

# Monthly Press Review

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BY EAGATE FOREIGN TRADE AUXILIARY PLC

## SAUDI ARABIA SHOWING HUGE INVESTMENT IN ETHIOPIA

Reporting its economic review about two months ago, the World Bank praised Ethiopia for its respectable economic performance with an average GDP growth of 8 percent in 2015/16. Since the country was able to register the growth notwithstanding the worst drought in the last fifty years, it is likely that rapid growth is expected to continue in 2017. It is believed that the sustainable peace the country witnessed over a couple of decade is one of the causes that enabled the nation to register such economic progress.

And the government of Ethiopia is actively encouraging private sector investment with attractive incentive packages. Many nations are eyeing to invest in the nation due to various conducive opportunities in the nation like its large population of about 100 million of which 50 percent could be the youth, productive group of a society.

The fact that the country is located in the crossroads among Africa, the Middle East and Asia makes it to be a preferred and accessible nation to many international markets. The conducive infrastructure development together with the low cost electricity due to investments in hydroelectric power is also worth to be mentioned. It is due to this and other numerous opportunities in the nation that Ethiopia is becoming one of the preferred investment destination for investors.

In connection to this, recently the Royal Kingdom of Saudi Arabia (KSA) has showed strong interest to start huge investment in the areas of alfalfa special crop for animals fodder, livestock processing and in energy sector cooperation with Ethiopia. The most important thing to be mentioned here is that KSA is the second largest market for Ethiopian coffee. In 2016, KSA bought close to 38 thousand tones of coffee from Ethiopia amounting to over 112 mln USD. [...] [Source : The Ethiopian Herald January, 17]



Dangote Set to Diversify Investment in Ethiopian

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Algerians Keen to Invest Here .05

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## Honey: Yet Untapped Foreign Trade Commodity

Surprisingly, honey has been proved one among nations' livestock and fishery products which have managed to penetrate the European Union markets. Ethiopia has been listed as a Third Country permitted to export honey and beeswax by the European Commission since 2008. Apart from farmers, a great role in quality of yields as well as product and productivity is [...] [Source : The Ethio-

## Promoting Agricultural Investment for Stimulating Growth

Investors based on the agreement involved on the production of cash crops such as sugar-cane,cotton,palm oil, rubber tree and bio fuels and in their business they provide support in terms of creating value chains, getting consultation from agricultural research centers, processing work and exportation mechanism by regional governments. If dispute arise, it will be settled by local institutions. [...] [Source: The Ethiopian Herald January 10,2017]

## Rational Behind Investing in Ethiopia

The country's economy has been growing at an average rate of 11% since 2010. In 2012, Ethiopia was the 12th fastest growing economy in the world, succeeding in growing faster than other African countries. The country has kept its momentum over the last two years by registering 8 % annual growth even if the nation was hit by El nino induced drought. The world Bank has appreciated the 8 % economic performance of the nation in 2015/16.s[...] [Source: The Ethiopian Herald January 13,2017]

## Ethiopia Towards Sugar Development

According to the CEO, Ethiopia has been importing some 200,000 metric tonnes (2 mln quintals) of sugar from abroad for local consumption until recently. He added, "Our production capacity had not been over 4 million quintals (400,000 metric tonnes) before. But now due to the expansion of the former and the new factories that will get fully operational this year, the nation will have a capacity to produce 7 million quintals (700, 000 metric tonnes) of sugar this year." [...] [Source: The Ethiopian Herald January 15, 2017]

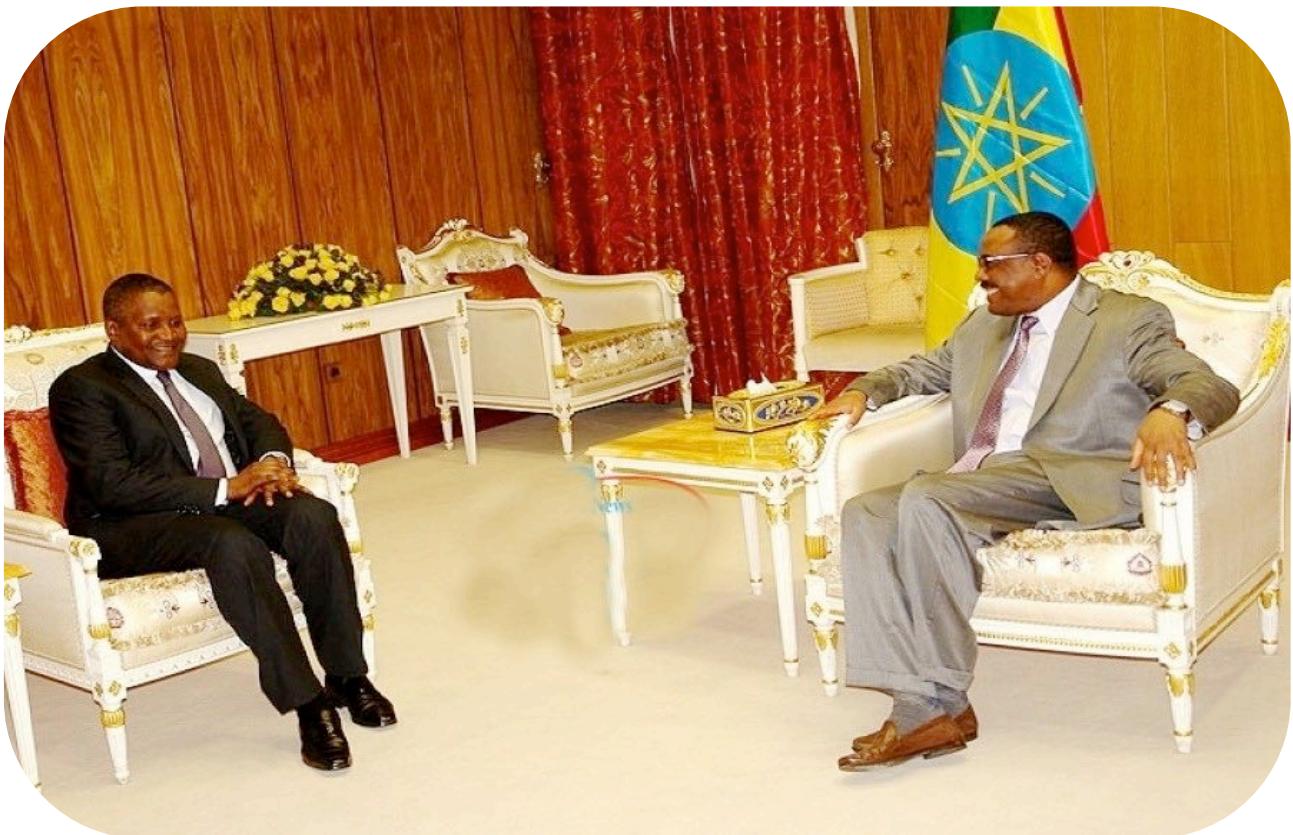
## INDUSTRIAL PARKS GET MORE FOREIGN FINANCE

Other foreign financiers plan to join the World Bank and invest in the nation's industrial park development. According Sisay Gemechu, head of the Industry Park Development Corporation, European and Chinese financial companies are negotiating with the government of Ethiopia to provide finance for the upcoming industry park project

Currently the government of Ethiopia is paying for the project from public coffers and cash from Euro bond sales. Recently the World Bank allocated a large loan to construct two parks in Addis Ababa. The Chinese Export Import (EXIM) Bank and the European Investment Bank will be the other options to develop more parks in the country. He hinted that there will be other sources in the future. Sisay said that the issue is under discussion. "Detailed information will be disclosed when we get a final decision from the government as for now it is being studied," he added. He did not disclose which projects will be financed by the two sources. Recently the European Investment Bank disclosed that under the Ethiopia jobs compact partnership the European Investment Bank and the European Union, World Bank, and UK-Department for International Development, will work with the Ethiopian government on expanding industrialization and job creation; aiming to mobilize up to USD 500 million in additional concessional debt financing as well as additional grant support. The continental investment bank has been engaged in massive projects in Ethiopia.

The Chinese EXIM Bank has experience developing large projects in the country. It has provided support for infrastructural projects for the past a decade. The World Bank loan has been allocated to construct Bole Lemi 2 and Qilinto industry park development projects that will be located in Addis Ababa. On Friday Sisay and the Chinese CGCOC Group signed a contract to build Bole Lemi and Qilinto projects at a cost of 3.5 billion and 5.5 billion birr respectively. Both projects are being financed by the World Bank. The Bole Lemi 2 project covers 170 hectares and the Qilinto will rest on 279 hectares of land. The South Korean Dohwa Engineering CO will manage the consultancy for both projects. They will begin operating within 12 months . On the same day another industry park development construction project was awarded to the Chinese CCCC. The company will construct the Jima textile industry park at a cost of 1.5 billion birr, which will be covered from public treasury. The local MH Engineering will provide consultancy work. The project will be completed within nine months.[...] [Source: Capital, January 22, 2017]





By EAGATE FOREIGN TRADE AUXILIARY PLC

## DANGOTE SET TO DIVERSIFY INVESTMENT IN ETHIOPIA

Prime Minister Hailemariam Dessalegn conferred with the Nigerian business tycoon Aliko Dangote Friday.

During the course of the meeting, the premier assured the African billionaire that his government is fully committed to support the Group in the efforts towards diversifying its investments.

He said that government encourages companies such as the Dangote Group to engage in Ethiopia so as to boost employment opportunities and knowledge and technology transfer as well as economic development.

After the discussion, Dangote told journalists that he is ready to diversify his investments in Ethiopia. "The Group is ready to engage in packaging and sugar investment in Ethiopia."

As Dangote Cement Factory has been importing cement bags from abroad for its products, costing it millions of dollars, he said.

The Group, which also engages in packaging, has decided to establish a huge packaging plant in Ethiopia over the coming few months to substitute imports, he added.

"We are also opening a very big factory to produce cement bags. We used to import all bags from abroad in millions. But right now we are going to establish the factory and actually to be ready in the next few months this year," he said.

Dangote also said that his company is looking at Ethiopia's sugar sector.

"We are also looking at the possibility of looking at other areas, sugar and others mainly agriculture, which we now discussed with government to move forward," he said.

According to Dangote , the violence occurred few months ago in parts of the country do not affect the Group's investment in Ethiopia.

## Continued - Dangote Set to Diversify investment in Ethiopia

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"The objective of my trip to Ethiopia is to show the Prime Minister that we are not temporary investors. We are Ethiopian investors; we are actually Africans so we are part and parcel of Ethiopia. This sort of thing [the disturbance] does not really rattle us", Dangote said.

"But the main purpose of my trip to Ethiopia is to show the Prime Minister our commitment to continue to invest in Ethiopia," he said. [...] [ Source: The Ethiopian Herald January 29, 2017. ]

## TIRET TO TAKE OVER TEXTILE

The Prime Minister Office has given the order to Ministry of Public Enterprises (MoPE) to transfer Bahir Dar Textile S.C, and Kombolcha Textile S.C, to Tiret Corporate, an endowment company affiliated to the ruling party in the Amhara Regional State. However, the transfer will be made at a price lower than expected.

Tiret offered 450 million Br and 315 million Br for the acquisition of Kombolcha and Bahir Dar textile factories, respectively. It has been informed of the decision and is expected to sign a contract soon. Registered as a private company, Tiret will pay 35pc of the total listed price upon the signing, and the rest in five years. Another company, Up Front Management & Consultancy Plc, a Pakistan-based company also showed interest in the factories, although it did not bid. [...]

Established in 1961, Bahir Dar was leased to Chinese investors for 18 months a decade ago. In 2012, the total assets of the company were reported to be worth 105 million Br. Starting in the same year, the government invested 500 million Br in the renovation of the factory.

In 2013, the total assets of Kombolcha, established in 1986, were reported as 174 million Br. In the same year, the government has injected 380 million Br into the renovation of the company.[...]

[Source: Fortune, January 15,2017].



## LOWER THE COST OF TRADE IN THE EASTERN AFRICAN COMMUNITY

The community has initiated projects focused on creating market access, enhanced trade environment and competitiveness. The EAC single customs Territory also improved transit times to major cities from the regions ports, reducing leadinfg times and trade costs and improving competitiveness. The non-tariff barriers act passed by the east African legislative assemblt led to 26 percent reduction in transportation costs[...] [Source Capital January 15 2017]

## UPPER SULULTA PARTICIPATORY INTEGRATED WATER-SHED DEVELOPMENT PROJECT LAUNCHED

The main objectives of the project include changing the livelihood of peasants, ensuring the sustainability of production in the area, building eco-city, establishing a solid and liquid waste management system, and improving social services.

The project is mainly funded by the French company, Nestle Waters. It hired the Water and Land Resources Center (WLRC) as a consultant. Nestle Waters owns 51 percent of Abyssinia Springs, which is located in the town of Sululta in the Oromia Regional State since May 2016 [...] [Source The Reported January 21,2017]

## ADAMA: A SUITABLE TOWN FOR INVESTMENT

It was in 1916 that the town of Adama was established with the introduction of the Addis Ababa-Djibouti railway line. The name of the town was derived from “Adaamii” (in Afan Oromo) which refers to ‘a generic milky small plant with thick fleshy stems bearing spines called cactus/euphorbia tree’. According to the local people, there were plenty of “Adaamii” trees in the vicinity. The town is located 99 kilometers southeast of Addis Ababa (Finfinnee) in the Great Rift Valley of East Africa.

Recently, the town has celebrated its a hundred anniversary demonstrating a continuous progress and significant developmental achievements in the last a couple of decade since democratic and developmental government of Ethiopia designed new urban policy to enhance the transformation from lower income society to middle income society.

According to Adama master plan revision project office in 2004, Adama covers an immense area of 13,666.5 hectares (133.6-km<sup>2</sup>). The population is more than 356,344 of whom male 176,487 and female 179,857. It is ethnically heterogeneous that existed for a century. All the members of the society have been living together as sisters and brothers with sense of strong social networks, social interdependence, resource sharing, tolerance and respect irrespective of their religion, ethnicity, language, political stance, cultural divides and demographic differences.

Trade along with investment is one of the key aspects of the city’s economic life that has enriched many self-employed optimistic private companies, individuals and commercial activity spread throughout the city with high concentration in core area of the city. In 2010 the number of traders registered was 7543 and this increased to 17,875 in 2015.

The town celebrated its 100th anniversary for 100 days with different colorful programmes. The celebration was considered to be one of the greatest indications of the significant progress the country has been showing in ensuring sustainable development. Attending the closing ceremony of the celebration, President Dr. Mulatu Teshome said that Adama is one of the towns identified with proper attention to serve as the center of tourism and investment so that the residents and the state have to work in great diligence in order to harness the prevailing potential of the town. “Being endowed with natural as well as man made resources for years that makes it a unique town, it has continued to be a magnet for the rising investment across the nation. The interest of both the local and international investors has been growing since the current government designed the sound policies and strategies to encourage investment. Recognizing the available ample possibility and benefits from the growing investment opportunities, investors, both the local and the international ones, ought to continue investing in the town.” he added.

Moreover, Oromia State Chief Lemma Megersa on his part added that the Adama has been serving as the center of trade and investment for several years. Its uniqueness to accommodate a very heterogeneous society whose members live together in a perfect harmonious relationship is the indication that the country is very suitable to handle diversity in unity. In addition to its capacity to mobilize high natural resources, the town has been showing improvement and being considered to be one of the attractive towns of the nation. “In order to make sure the intended development of the town, not only the investors in the area but also the town residents can play great roles,” Lemma added. [...] [Source: The Ethiopian Herald January 12 2017]

## ALGERIANS KEEN TO INVEST HERE

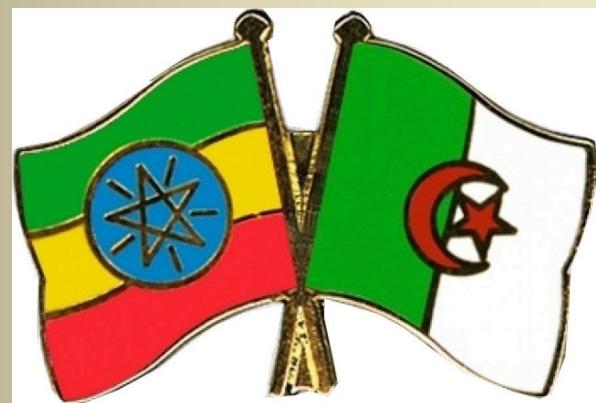
Algerian investors are desirous of tapping the enabling investment climate which Ethiopia has created.

This was so said during Ethio-Algerian Business Forum co-organized by the Ethiopian Embassy in Algeria and Oran City Chamber of Commerce and Sectoral Associations.

Head of Mission of Ethiopian Embassy in Algeria Ambassador Solomon Abebe on the occasion briefed participants on the investment potentials of the country. The briefing also included incentives offered to foreign investors.

Oran City Chamber of Commerce and Sectoral Association President Moad Abid confirmed as Chamber representative would visit Addis in February this year to witness the opportunities first hand.

Ethiopia and Algeria enjoy long-standing relations for many years. Since the establishment of diplomatic relations in the late 1960s, and particularly following the opening of the Algerian Embassy in Addis Ababa in 1976, the two countries have steadily strengthened their relations, [...] [Source: The Ethiopian Herald January 3,2017]



# CALL FOR GREEN INVESTMENT



In every sphere of life, Africans are great innovators and entrepreneurs. You only have to step into an African market to see and hear that ingenuity. But every entrepreneur needs investment, and that's where things often get tough in Africa. Investment is hard to come by, whether you're a small trader trying to open a bank account or a company trying to get a loan so it can grow.

African countries need investment, too. Right now, in particular, they need investment so they can adapt to the effects of climate change and play their part in reducing greenhouse gas emissions. Climate change adds urgency to the investment needs that were already there — for infrastructure, agriculture, health and education.

The historic Paris Agreement that was reached at the COP21 climate talks a year ago provides for such investment. Developed countries have committed to providing \$100 billion a year between 2020 and 2025, and to set a new, higher goal for the period thereafter.

At global climate talks on COP22 in Marrakesh, Morocco in last November, it was stated that developed countries finalize the “road map” towards meeting that annual \$100 billion goal. Above all, that means the biggest emitters of greenhouse gases: the United States (15 percent in 2014), the European Union (9.6 percent), Russia (5 percent) and Japan (3.6 percent) ought to carry out their responsibility. [...] [Source The Ethiopian Herald January 17, 2017]

## EAGATE ኢትዮጵያ

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](http://www.eastafricagate.com)). EAGate has rapidly become a reference for accurate business information and tailored investment solutions in the Horn of Africa.

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### UNDERSTAND



### NETWORK



### ACT



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