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F.D.R.E.
MINISTRY OF
FOREIGN



BUSINESS DIPLOMACY UPDATE

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The Ministry of Foreign Affairs of the FDRE is committed to promote sustainable investments that contribute to inclusive economic growth, with job creation, knowledge transfer and capacity building. It works in coordination with F.D.R.E. missions and foreign representations in Addis Ababa.

This biweekly bulletin is prepared in view of informing the public and the diplomatic community on investment, trade, technology transfer and tourism activities undertaken by the Ministry of Foreign Affairs as well as the opportunities in those sectors.

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U.S. DESIROUS TO STRENGTHEN TRADE AND INVESTMENT TIES WITH AFRICA

On February 12, 2019, the FDI promotion and Technology Transfer Affairs Directorate General of the MoFA participated in the U.S.-Africa Trade and Investment Forum hosted by the Corporate Council on Africa (CCA) and the U.S. Mission to the African Union in Addis Ababa.

The event brought together the African and U.S. private sector, African heads of state, ministers, senior U.S. Government officials, representatives of multilateral institutions and other stakeholders to discuss ways to promote private sector-led economic growth in Africa. The progress made under the ACFTA in creating a single continental market gave a renewed momentum to the attraction of productive investments in Africa.

The high level event, supported private sector engagement in the African Continental Free Trade Area (AfCFTA) and worked to drive US-Africa trade, investment, and business engagement.



She added that AfCFTA is a real game changer in how international and US business looks at Africa because it has created significant opportunities.

President and CEO of the Corporate Council on Africa, Florizelle Liser described the motivation to foster a better trade relationship with Africa.

"We have a stake in supporting African regional integration, in creating larger markets and businesses, allowing them to take advantage of economies of scale and drawing Africa into regional and global value chains."

"There are many positive things happening in Ethiopia and the export of products to the US market is an example to what Africa can do and is doing across the continent," she added.

The AU Trade and Industry Commissioner, Albert Muchanga said work is underway to

develop regional value and supply chains and creating a more stable and predictable policy framework to guide business decisions and strategies on investing and trading in Africa.

He pointed out that work is advancing on liberalization of trade in goods and services as well as establishment of a payment and settlement platform that will give operational content to the agreement coming into force.

"Through the African Continental Free Trade Area, we are offering large economies of scale and scope to the private sector," he said, adding that the content trade liberalization and continental integration gives the incentives to invest in larger scale and for a longer period. Some forty-nine countries have signed the African Continental Free Trade Agreement, and 18 of the 22 needed to bring it into force have already ratified it.

"The long history of trade ties between the United States and Africa pushed the US to further deepen trade with Africa," Mary Beth Leonard, US Ambassador to the African Union said.

ETHIOPIA, TURKEY SIGN MOU ON COOPERATION IN HIGHER EDUCATION



13th February 2019 and met with officials of the Ministry of Science and Higher Education.

The meeting focused on subjects of common interest

Prof. Dr. Yekta Saraç, Chairman of the Council of Higher Education of Turkey, visited Ethiopia on 12th

and areas of cooperation between the Council of Higher Education of Turkey and Minister of Science and Higher Education of Ethiopia. H.E. Dr. Hirut Woldemariam also briefed the guest on the Ministry's activities and the various projects it undertook in cooperation with universities in Turkey and other international educational collaborations. Prof. Saraç expressed his interest and appreciation of these activities.

To such end, Minister of Science and Higher Education of Ethiopia H.E. Dr. Hirut Woldemariam and Prof. Dr. Yekta Saraç, President of the Council of Higher Education of the Republic of Turkey signed a Memorandum of Understanding on cooperation in higher education to further strengthen their long-standing cooperation on education.

AMB. DEWANO KEDIR RECEIVES AFRICA FINANCE CORPORATION (AFC)

Permanent Secretary for Business Diplomacy, Ambassador Dewano Kedir welcomed Africa Finance Corporation (AFC) Executive Director for Financial Services, Mr. Sanjeev Gupta and his delegation, together with Ibx Frontier Investment Consultancy Group Head, Zekarias Amsalu (February 13). AFC were part of the last November 2018 "Invest Africa delegation" now returning with significant investment deals to agree and sign with Ethiopian Government.

Mr. Sanjeev Gupta said that Ethiopia is under policy reform to liberalize the economy for privatization, and expressed his firm's readiness to make use of the conducive investment climate in Ethiopia and engage in plethora of areas including industry, mining, power generation, and transport sectors in Ethiopia. According to Sanjeev Gupta, AFC wants to develop the power sector in Ethiopia with a special emphasis on industrial parks and other infrastructure development. "The Zero membership cost makes AFC unique and encourages countries to join and invest as well," Mr. Gupta said.



Africa Finance Corporation, a multilateral development finance institution, provides various financial services in Africa. It offers project financing services, such as debt, equity, and mezzanine financing; project development and management services; trade and equipment finance services; technical and financial advisory services; early stage risk capital; corporate finance;

and debt/equity syndication services, as well as structured products. Established in 2007, AFC invests across five sectors of infrastructure: Power, Telecommunications, Transport & Logistics, Natural Resources and Heavy Industries. To date, the Corporation has invested US\$ 4.5 billion across 29 African countries so far including Egypt, Morocco and Cote d'Ivoire in financing power, road and mining projects.

Ambassador Dewano on his part briefed the Group on Ethiopia's lucrative investment opportunities and expressed his government's commitment to support investors seeking to invest in Ethiopia. Ethiopia's economy has registered a double-digit growth for over two decades with stable growth. However, Ethiopia still faces significant development challenges he added.

The delegation held fruitful talks with Ahmed Shide, Minister of Finance, Sileshi Bekele, Minister of Water Irrigation and Electricity, Yinager Dessie, Governor of the National Bank and Abebe Ababayehu, Commissioner of the Ethiopian Investment Commission.

GERMAN FIRM TO INVEST IN FOOD AND ENERGY PROJECTS IN ETHIOPIA



Dr. Frehiwot Woldehanna, State Minister of Water, Irrigation and Electricity, has met with a delegation led by Mr Peter Schrum, Chairman, SUNfarming GmbH and discussed prospects of investing in Ethiopia. The meeting took place at the Water, Irrigation and Electricity in Addis Ababa, on 18th February 2019 and was attended by Mr. Araya Gebregziabher, Director General for FDI promotion and Technology Transfer Affairs of MoFA.

Dr. Frehiwot Woldehanna welcomed Mr. Schrum and was pleased with SunFarming's interest in investing in Ethiopia with the support of KfW DEG. He added that he looked forward to seeing SUNfarming bio-food being grown in Ethiopia because, following the explanation, the plants require 90% less water due to the company's cutting-edge irrigation system, 90% less fertilizer used and 90% less chemicals injected/sprayed. This would make SUNfarming food

products very nutritional to promote good health in Ethiopia.

SUNfarming Food & Energy Project provides jobs and education, food and energy and infrastructure where they are currently needed. European technologies and through PPP partnership with industry, long-term reliable management of systems, secure investments. It is the combination between high quality photovoltaic (PV) technology and food production facilities. SUNfarming (SF) has developed a unique solar PV greenhouse construction and modified free-field PV systems, which is used to produce electricity and grow crops on the same land area in an efficient way. At Intersolar 2017, the biggest exhibition of photovoltaic technologies in the world, SUNfarming won the Intersolar Award in the category "Outstanding Solar Projects" for its innovation and its social benefits for the opportunity of education and job creation.

The goal of SUNfarming Food & Energy Investments and Educational Program in Ethiopia Project is the investment and implementation of an efficient photovoltaic facility with a total capacity of 100 MWp (200ha of land) in Ethiopia. This Project is an innovative platform for a specialized training and sustainable food production in a single setting. This investment covers the development, procurement, construction and instal-

lation of the photovoltaic section. As well as, the investment of the first components for the initial phase of the food, part. In order to increase the food production (yearly gradual escalation) and to cover, its operational costs for the food production it requires a national grant funding.

The SUNfarming Food & Energy concept has a number of developmentally very interesting effects:

- At the same location of the PV energy production food is produced with water-saving technology
 - There are created sustainable jobs in developing countries and crisis zones
 - At the same time there are created self-sufficiency in food and security of energy supply by photovoltaics
 - Improving the level of skills of the people involved. Even at a later return the acquired knowledge will be used
 - Support of sustainable energy by combining solar PV with the agricultural part of the project
 - The concept is scalable. The project can be expanded with a corresponding multiplication of effects
- Mr. Schrum announced that SUNfarming GmbH had reserved up to \$50 million for investing in its Food and Energy Projects in Ethiopia. He said the G20 Compact with Africa initiative which serves as a platform for supporting targeted foreign direct investment (FDI) had invited him to discuss the feasibility for a small project to invest in Ethiopia. Mr Schrum and his team met and discussed with several government authorities including the State Ministers of Ministry of Education, Agriculture and Innovation and Technology, as well as National Planning Commission.



ETHIOPIAN EMBASSY IN MUSCAT SUCCESSFULLY COMPLETES ITS PARTICIPATION IN MUSCAT FESTIVAL 2019.



The biggest cultural and entertainment event in Muscat, the Muscat Festival 2019, was held from January 10 to February 9/2019 under the theme "Unity and Joy". The festival has attracted the attention of more than 2,700 visitors into the Ethiopian pavilion and provided an excellent opportunity to engage with Omani people and tourists from around the world. The Ethiopian Embassy has promoted Ethiopia's unique and attractive cultural and traditional assets including a special coffee tasting ceremony, display of Ethiopia's special handmade outfits, crafts and pottery. Moreover the Ethiopian Embassy has provided visitors with an overview of Ethiopian tourist attractions, investment opportunities and quality Ethiopian export products.

Source: Muscat Mission

ETHIOPIAN EMBASSY IN BRUSSELS HOSTED A BUSINESS ROUND TABLE ON INVESTMENT



H.E. Ambassador Grum Abay presented Ethiopia's investment opportunities for representatives of different companies in Belgium at a "Round Table Business Lunch" co-organized by the Embassy of FDRE in Brussels with the Chamber of Commerce of Belgium-Luxembourg-Africa-Caribbean-Pacific (CBL-ACP), on 15 February 2019. In his presentation, Ambassador Grum focused on areas of investment opportunities and incentives available in Ethiopia. The participants also had a unique opportunity to get an update of the actual political situation and its impact on business and investment opportunities in Ethiopia. During the discussion that followed the presentation, participants raised questions on regional peace and security issues, scramble of foreign powers on the region of Horn of Africa, the availability of opportunities to invest on logistics sector, availability of foreign currency in the country, access to the ports, and infrastructure development in Ethiopia. In addition to responding to the questions, Ambassador Grum has also addressed issues of partial liberalization of state owned companies, as part of the ongoing economic reform in the country, positive impact of rapprochement with Eritrea for the stability and development of the region.

Source: Brussels Mission

NEW ETHIOPIAN AMBASSADOR SIGNALS GOLDEN AGE OF INVESTMENT TIES WITH SOUTH KOREA



An Ethiopian Embassy delegation led by H.E. Ambassador Shiferaw Shigutie, has conducted a five-day tour of Busan, Ulsan and Daejeon in view of promoting investment opportunities in Ethiopia & to recruit potential investors.

In the first leg of the tour, the delegation visited the assembly line of Drivtech company, Hyungjae Motors and EVA Electric Vehicle Service company. The Korean companies stated that they believe that electric vehicles will be competitive in Ethiopia, mainly because of the country's need for alternative transport to stave off the growing burden of fuel. During the discussion, H.E. Ambassador Shiferaw Shigutie briefed the Korean companies about

the considerable advantages to launch an automobile assembly line in Ethiopia and Ethiopia's market potential. The Embassy delegation had a meeting with POSCO, South Korean steel-making company headquartered in Pohang, South Korea. During the visit to the company, the delegation had a chance to share POSCO's experience on how the company has become one of the world's leading steel company. It was also agreed by the both sides to have a follow-up meeting in the near future in order to discuss on the investment opportunity in Ethiopia and the country's iron ore potential.

On the second leg of investment promotion tour, the delegation met CEOs of more than 10 companies who showed interest to invest in Ethiopia in different areas including industrial park construction, LED light manufacturing, aluminum window/door/car parts, housing construction etc. The potential investors from Busan showed positive reactions to Ethiopia's investment opportunities. Ethio- Korea Business Council, composed of more than twenty manufacturing companies based in Busan, also expressed its strong commitment in working closely with the Ethiopian Embassy in Seoul and Ethiopian Honorary Consulate in Busan to establish a South Korean Industrial Park in Ethiopia and to make Ethiopia the number one investment destination for Korean companies in Africa. On the last day of the business tour, the Embassy delegation held a follow-up discussion with the business councils in Ulsan and Daejeon as well as with the head of the Gyeongbuk Techno Park. During the ensuing discussions, the business council introduced its member companies who have interest to work in agro-processing, hydro-power, construction and trade etc. H.E. Ambassador invited the heads of the Business Councils and their member companies to visit to Ethiopia for pre-investment study. Finally, the delegation also visited agro-processing center in Gimcheon city. The investment promotion tour from February 11 to February 15, 2019 helped Korean potential investors to obtain profound information concerning business and investment environment in Ethiopia.

Source: Seoul Mission

INVESTMENT FORUMS HELD IN SAO PAULO



On February 12, 2019, the Embassy of Ethiopia in Brasilia discussed the investment opportunities, policies and legal frameworks, investment infrastructure facilities and the remarkable incentives with Mr Thomas Zanotto, Director of The Federation of the Industries of the State of Sao Paulo (FIESP). Mr Thomas Zanotto admired the economic growth of Ethiopia and expressed his confidence that investing in Ethiopia is a worthy endeavour. He also promised to organize a fact-finding mission to Ethiopia and that the federation would encourage

members of the FIESP to look Ethiopia as their next investment destination. The FIESP is the largest of all federations of industries in Brazil in terms of membership and of capital. On the other hand an Ethio Brazil Business Forum was held in Sao Paulo in cooperation with the Sao Paulo Chamber of Commerce. An explanation on the investment opportunities, policies and legal frameworks, investment infrastructure facilities and the remarkable incentives in place for foreign companies was presented to the members of the Chamber of Commerce. Following the briefing session, there was a Q & A session whereby, particular questions were raised by the participants with reference to the investment climate and cost factors of industrial production. Mr Roberto P.de Camargo Ticoulat, Vice President of The Sao Paulo Chamber of Commerce in his closing remarks appreciated the efforts of the Embassy of Ethiopia and pledged to organize the same type of forum for a larger number of members of the Chamber in the future. During the discussions, both sides have underlined the importance of further strengthening the trade and investment relations between Ethiopia and Brazil.

Source: Brasilia Mission

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"ETHIOPIA MACROECONOMIC HANDBOOK 2019" PUT TOGETHER TEN QUESTIONS OFTEN RAISED BY INVESTORS

"Ethiopia Macroeconomic Handbook 2019" put together ten questions often raised by investors during discussions of the Ethiopian macro economy, and ventured to provide some answers that reflect the firm's views and thinking on these issues.

1. Is Ethiopia's development model about to change?

Not in its fundamental goals or objectives, but surely in the tools and tactics employed. We see economic policy shifting its focus in three areas—from public to private activities, from capital to current spending, and from debt to equity.

2. Can high growth rates continue?

In short, yes, but as public-sector spending becomes more restrained, a strong private sector offset will be needed. The sub-sectors where expectations are highest (exported manufacturing) may not be the best performing, but several domestic growth drivers will be strong substitutes.

3. What investments are driving growth?

The investments fueling growth are becoming increasingly diversified—whether by asset type, by economic sub-sector, or by type of investor.

4. When will single-digit inflation return?

We expect a drop to 9 percent by end-March 2019, but inflation for most of 2019 will not fall much below the double-digit threshold.

5. Have debt levels become worrisome?

Debt servicing is really more of a challenge than debt levels, and even this only applies for public debt; private debt has plenty of room to grow.

6. Can savings continue to rise?

Further increasing savings rates will be tough among Ethiopia's domestic savers, but a big boost is possible and likely from foreign ones.

7. Will banking keep booming?

Yes, and for many more years in our view, given Ethiopia's still-low financial intermediation levels, untapped product offerings, and on-going investment activity. Shareholder returns will fall somewhat from recent highs, but not by much by our calculations.

8. Is the financial sector opening soon?

We don't see an opening to foreign investors till after 2020, but expect domestic players to soon start trading in marketable debt and equity instruments.

9. When could foreign exchange availability start improving? In a matter of days, were the Birr allowed to float freely. But under the current foreign exchange regime (our base case scenario), we expect the improvement will take place gradually as multiple initiatives put in place to boost fx supplies—in exports, services, remittances, and FDI—begin to fully kick in.

10. Where is the Birr heading? Absent a switch in the FX regime, we expect the central bank to adjust the Birr in line with inflation differentials vs trading partners and Ethiopia's balance of payments conditions; reflecting our forecasts for both, we see the rate at 30.1 ETB/USD by end-2019 and 31.7 ETB/USD by end-2020.

At the end of the report, in the Appendix, is 10 years of macroeconomic data as well as economic forecasts—covering the real, monetary, fiscal and external sectors—for 2019 and 2020.

Source: Ethiopia Macroeconomic Handbook 2019

OCP TEAMS UP WITH ETHIOPIA TO BOOST AGRICULTURE PRODUCTION

Rabat – The Moroccan government has approved the creation of Pan-African Fertilizers, the Moroccan OCP company's subsidiary in Ethiopia, the Moroccan official gazette announced on Monday, February 11.

Funded in part by the Ethiopian government, the newly-established company is expected to boost the East African country's agricultural productivity.

The creation of Pan-African Fertilizers cost a total of \$50 million. The project was jointly financed by Morocco's OCP and the Ethiopian Chemical Industry Corporation (ECIC), a body the Ethiopian government created in 2013 to monitor and develop the country's industrial sector. The two companies—OCP and ECIC—will each hold half of Pan-African Fertilizers' assets, with the Moroccan and Ethiopian authorities vowing to use the new venture as a platform to improve cooperation.

SOUTH KOREA'S HYUNDAI OPENS ASSEMBLY PLANT IN ETHIOPIA

ADDIS ABABA: South Korea's Hyundai Motor Company opened a 10,000-a-year vehicle capacity assembly plant in the Ethiopian capital Addis Ababa on Thursday, its first factory in East Africa.

While second-hand vehicles dominate sales in the Horn of Africa country, Hyundai hopes locally-assembled cars could prove attractive given the cost of imports due to high taxes. Vehicles that will roll off the assembly line at the plant just outside of the capital include passenger hatchback cars and trucks. Haile Gebrselassie, the former Olympian-turned businessman who has partnered with the South Korean firm said some of the cars will be exported to the region. "This plant is big enough (to assemble) for Kenya, Ethiopia, Somalia, Djibouti, Eritrea and Sudan," he said. Ethiopia produces around 10,000 commercial and other vehicles a year for its home market. It imported more than 40,000 cars in 2017, automobile traders say. Assemblers in the country include Chinese brands Geely, FAW and BYD, as well as Lifan. Hyundai Chief Executive Won Hee Lee said the Korean firm was drawn by Ethiopia's growth, one of Africa's fastest for more than a decade. "We have good opportunities in Ethiopia. We believe the economic growth in Ethiopia will be faster than any other country in middle Africa," he told reporters at the inauguration ceremony.

Source: Reuters

ETHIOPIA TAKES PART IN GLOBAL FOOD AND BEVE- RAGES TRADE SHOW IN UAE



Ethiopia is taking part in the world's largest annual food and beverages trade show held in Dubai, the UAE. The trade fair brings together government ministers, industry decision-makers and business affiliates.

Ethiopia's State Minister for Industry and Trade, Ambassador Misganu Arega and Ethiopia's Consular General in Dubai, Mrs. Eyerusalem Amdemariam jointly opened the Ethiopian corner of the trade show.

Ethiopia promoted a wide range of major export items among other coffee, sesame seed, honey, linseed, meat, and meat products at the exhibition.

State Minister Ambassador Misganu Arega stated that the exhibition is an important platform to promote Ethiopia's wide range of export items to the international market in line with Ethiopia's foreign investment attraction policy that seeks to access lucrative trade deals and attract potential investors to the country. More than 5000 exhibitors, offering tastes, trends and innovations from the entire world are expected to participate in Gulfood which opened its doors from February 17 – 20, 2019.

The global Food and Beverage community gears up for this principal opportunity to source the latest and best products at the best price. Gulfood is promising a wave of new services and innovations to reflect changes in consumer demand.

Coffee, sesame seeds, honey, flax seeds, meat and meat products among foods that Ethiopia promotes in the exhibition. Ethiopia also has cultural food and traditional coffee ceremony and promotes tourist attractions. As per the report of EBC, over 187 Ethiopian exporters are attending the fair. The plan is to sell goods worth \$ 63 million. Ethiopia and the United Arab Emirates have recently taken steps to promote bilateral relations, and the latter is investing in a multi-billion dollar construction project in the capital Addis Ababa.

Source: Dubai Mission

WHY INVEST IN ETHIOPIA?

VII. Improved Economic Infrastructure

- Power production has increased steadily over the last ten years, with 99% sourced from clean energy in the form of hydropower. Ethiopia has the second largest hydropower potential in Africa (Deloitte, 2014), and the country's installed electricity generating capacity is expected to reach 10,000 MW by mid-2015. The Grand Ethiopian Renaissance Dam – the largest hydroelectric power dam in Africa being built on the Nile river - is expected to generate 6,000MW electricity. This coupled with Gilgel-gibe III (1,870MW) and Genale-Dawa III (254MW) and other wind power projects will make Ethiopia a regional power house.

- Cheapest electricity rate in Africa and the whole world.

- Expanding and improving telecommunication service.

- Expanding road networks connecting national and regional markets.

- Newly built Addis-Djibouti electric-powered railway - making access to port Djibouti much easier. Other standard gauge networks are in pipeline. As a significant portion of Ethiopia's import/export trade passes through port Djibouti, the rail way construction is a huge efficiency enhancer for producers and traders. As part of this big project, a 34 km Addis Abeba light rail is fully operational while a new 756 km Addis Abeba-Djibouti electrified railway route is well completed in 2016.

- Africa's world class and star alliance member Ethiopia Airlines the passenger network covers more than 90 international destinations in the five continents in Africa, Asia, Europe South and North America. As an African Airline Ethiopian Airlines flies to more than 50 destinations in Africa alone.