

Monthly Press Review

Issue # 24 — September 2017



BY EAGATE FOREIGN TRADE AUXILIARY PLC

Local Company Starts Exporting Extruded Aluminum

B & C Aluminum Plc., a local company that produces extruded aluminum, has shipped aluminum profile to the export market for the first time in the country's history.

B & C is the only aluminum extruder in the country. It began exporting the product to Egypt.

The first batch of the shipment was celebrated in the presence of officials at a ceremony held at the manufacturing compound of B & C Aluminum in Kaliti. Owner Biruk Haile told Capital that his company will export over 50 tons of aluminum profile every month or 500 ton per annum to the Egyptian market. The product meets international standards for extruded aluminum. "The aluminum sector in Ethiopia is very young, less than three decades old and we are now exporting the product to Egypt, which has been in this business for over 70 years, so this is a good accomplishment for the country," Biruk said. About a year ago the company agreed with a Sudanese company to export the product to Sudan and Chad but it didn't occur due to delays from Sudan. The aluminum profile export to the Sudan and its western neighbor will start at the end of this month, according to Biruk.

The export to Egypt is worth over USD 1.5 million. The 200 tons they will export to Sudan will be worth USD 600,000. [...]

Source: [The Reporter, September 18, 2017]



Ethiopia Pops Up on FDI 'Top List'

.03

One of the landlocked developing countries (LLDCs), Ethiopia attracted 3.2 billion dollars in foreign direct investment in 2016, with a 46pc growth rate, according to the report titled World Investment Report 2017.

Europe to Invest Big in Ethiopia

.05

European Investment Bank (EIB) is said to inject close to 12 billion birr in finances to local firms in a largest ever financing program designed by the bank to Ethiopia.



Gov't to restructure MoFA, MoFEC

The central government is considering to include the economic cooperation duty, which is currently managed by the Ministry of Finance and Economic Cooperation (MoFEC), under the Ministry of Foreign Affairs (MoFA), Capital learnt.

The country's foreign policy is focused on economic diplomacy and trying to have more of an international footprint. MoFA is working to expand economic cooperation with international organs. [...]

[Source: *Capital*, September 25, 2017].

Ministry opts to Transfer Strategic Enterprises

The Ministry of Public Enterprises (MoPE) has finally decided to privatise Assela Malt Factory and National Alcohol & Liquor Factory (NALA), both of whom have recently had their capitals raised. [...]

[Source: *Fortune*, September 3, 2017].

ECX Marks High Transaction

The Ethiopian Commodity Exchange (ECX) has announced that it transacted 33,528tn of coffee, sesame and kidney beans worth 1.17 billion Br during the 23 days of August 2017. Out of the total, coffee has the lion's share with 21,159tn worth 1.4 billion Br, accounting for 82pc of the revenues and 63pc of the quantity of the whole transaction. A total of 15,817tn of coffee was exported whereas 4,152tns was sold locally.

[...]

[Source: *Fortune*, September 16, 2017]

Five Companies Bidding to Develop 100MW Solar Energy

Five international energy firms are bidding to construct a 100MW solar energy power plant in Metehara, town, 223km east of Addis Ababa.

As part of the government's ambition to build a climate resilient green economy, the Ethiopian Electric Power (EEP) is geared towards developing renewable energy resources including wind, solar and geothermal. Accordingly, EEP is set to build the first large scale solar power plant in the Oromiya Regional State, Metehara town—a small town in the rift valley known for its scorching sun and sugar cane plantations.

In May 2016, EEP invited global energy firms to submit their proposals for the construction of a 100MW solar power generation plant. The tender was closed in February 2017. Five global energy firms have submitted their technical and financial proposals.

Fotowatio Renewable Ventures B.V. (FRV), Meridiam-Solairedirect Consortium, Enel Green Power S.p.A., The Building Energy S.P.A. Consortium, and CCE Oasis Technology Corporation are the five companies that submitted proposals to EEP. [...]

[Source: *The Reporter*, September 2, 2017]

New Company Promises to Modernize the Tourism Sector

Pagumen Tour and Travel SC announced that it will begin operating as of the 13th Ethiopian month (Pagumen). The company, which is the first of its kind, has plans to manage at least 500 foreign tourists during its first year of operation.

At a press conference held on Thursday August 31 at Marriott Executive Apartments Addis Ababa the founder of Pagumen Tour and Travel announced that additional shares with the a value of 1,000 per share were floated. The company was established a year ago by 38 founding shareholders with a paid up capital of 8.5 million birr. Gizachew Sisay, board chairman of the share company, said that up to now shares worth 50 million birr have been sold to 710 share buyers.

According to the company prospectus the total investment that it needs is about 80 million birr. They plan to sell more shares in the next two months. Derebe Sinegiorgis, founding member, said that the share company was formed to modernize tourism.

“We have everything to magnify the tourism sector but in reality we are unable to compete with other neighboring countries who have limited tourist attractions, he said...[...]

[Source: *Capital*, September 16, 2017]



AfDB Keen to Finance Private Investment

The African Development Bank (AfDB) expresses its keen interest to finance viable private investment to support the rapidly growing private sector in Ethiopia.

The Executive Director of the Bank in charge of Eastern Africa, Dr. Calleb Weggoro and his Senior Advisor Amos Cheptoo who visited Ethiopia recently to observe the projects of road and electricity transmission lines funded by the Bank expressed their interest to extend funding to private businesses in the country.

Apart from public infrastructures where big sum of the Bank's funding goes to, currently private investments like cement factories and airline industries have been granted finance from AfDB, Dr. Weggoro tells The Ethiopian Herald.

Unfortunately, he says, private sector financing have been very limited due to a number of policy and organizational reasons of the country. "The Bank's financing mechanisms of private enterprises are very open and some enterprises from other African countries have been benefiting from the funding.

"I have discussed with officials from the Ethiopian Chamber of Commerce and Sectorial Associations to promote and sensitize their members that they can organize themselves in a certain way and get access to our funding", assures Dr. Weggoro.

As the Bank always wishes to support African investment in the African land, its windows are open to private enterprises that intend to work with AfDB, he notes.

Ethiopian business enterprises can benefit from this funding opportunity says Solomon Afework, President of the Ethiopian Chamber of Commerce speaking to The Ethiopian Herald on the matter. Nevertheless, he adds, "what matters for Ethiopian enterprises nowadays, is that building a long standing trust among funding agencies through efficient, transparent and sustainable financial operation."

[Source: *Eth. Herald*, September 28, 2017]

Corp'n Unveils Policy to Rebuild Tourist Confidence

The Ethiopian Insurance Corporation (EIC) is to begin a new insurance policy, known as Tourists All Risk Insurance, intended to cover losses for domestic and international tourists. The policy is introduced in response to a decline in tourism proceeds following the recent unrest in some parts of the country, which has resulted in travel bans.

The primary rationale behind the policy is rebuilding travellers' confidence after the past year's unrest and the 10 month long state of emergency, according to Netsanet Lemmesa, CEO of EIC.

[Source: *Fortune*, September 3, 2017]



Horticulture Dev't Gets Favor

The Ethiopian Horticulture & Agriculture Investment Authority has outfitted 3,000ha of state owned farms located in three sites for horticulture development following a direction from the Office of the Prime Minister. The transfer is waiting for approval from the Ethiopian Investment Commission (EIC) Board. The farms are located in Ziway, Hawassa, and Bahir Dar. To secure the farms, so far 18 foreign investors, mainly from the Netherlands, have applied to the Authority. [...]

[Source: *Fortune*, September 17, 2017]

Europe to invest big in Ethiopia

European Investment Bank (EIB) is said to inject close to 12 billion birr in finances to local firms in a largest ever financing program designed by the bank to Ethiopia.

The financing which will be made for a number of projects are on pipeline and are expected to be realized in the coming year.

Unlike previous trends which the bank often gave loans for public projects, this time around the bank has also given much emphasis to private sector projects.

In the coming one year, our loan portfolio will be diversified in terms of clients as well as sectors, Christopher Litt, head of EIB to Ethiopia and African Union, told The Reporter.

Just two months ago Pim van Ballekom, the vice president of the EIB paid a two day official visit to Ethiopia. During his visit, Ballekom signed 76 million dollars concessional loan agreement with Ethiopian government.

The financing is a part of 276 million dollars concessional loan agreement to support small and Medium Enterprises (SMEs) through the newly launched lease financing scheme carried out under the auspices of the Development Bank of Ethiopia. [...]

The fund was founded in 2016 by Kassy Kebede and Berhane Demissie, both Ethiopian-born businessmen. The company is also joined by Helaway Tadesse, a former vice president of Zemen Bank S.C.

In addition, the Bank is also looking at a 200 million dollar loan request for the construction of phase two of the Mekelle and Dire Dawa industrial parks as well a third agro processing park in Southern Region.

“The loan request for the parks is still under prefeasibility study,” said Litt.

Moreover, the Bank will also involve in financing 30 to 50 million dollars to Leather Industrial Park in Modjo.

The leather industry park is expected to bring together 12 scattered leather factories in Modjo as well as few plants from Addis Ababa. The park will employ an advanced water treatment technology.

The Bank is also looking to finance private ventures such as M-Birr and new malt factory. [...]

[Source: The Reporter, September 9, 2017]

Safaricom Eyes the Prize of Cross-border Ecommerce

Safaricom, Kenya’s main mobile phone operator, is planning cross-border expansion for the first time, into the untapped market for ecommerce and mobile payments, according to its chief executive Bob Collymore..

Mr Collymore said Safaricom would initially target its east African neighbours, but was also considering west Africa.

The company’s market capitalisation reached \$10.5bn on August 29 after its share price hit an all-time high of Ks27.25 but this has slipped by 9 percent in the stock market sell-off after the supreme court nullified the result of last month’s presidential election. [...]

Other countries would see Safaricom as “a bit more of a threat if we come in as a mobile operator”, Mr Collymore told the Financial Times in an interview. “But . . . we want to go into white space . . . space that no one is in at the moment and no one is in ecommerce.”

Safaricom’s version of ecommerce, to be called Masoko, would aim to be more like China’s Alibaba and combine ecommerce and mobile payments, rather than Amazon, Mr Collymore said.

Source: Fortune, September 9, 2017]



Upcoming Events



Ethiopia International Mining Conference and Exhibition Dates: 25 – 26 October 2017 | Venue: Intercontinental Hotel, Addis Ababa

The theme for the 2017 conference is “Ethiopia’s mining sector: working towards stronger, inclusive sustainable growth”.



Finnovation Africa: Ethiopia 2017 Dates: 3rd November 2017 | Venue: Radisson Blu, Addis Ababa

The workshop will tackle the most pressing questions for the progress of FinTech and the positive and profitable transformation of banking in Africa, providing a platform for all stakeholders to engage in creating the future of financial services on the continent – from established banking powerhouses to FinTech startups.

New Decree to Administer Industrial Parks Emerges

Council of Ministers (CoM) approved a regulation to administer Industrial Parks after drafting for two years with various government institutions and private companies. The regulation, which was up for consultation 25 times before approval, mainly focuses on defining and shaping institutions’ role in the Industrial Parks. The regulation deals with the criteria that are to be fulfilled and the procedures to be followed for designation of Industrial parks. Furthermore, the regulation also provides specific requirements which are to be met by an industrial developer, a body that is engaged in designing, constructing or developing of industrial parks. [...]

[Source: Fortune, September 3, 2017]



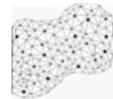
East Africa Gate (EAGate) is a dynamic French/Ethiopian business partnership founded by **Ms. Tigist Getachew Araya** and **Mr. Olivier Poujade**. The two partners graduated from Toulouse University (France) and together combine more than 15 years of experience in emerging markets in the legal, financial and business strategy fields (www.eastafricagate.com). EAGate has rapidly become a reference for accurate business information and tailored investment solutions in the Horn of Africa.

For more information, contact us at: contact@eastafricagate.com

UNDERSTAND



NETWORK



ACT



DISCLAIMER: This document has been prepared in good faith on the basis of information available at the date of publication without any independent verification. EAGATE Foreign Trade Auxiliary Plc does not guarantee or warrant the accuracy, reliability, completeness or currency of the information in this publication nor its usefulness in achieving any purpose. Readers are responsible for assessing the relevance and accuracy of the content of this publication. EAGATE Foreign Trade Auxiliary Plc will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person or company using or relying on information in this publication.