



INSIDE THIS ISSUE:

First Hilton in North Ethiopia 2

Pizza Hut ready for business 3

Castel announces acquisition of Zebidar's controlling stake 4

Aviation Group announces expansion projects 5

Upcoming events 6

Ethiopian to establish aerospace manufacturing industry

The Ethiopian Airlines Aviation Group is planning to establish an aerospace manufacturing industry in Ethiopia.

Ethiopian Airlines maintenance department has a small wire harness manufacturing facility that manufactures and supply wire to be installed in Boeing aircraft. However, now the national flag carrier is planning to establish a full-fledged aerospace manufacturing industry that design and manufacture various aircraft parts. The airline hopes to manu-

facture and supply aircraft parts to global aircraft manufacturers including Boeing and Airbus. The Ethiopian Airlines, in line with the Ethiopian government's industrialization strategy, is planning to develop an aerospace manufacturing industry that employs young university graduates and to establish the aerospace manufacturing industry as a new business unit in partnership with aircraft and engine manufacturers. Ethiopian Airlines and Airbus have agreed to manufacture certain aircraft parts in Ethiopia and it is also plan-

ning to manufacture some aircraft parts like sheet metals, machine parts and wire kit for Bombardier, the Canadian aircraft manufacturer. Ethiopian Airlines has signed a memorandum of understanding with a South African aerospace engineering company, Aerosud, to cooperate in manufacturing aircraft parts in Ethiopia. The manufacturing facility will be approved by the US Federal Aviation Administration, European Aviation safety Agency and certified by aircraft manufacturers.

Source: [The Reporter, 7 April, 2018]

According to Tadelle Abrha – CEO of Green Coffee – his company will invest USD 66 million to develop the hotel.

First Hilton in North Ethiopia

The Northern Ethiopia is going to have the first five-star rated Hilton Hotel as the management contract was inked between Green Coffee Agro-Industry and Hilton Worldwide, this week.

According to Tadelle Abrha – CEO of Green Coffee – his company will invest USD 66 million to develop the hotel. The two signed a 30-year management agree-

ment. In return, Green Coffee will erect an 11-story building on 37,000 sq.m plot, in Mekele. From this, the building will sit on a total area of 6,000 sq.m.

The five-star hotel will be the first, not only to Mekele but also for the whole Northern part of Ethiopia. The Hotel construction is awarded to a Chinese company and when finished it will have 247

rooms. As far as the latest deal between Green Coffee and Hilton Worldwide is concerned, Fairfax Transactions Advisory was the facilitator of the deal which brought the two parties to the table. .

The development of the Hotel is expected to take at least three and half years.

Source: [The Reporter, April 21, 2018]

New beverage firm to recycle 66 million plastic bottles

Top Water –a new launched bottled water brand – will recall and recycle some 66 million plastic bottles it manufactures, annually. Abebe Dinku, owner and general manager of the factory, said that entering the market with initial capacity of producing 18,000 bottles of mineral water per hour, it

has devised a system of recycling and exporting used bottles. According to Abebe, resting on a plot of 11,000sq.m land, in the outskirts of Addis Ababa, at Gersa-Nono, the factory has required an investment capital of 273 million birr. Joining some 67 water bottling companies in Ethiopia, Top Wa-

ter will add an additional production line of 24,000 bottling capacity to reach at 42,000 bottles per hour. Currently, some six billion plastic bottles are said to be packed in Ethiopia alone and recollecting and recycling of utilized bottles seems largely neglected.

Source: [The Reporter, April 14, 2018]

TECNO targets USD 300 million export revenue

TECNO Mobile Ethiopia, a subsidiary of the Chinese Transsion Holdings, is eyeing USD 300 million in export revenue by end of 2020. As per the plans laid down by the company, by 2018, the third assembly plant was supposed to be operational pushing their production

capacity to two million units per year. However, expectations seem bleak as acute shortages of hard currency made the 280,000 sq.m sized new plant unable to assemble at its fullest capacity. Back in January TECNO released its frameless full-screen display, CAMON CM.

The device was the latest in the CAMON series. Claiming relatively 200 million units of sales across Africa and the Middle East, TECNO is closing the margin where Apple and Samsung have dominated. Currently, TECNO is said to have 30 percent market share in Africa.

Source: [The Reporter, April 14, 2018]



Krones opens shop in Ethiopia

The Krones Beverage industry Group, based in Germany, opened a Branch in Addis Ababa, Ethiopia with quality, state of the art designer and technological advanced machineries. This is a departure from its location in Kenya which opened in 2015 and used as its base to serve its Ethiopian clients.

The company services all beverage related companies that rely on

Krones equipment. Clients include BGI, Diageo, East African bottling, Heineken and water bottling companies to help them satisfy the demands of the market. The company is known to offer an array of technical solutions for liquid materials such as soft drinks, beer and dairy products.

A number of new production lines allocated to various customers in

the beverage market, demonstrates the demand by the customers to have quality, reliable equipment to produce products for the ever-growing markets. Founded in 1951, the self-described “holistic systems engineering” company has offices in South Africa, Angola and Nigeria.

Source: [The Reporter, April 14, 2018]

Ministry Slaps VAT on Transportation Rental Services

The Ministry of Finance & Economic Cooperation (MoFEC) has slapped a value-added tax (VAT) payment on transportation service providers that rent out cars, after a request from the Ethiopian Revenues & Customs Authority (ERCA).

A two-page circular was signed by Bochu Sentayhu, director of Legal Services at the Ministry, which stated

that all rentals worth over a million Birr annually must be taxed at a rate of 15pc of their revenue.

The circular was an answer to a letter sent on December 29, 2016, to the Ministry by the Authority. The letter raised the challenge that was being faced by the Addis Abeba City Road Authority (ACCRA), which was unable to rent vehicles.

The country’s procurement proclamation states that only firms that are VAT registered can bid for a government contract.

The Roads Authority, thus, could not find eligible companies for when it needed to rent vehicles, being forced to withdraw the companies from bidding, according to the letter.

Source: [Fortune, March 11, 2018]

Pizza Hut ready for business



Ethiopia is set to have its first Pizza Hut. Almost a year after announcing its entrance in the Ethiopian market and missing its target opening of last November, the first res-

taurant is set to open on Tuesday inside the NOC building in the CMC area, followed by a satellite restaurant at the Morning Star mall, behind Edna Mall. A partnership between Belayab Foods and Yum Brands! This is the first time a brand name American fast food chain is putting its mark in the capital. The latter is also partnering with the owners of Kaldis Coffee to open a number of KFC restaurants later on

this year. Ethiopia, with a fast growing population with an expanding cheap labor and law regulations and a middle class with spending power has been a target of a number of multinationals from abroad.

The local partnership is valued at more than five million USD and plans to open as much as 10 Pizza Hut branches in the capital within few years.

Source: [The Reporter, April 7, 2018]

Afro Tsion Construction has finally signed a 2.06 billion birr worth of contract to build a general hospital in Addis Ababa with Addis Ababa City Health Bureau.

Afro Tsion inks major contract with health bureau

Afro Tsion Construction has finally signed a 2.06 billion birr worth of contract to build a general hospital in Addis Ababa with Addis Ababa City Health Bureau. Afro Tsion has agreed to complete the construction of the building within three years. It is part of a project by the city's administration to construct

three general hospitals across three sub-cities.

The Bole hospital which Afro Tsion committed to build will be located around CMC. It will be an eight-story building, resting on a 31,000 sq. m. of land.

The hospital will have 740 beds and a helicopter pad. In addition to these it will

be equipped with a parking lot that will accommodate up to 1,000 vehicles at once.

Established with an initial capital of Birr 50,000 in 1998, Afro Tsion is currently a major player in Ethiopia's construction sector.

Source: [The Reporter, April 7, 2018]

Castel announces acquisition of Zebidar's controlling stake



Castel Group has announced that it has finalized the acquisition of 58 percent of Zebidar Brewery

S.C. in a deal concluded with Unibra S.A. But, the deal needs the approval of COMESA's trade commission.

Starting March 28, 2018, Zebidar has officially joined other four breweries under the Castel Group in Ethiopia. The acquisition of Zebidar is said to be instru-

mental for Castel to reinforce its presence in Ethiopia and to consolidate its activities in the South and West regions. The Castel Group has been present in Ethiopia for many years and the current acquisition is an indication of its strategy to expand its activities in Ethiopia further, experts said. The remaining shares of Zebidar Brewery S.C.

Africa Reinsurance to diversify portfolio

The continental reinsurance giant, Africa Reinsurance Corporation (Africa Re) announced that it will diversify its investment in Ethiopia's capital by up to USD 10 million. Hassan Boubrik, Board Chairman, and Corneille Karekezi, Chief Executive Officer and Managing

Director of African Re, said that even though market conditions have been tough the reinsurance company's businesses had grown. The CEO stated that a reinsurance firm must be liquid so they have invested in several African stock exchanges. They also have invested in many other busi-

ness sectors. The Africa Re gross written premium has grown to USD 746.83 million, 16.3 percent above the 2016 performance. The corporation's net profit amounted to USD 88 million and net combined ratio stood at 95 percent

Source: [Capital, April 16, 2018]

Aviation Group announces expansion projects



The Ethiopian Airlines Group has announced a double expansion project for Bole International airport in order to resolve the growing air traffic congestion.

The expansion project sees an additional air strip built both inside and outside of the existing Bole International Airport facility to accommodate the growing air traffic turnover and the services of private airline operators in Ethiopia. The Group disclosed the project during a nine-month performance report presented by the Transport Affairs Standing Committee of the House of Peoples' Representatives (HPR). Presenting the report, Henok Teferra – Vice

President Strategic, Planning & Alliances of the Ethiopian Airlines Aviation Group – explained that the national flag carrier has continued its successful performance beating its major contenders in the international market. In the past nine months, it has achieved 127 and 102 percent of passenger transport and cargo services targets also surpassing overall target for GTP I.

Source: [The Reporter, April 21, 2018]

Companies vie to construct Bus depot

A dozen local and international construction companies are competing for the construction of the first largest bus depot in Addis Ababa. The Kaliti Bus Depot, which the companies are bidding for, will serve as an alternative cross-country bus station for the city.

Following the bid floated by the Public Procurement & Property

Disposal Service (PPPDS), 12 companies submitted their tender document. From this, known names in the construction industry including TACON Plc, Flintstone Engineering, China Geology Corporation Overseas Construction Group (CGCOCG), China Railway NO3 Engineering Group, SATCON Plc are in contention

to grab the project. The bus depot which will lie on 53,000 sq. m plot will accommodate 216 buses at a time, of which 77 buses will be accommodated in the 7,000 sq. m basement. The design was conducted by the Ethiopian Institute of Architectural Building Construction. [...]

Source: [The Reporter, April 21, 2018]

Karuturi to start afresh in Ethiopia

Passing through turbulent years in Ethiopia, Karuturi Agro Products PLC – a subsidiary of the Indian based Karuturi Global Ltd (KGL) – said it is about to recommence the troubled commercial farms it was forced to abandon in Ethiopia, last year. Sai Ramakrishna Karuturi aka Ram Karuturi, Chief Executive

Officer of KGL, told The Reporter that the company has now dropped all court cases it claimed against the government of Ethiopia and is planning to start fresh in all four farms it used to hold, since 2004.

Karuturi also said that the company has restarted operations at

Wolisso flower farm and is settling disputes in the Holeta flower farm, both located in the Oromia Regional State. He claims he offered to pay 28 million birr to compensate farmers in Holeta where it acquired some 100 hectares of farm land from farmers. [...]

Source: [Eth. Herald, March 23, 2018]

Upcoming Events

Hotel Show Africa

Dates: 21 - 24 June 2018 | Venue: Millennium Hall, Addis Ababa, Ethiopia

The Hotel Show Africa Hospitality Investment Trade Show is a hospitality and tourism investment trade show held in the political capital of Africa, Addis Ababa. Hotel Show Africa is created with the vision of building a platform open for all Ethiopian and African hospitality, tourism and service industry stakeholders, with a truly international standard. The trade show provides the opportunity for African hospitality and tourism industry players share a common venue and brainstorm on the latest global and continental issues affecting the industry, practice high end networking and making business deals, exchange knowledge and experiences among themselves while gathering international industry know how and exposure. The activities included in this four days event, mainly exhibition of the latest hospitality products and services, several panel discussions on selected industry agendas, professional competitions and recognition as well as networking and creation of business opportunities.



“Investment is craft in Ethiopia”

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

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.