. As Poly Vinyl Chloride (PVC) is one of the most versatile plastic polymers, it

has a great role in life civilization, such as, construction engineering, industries, and packaging, hospital equipments, and households, parts on vehicles and in several parts of other equipments. The country has been importing the raw material and finished products of PVC in large quantity.

## **2.11 Talc**

Talc is one of the selected chemicals which are imported in large amount and playing a key role in the production process of paper, plastic, pharmaceuticals, cosmetics, paint, rubber and ceramics.

### **Demand**

As the demand for talc and talc products increasing in a high rate, the country is importing the chemical annually in a large quantity. Since there is no factory that produces the chemical; all talc is supplied through importing. Producing the chemical in the country provides with local as well as regional market opportunities. There are many paint and coatings, pulp and paper, textile, cosmetics, ceramics, rubber, food, pharmaceuticals operational factories which needs talc as an input. Therefore, the local demand is high. The following table shows local demand for the chemical.

#### **Imported Talc quantity and CIF value**

Budget year	Net wt	CIF value (ETB)
2008	1,816,302.88	4,532,940.81
2009	647,045.00	2,516,612.64
2010	1,072,166.00	5,903,168.66
2011	648,015.90	4,532,621.21

Source: Ethiopian Customs Authority

### **Raw Material Availability**

Ethiopia is rich in talc mineral. It is one of the softest mineral that can easily be scratched with a finger nail. It has a remarkable greasy or soapy feel and on that account the massive and frequently impure substance has been termed soapstone. Subsequent to this application when its fire-resisting properties become known talc had been utilized for making pots hence, known as potstone.

Talc can be formed in different geological environments or processes. Several types of talc deposits may be distinguished according to the present composition and parent rock from which they are derived. In Ethiopia, the main deposits of talc occur in altered and sheared magnesium rich basic igneous rock and dolomite. Accordingly in most of the Precambrian basement rocks

talc occurs in the form schist in association with chlorite schist. It is reported to occur in Tigray, North Ethiopia, western Wollega, Sidamo and Moyale greenstone belts.

## 2.12 Titanium Dioxide

Titanium Dioxide also known as titanium /IV / oxide or titania is the natural occurring oxide of titanium, chemical formula Tio<sub>2</sub>. It has a wide range of application, from paint to sunscreen to food occurring.

Titanium dioxide the most widely used white powder pigment. Locally titanium dioxide is used as white powder pigment in a wide range.

### Demand

Titanium dioxide offers great potential as an industrial technology for detoxification or remediation of waste water. Titanium dioxide is one of the basic chemicals that are imported in considerable amount for pigment purpose. In spite of the magnitude of demand there is no local production of titanium dioxide. Thus, the entire demand of the country is fulfilled through importing. The local consumption of titanium dioxide estimated to increase considerably for the coming years because the growth of the construction sector and the growth of industries that use this product.

The quantity and CIF value of imported titanium dioxide is shown below.

### Annual Import of Titanium Oxide /2006-2009/

Quantity imported and CIF value	Year			
	2006	2007	2008	2009
Quantity in tones	1002.878	838.03	1065.7	-
CIF vae ETB birr	17,065,291.04	15,984,718.18	19,122,912.6	-

Source: - Ethiopian Custom Authority and compiled by Ministry of Industry

### Local Availability Raw Material

The new major and trace elements of analysis of the northern Ethiopia plateau basalts confirms the existence of the main magma types spatially zoned according to their titanium dioxide content and allow a more precise definition of their zonal arrangement. The following are available.

- Low titanium level /LT1/- in the north west are quantitatively pre dominant /150,000 KM<sup>3</sup>/
- High titanium level /HT1/ predominate south east ward
- Ultra titaniferous transitional basalt and pirates /HT2/ are concentrated in Northern Ethiopia in Lalibela which is closer to the center of the Afar triangle.

### **3. Investment Policy and Incentives**

- A foreign investor can undertake investment, either 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

##### **Income Tax Exemption**

- Exemption from income tax for Chemical and Chemical Products Industry.

Investment Area	In Addis Ababa and Special zone of Oromia surrounding Addis Ababa	In other areas
Manufacture of basic chemicals (including ethanol)	5 years	6 years
Manufacture of plastic and/or synthetic rubber in primary forms and Manufacture of pesticides, herbicides or fungicides	3 years	6 years
Manufacture of paints, varnishes or similar coating, printing, writing and painting inks and mastics	2 years	4 years
Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations	2 years	4 years
Manufacture of man-made fibers	5 years	6 years

- Any investor who invests to establish a new enterprise in Gambela, Benshangul/Gumuz, Afar, Somali, Guji & Borena Zones (Oromia), and in some zones in the State of South Nations and Nationalities and Peoples' (SNNP), shall be entitled to an income tax deduction of 30% for 3 consecutive years after the expiry of the income tax exemption period.
- The period of exemption for income tax shall begin from the commencement date of production or provision of service by the investor.
- An investor who has incurred loss within the period of income tax exemption shall be allowed to carry forward such loss for half of the income tax exemption period after the expiry of such period.

#### **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.

#### **4. Land Lease**

In Ethiopia land is public property. Both urban and rural land is available for investment on leasehold basis. Lease right over land can be transferred, mortgaged or sub-leased together with on-build facilities. The period of lease may also be renewed.

The rental value and the lease period of rural land are determined and fixed by land use regulations of each regional state.

## 5. Tax Regime

Type of Tax	Rate in %
<b>Direct</b>	
Corporate Income Tax	30
Personal Income Tax	0 up to 35
Business Income Tax	0 up to 35
Customs Duties	0 up to 35
Withholding Tax	2
Export Tax	Nil
Royalty Tax	5
Dividend Tax	10
Interest Income	5
<b>Indirect Tax</b>	
Value Added Tax	15
Excise Tax	10 up to 100
Turn over Tax	2 and 10

## 6. 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 and the third fastest growing economy in the world.

### 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),
- 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,
- Industrial zones are being prepared with the necessary infrastructure and facilities.
- A one stop shop service is provided by the Ethiopian Investment Agency.

### **Labor**

- Ethiopia has abundant, hard working, disciplined and easily trainable workforce,
- Universities, engineering colleges and technical and vocational training schools annually providing trained personnel,
- English is widely spoken and understood by many people.
- The minimum monthly wage for labor is Birr \$60.

**For further information please contact:**

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