

Monthly Press Review

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BY EAGATE FOREIGN TRADE AUXILIARY PLC

Ethiopia Secures Land for Port Facility in Sudan

Following his official visit to the Sudan this week, Prime Minister Hailemariam Desalegn has inked an agreement that would enable Ethiopia to develop a port facility at the Port Sudan through which the government contemplates to handle half its foreign trade volume.

Asked about government's plans to invest in a neighboring country to secure access to sea, Dessalegn Ambaw, state Minister of Transport (MoT) told The Reporter that the premier, who spent three days in Khartoum since Tuesday has forged economic, political and other bilateral ties with his Sudanese counterpart and part of that economic deal has to do with acquiring a plot of land at the Port Sudan.

According to the state minister, the idea of securing land has to do with constructing a port facility that would handle Ethiopia's foreign trade, mostly imports of goods. Port Sudan is the latest in the list of alternative port outlets that the Ethiopian government is looking to use in the region. Dessalegn declined to name the country opting it is too early to make it official, but he mentioned of another neighboring country currently in talks with Ethiopia for a possible deal to sell its port services to the country. The state minister also declined to verify the size of the land Ethiopia has secured in Sudan.

However, it is clearly known that Ethiopia has recently secured a stake at the Port of Berbera in Somaliland. It is to be recalled that the Dubai based, DP World, has secured a landmark lease agreement at Berbera lasting for 30 years. [...]

Source: [The Reporter, August 19, 2017]



New Aviation Group Eyes Hilton, Ghion Hotels

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The Ethiopian Airlines Aviation Group has proposed to take over the Addis Ababa Hilton and Ghion Hotels, two state owned hotels found in Addis Ababa.

Close to USD 3 Billion Geothermal Projects in Pipeline

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Israeli and British companies have started talks with the Ethiopian government to develop geothermal electric power generating plants in the South East rift valley system.



Ethiopia's hospitality and tourism sector looks bright, according to PwC

Ethiopia's tourist arrivals in 2017 are forecasted to grow by 5.7 percent than the previous year bringing the number of tourists to 910,010, according to PwC's 7th edition of the 'Hotels Outlook: 2017-2021' report. The report states that Ethiopia is set to boost investment in the hospitality sector in order to generate more foreign exchange earnings. [...]

[Source: Capital, August 21, 2017].

Addis to Get Organized

The new Authority will integrate the designs of transportation, energy, ICT and water developments.

Addis Abeba is soon to get an autonomous body that is going to integrate the designs and implementations of the main infrastructural development [...]

[Source: Fortune, August 26, 2017].

Horticulture Investors to Enjoy Favorable Loan Conditions

Local horticulture investors are going to enjoy the same loan privileges which were extended only for industrial park developers before. The new incentive will give local investors up to 85 percent loan if they manage to pay 15 percent of the capital in cash.

Development Bank of Ethiopia will facilitate the loan upon the request of the investors. A previous trend shows that local horticulture investors would only get up to 70 percent loan while the rest is required to come from investors. [...]

[Source: The Reporter, August 12, 2017]

Automotive Industry on Spotlight Requiring Hard Push: Institute

Following the stimulated economy and the improving purchasing capacity of citizens the automotive industry has become spotlight in the country looking hard push for better performance, said the Metal Industry Development Institute.

Institute Corporate Communication Director Fite Bekele told The Ethiopian Herald that since the first Growth and Transformation Plan the industry has shown progress after long sluggish move for close to half century.

He said currently, some 16 industries engaged in vehicle assembly and vehicle body parts production are operating in the country with an aggregate capacity of producing 45,900 vehicles annually estimated at 31 billion Birr. Besides, the current capacity has also enabled the industries to produce 30,000 Bajaj worth 3.3 billion Birr.

However, the director said the industries have produced vehicles and vehicles body parts amounting to close to five billion Birr out of the target 8.8 billion Birr in the just ended fiscal year.

Along with its labor and capital intensive nature, low customers' interest to buy local products, the limited finance, management and technological capacity, market and input, power and land supply as well as shortage of foreign currency, are the major challenges the industry faces, according to the director.

In fact, over the last five years the tendency to buy local products has been improving. These days, public offices are buying local products mentioning a case in point the increasing public transport buses and office cars in the country.

Fite said some 43,723 vehicles have been imported with 30.2 billion Birr in the just ended Ethiopian fiscal year, in which he said an indication for increased demand in the country. [...]

[Source: Eth Herald, August 23, 2017]





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New Aviation Group Eyes Hilton, Ghion Hotels

The Ethiopian Airlines Aviation Group has proposed to take over the Addis Ababa Hilton and Ghion Hotels, two state owned hotels found in Addis Ababa.

The new aviation group under establishment comprises Hotel and Tourism Services Company. Reliable sources told The Reporter that the Ethiopian Airlines Aviation Group has proposed to the government to takeover Hilton and Ghion Hotels to annex them to the Hotel and Tourism Services Company which is under formation. “It is not yet decided but the issue is under discussion at higher government level,” sources confirmed to The Reporter.

The Ministry of Public Enterprises in the past has repeatedly tried to privatize Ghion Hotel. Several privatization attempts have failed for various reasons. Recently, Mayor of the Addis Ababa City Administration, Deriba Kuma, announced that the government has decided to transfer Ghion Hotel to the Addis Ababa City Administration. It was also reported that the government would soon put up tender to privatize Hilton Hotel.

The Ministry of Public Enterprises said that it is unaware of any attempt to transfer the two hotels to the aviation group. “Ghion Hotel is transferred to Addis Ababa City Administration. [...]

Ethiopian Airlines Group CEO Tewolde Gebremariam told The Reporter that there is the possibility that Ethiopian could acquire Hilton and Ghion Hotels. It could be in the future but now we do not have that instruction from the government. But there is that possibility,” Tewolde said.

The Council of Ministers last month approved the establishment of an aviation group that comprises of Ethiopian Passenger Airline, Aviation Academy, Maintenance Repair and Overhaul (MRO), Catering, Ground Handling, Cargo and Logistics, Ethiopian Airports Enterprise and Hotel and Tourism Services with an authorized capital of 100 billion birr. The aviation group will eventually evolve to a holding company as the existing commercial code of Ethiopia does not provide provisions of for the establishment of a holding company. Currently, the government is drafting holding company proclamation.

Some say that Ethiopian Airlines is growing too fast and may not be able to properly manage its growth. These individuals claim that diversifying its line of business may overstretch the management jeopardizing the survival of the national airline. [...]

[Source: *The Reporter*, August 12, 2017]

Tourist Zone

The Chinese giant Maxtor International Financial Services Group on Wednesday inked a memorandum of understanding with the Amhara Regional State that would enable the former to build a Special Economic Zone in Bahr Dar.

It was announced during the signing ceremony that the new project was unique for being the first of its kind to have come to Ethiopia.

Officials of Maxtor also revealed that it chose its investment in Ethiopia after conducting comprehensive business and economic feasibility studies among various African countries.

It was also noted that the new project is expected to lie by the side of LakeTana, Africa's second largest lake. Similarly, the project requires at least 10 hectares of land but the regional administration has not yet allocated the requested land.

The project focuses on tourism business, and it is expected to attract up to 20,000 tourists to Ethiopia upon completion.

The project will also undertake the purchasing of planes as well as vehicles exclusively to ferry tourists to and from the area.

The project, which is expected to have unique design, will first secure land to construct its office facilities while the main investment land deed will be considered by the regional administration in due course, according to the company's officials.

[Source: *The Reporter*, August 26, 2017]

More Steel

Aarti Still Plc, an Inidan company located at Gelan announced that it is investing USD 75 million to increase its production to 100,000 tones of steel per annum. The expansion will also enable steel makers in Ethiopia to use cold-rolled steel products.

The company which holds 40 percent of share the local steel supply by producing round and square steel tubes, among other items, is expected to complete expansion projects in the next Ethiopian year.

Rajesh Verma, CEO of Aarti told the press on August 3 that the expansion will make their steel more accessible. Aarti Steel Plc inaugurated a one billion-birr factory in Ethiopia six years ago. Currently it has 1.7 billion birr capital and over 200 workers.

[Source: *Capital*, August 14, 2017]



Sekota Secures Large Scale Mining License

The Ministry of Mines, Petroleum and Natural Gas (MMPNG) and the Italy-Chinese Joint Venture Company, Sekota Mining, on Thursday signed a large scale mining agreement that would enable the company to develop the first iron ore mine in Ethiopia. [...]

The mining license area covers 16 sq.km of land in Debre Birhan, Ressaa-Genet and Debre Hiwot localities. According to the MMPNG, Sekota Mining has allocated 422.1 million birr for the iron ore development project and plans to produce 840,000 tons of iron ore in the coming ten years. [...]

[Source: *Reporter*, August 26, 2017]



Korean Ceramic Comes to the Rescue of Inefficient Injera Bak-

To reduce electrical consumption from injera baking plates known as 'Mitad' which are made from clay, the Ethiopian Energy Authority (EEA) is working with South Korea's government to produce ceramic baking plates locally, in hopes of reducing electrical consumption during injera baking by 50 percent.

The authority is currently testing, the heat, efficiency and durability of the sample of 12 Ceramic Mitad which came from Korea. [...]

[Source: *Capital*, August 21, 2017]

Close to USD 3 Billion Geothermal Projects in Pipeline

Israeli and British companies have started talks with the Ethiopian government to develop geothermal electric power generating plants in the South East rift valley system, it was learnt.

The bigger of the two is the US based Israeli company, Omart, which has started negotiation with the Ethiopian Electric Power (EEP) to build geothermal electric power plants in four localities near Shasheme town-Dunga, Fango, Boku and Dofan. The four geothermal power plants will have a total installed generating capacity of 450 MW of electricity. The total cost of the project is estimated at two billion dollars. Omart is engaged in geothermal power plants development projects in neighboring Kenya and the US.

Mekuria Lemma, Strategy and Investment Director with EEP, told The Reporter that Omart has been undertaking exploration work in its license area. The company has secured exploration license from the then Ministry of Mines, and conducted various exploration works in the four localities. According to Mekuria, the company has spent close to 30 million dollars on the exploration project. Mekuria said after confirming the viability of the geothermal reserve, executives of Omart began negotiating with EEP on Power Purchasing Agreement (PPA) three months ago.

“We held two rounds of meetings in Addis Ababa. We will have the third round in September. Unless unforeseen conditions occur we hope to sign the PPA in three months time,” Mekuria told The Reporter.

EEP and Omart are negotiating on the power tariff. “We are discussing how much we could buy the electric power per KWH,” Mekuria said. Once the PPA is signed Omart will start drilling geothermal wells. The agreement is expected to be signed end of this year.

In related news, the British energy firm, Cluff Geothermal, has secured an exploration license from the then Ministry of Mines. Cluff has been prospecting for geothermal energy reserve in the South East Rift System near Fentale. The company is planning to build a geothermal electric power generating plant with an installed generation capacity of 150 MW.

Satisfied by the exploration work Cluff has started talks with EEP. “We are at an early stage of negotiation. We gave them a draft PPA. They are evaluating the draft PAA and we are expecting comments from them,” Mekuria told The Reporter. [...]

[Source: The Reporter, August 19, 2017]

Addis Gets First Revolving Restaurant

Center Point Addis Restaurant, the first revolving restaurant in Addis Abeba, has opened today, August 24, 2017.

The restaurant shows a panorama of the capital, revolving 360 degrees in 55 minutes.

This restaurant is part of a 400 million Br expansion project by Intercontinental Addis Hotel. The four Chinese and Ethiopian construction companies took four years to finalize the building. Center Point Addis can accommodate 120 people at once, and serves mainly international cuisines. [...]

The local brand four-star hotel, Intercontinental Addis, was founded by JH Simex Plc, of whom Simachew Kebede is a major shareholder. Simachew was recently released from prison after serving a four-year sentence for tax evasion.

Intercontinental Addis has 194 rooms and is located in Kazanchis, a neighborhood that is fast becoming a hub for hotels [...]

[Source: Fortune, August 24, 2017]



Upcoming Events



Ethio Con

Dates: 20 – 24 September 2017 | Venue: Addis Ababa

The event will feature solutions, new Technologies and improved materials related to the Building & Construction Sectors from Kingdom of Ethiopia and Africa Countries.



Ethiopia Building Expos (Ethiopia Build Expo 2017)

Dates: 22 – 25 September 2017 | Venue: Addis Ababa

This event showcases product from Building Construction, Hand, Machine & Garden Tools, Home Furnishings & Home Textiles, Household Services, Real Estate industries.



International Conference on ICT for development of Africa (ICY4DA)

Dates: 25 – 27 September 2017 | Venue: Bahir Dar University

This conference, organized by the European Alliance for Innovation will cover areas like E-Government/m-Government, E-Business/m-Business, natural language processing, speech recognition, speech synthesis.

New Gold Mines to Resurrect Deteriorating Export

Three foreign and local mining firms are developing large scale gold mines in different parts of the country which are expected to revive the declining foreign currency earnings from gold minerals export.

The Minister of Mines, Petroleum and Natural gas, Motuma Mekassa, told The Reporter that a giant American gold mining company, Newmont, is developing a large scale gold mine in Tigray Regional State. “Newmont, one of the leading gold mining firms in the world, is doing a great work in Tigray,” Motuma said.

A UK company, KEFI Minerals, is also in the process of building a gold mine in South Western part of Ethiopia, in the Oromia Regional State, Western Wollega, TuluKapi locality. KEFI is raising more than 130 million dollars investment capital required to build the gold extraction plant form banks and shareholders.[...]

[Source: The Reporter, August 26, 2017]



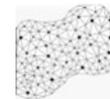
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UNDERSTAND



NETWORK



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