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F.D.R.E.
MINISTRY OF
FOREIGN



BUSINESS DIPLOMACY UPDATE

Edition number: 12

Date : 13/05/2019

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.

In this edition:

- DR. AKLILU HAILEMICHAEL RECEIVES BRITISH MHEALTH COMPANY **2**
- ETHIOPIA TO HOST SECOND CHINA-AFRICA E-COMMERCE FORUM **2**
- ETHIOPIA PROMOTES ITS EXPORT ITEMS AT THE INTERNATIONAL EXHIBITION OF AGRICULTURE IN MOROCCO **3**
- ETHIOPIAN PRODUCTS SHOWCASED IN BEIJING HORTICULTURE EXPO **4**
- ETHIOPIA AND SOUTH KOREA STRENGTHEN ECONOMIC TIES **5**
- EASE OF DOING BUSINESS REFORMS **6**
- BITS & PIECES NEWS **8**

THIRD CHINA TRADE WEEK HELD IN ADDIS ABABA



The 3rd China Trade Week-Ethiopia was officially opened on May 2, 2019 at Millennium Hall, Addis Ababa with the participation of Chinese producers and manufacturers that are keen on connecting with local and regional markets.

The three-day international trade fair, which took place with more exhibitors than the previous years, creates an important opportunity for local and regional businesses to develop direct trading links with high-end Chinese producers and solution providers, according to the MIE Group, the founding entity of CTW and main organizer of the event.

Speaking at the opening of the event, H.E Misganu Arega, Ethiopia's State Minister of Trade and Industry, hailed the role the CTW event plays in promoting the long-standing relations as well as in trade and investment between Ethiopia and China.

"Events like this one play a pivotal role in promoting trade and investment, establishing a strong bond between the businesses of the two countries," the State Minister has said.

The MIE Group in collaboration with Prana Events has been organizing the

CTW for the third time in a row, and the MIE Group Executive Chairman and Managing Director, Wang Hailing, said the number of exhibiting companies is increasing year on year.

"The 3rd edition of China Trade Week is another testimony of the ever growing strong relation between China and Ethiopia," Wang said.

In his opening remarks, the Permanent Secretary of Economic Diplomacy at the Ethiopian Foreign Ministry, Dewano Kedir, said that such opportunities of exhibition and trade fairs opened doors for Ethiopia to utilize the maximum potential of the Chinese and attract Chinese investments in Ethiopia's prioritized areas.

"The relation we have with China is, I can say, one of the best, and a model in Africa," he noted.

"This exhibition builds a great platform for business communication between China and Ethiopia," Dewano said.

Dewano added that it will create a favorable investment atmosphere for Chinese business leaders to understand the good business environment, favorable investment policies of Ethiopia and increase the export volume from Ethiopia to China.

Prana Event has been collaborating with the MIE Group for organizing the event in the past two years, and Nebeyu Lemma, Managing Director of Prana Events, noted that the event has managed to help strengthen trade and investment as well as overall ties between the two countries

Some of the exhibitors said that the event creates opportunity for them to promote their businesses to Ethiopian market and create business-to-business networks.

Stating the good opportunity created by the event, Teresa Luo from VINSHELLS, a



Chinese business engaged in providing floor solution, said the firm plans to move more products into Ethiopian market.

Businesses in different sectors including light industry and textiles, construction materials and machinery and food and beverages, are participating in the event.

DR. AKLILU HAILEMICHAEL RECEIVES BRITISH MHEALTH COMPANY



State Minister of Ministry of Foreign Affairs H.E. Dr. Aklilu Hailemichael met Mr. Simon Lovegrove, MHealth Company Representative on May 07 during which both sides exchanged views to build a private Non-Communicable Hospital in Addis Ababa.

Dr. Aklilu said the company's interest to invest in Ethiopia is in line with "our national health policy," adding that the government of Ethiopia has expanded health services to local citizens significantly increasing the number of health facilities in communities throughout the country.

Mr. Simon Lovegrove stated that MHealth is a British Healthcare management company with considerable experience of range of healthcare services across many countries including Greece, Thailand, Oman, Indonesia, Iran, Malaysia, Nigeria, Zambia, Libya and Portugal. He added that the company is keen to build a private Non-Communicable Hospital in Addis Ababa with the view to provide healthcare solutions to communities in Ethiopia

ETHIOPIA TO HOST SECOND CHINA-AFRICA E-COMMERCE FORUM



The second Africa-China E-Commerce Forum is scheduled to be held in Addis Ababa, Ethiopia in November this year, the Ministry of Innovation and Technology announced.

The forum, which aims to strengthen trade and investment ties between Africa and China, will be co-hosted by the Ethiopian Ministry of Innovation and Technology and a committee comprised of e-commerce experts from the Chinese Chamber of Commerce.

To this end, a memorandum of understanding (MoU) has been signed by Getahun Mekuria, Ethiopian Minister of Innovation and Technology, and Ho Xiang, director of the committee of Chinese e-commerce experts.

LEADING BUSINESS DELEGATION FROM CHENGDU PROVINCE OF CHINA CONCLUDES SUCCESSFUL VISIT TO ETHIOPIA



On May 4 ,2019 Permanent Secretary for Business and Economic Affairs in the Ministry of Foreign Affairs, Ambassador Dewano Kedir met with 11 member business delegation from Chengdu province of China representing companies from a wide range of areas including pharmaceuticals and medical supplies, manufacturing, agro processing, textile, mining and commodity traders.

Ambassador Dewano during the discussion with the investors noted the all-weather cooperation existing between Ethiopia and China. Similarly, the Ambassador went further to explain the overall current economic trajectories of the country as well as Ethiopian investment policy, investment opportunities and incentives that Ethiopia offers to foreign investors, He urged the Chinese companies to seize the opportunities available in Ethiopia. He assured the investors that the Ethiopian government is committed to welcome more investors from China and will continue to provide every support in that regard.

Finally, the delegation expressed their satisfaction with the investment climate in Ethiopia and ensured they will soon return to Ethiopia for actual investment and project implementation.



ETHIOPIA PROMOTES ITS EXPORT ITEMS AT THE INTERNATIONAL EXHIBITION OF AGRICULTURE IN MOROCCO



Ethiopia Participated in the 14th edition of the International Exhibition of Agriculture of Morocco (SIAM: Salon International de L'Agriculture au Maroc) which was held in Meknes City, from 16-21 April 2019. The theme of this year's Exhibition was "Agriculture, lever of employment and future of the rural world". The Exhibition attracted 1365 exhibitors from 60 countries and was visited by more than 850,000 visitors. The Exhibition was organized under the patronage of King Mohammed VI and was inaugurated by Morocco's Crown Prince Moulay El Hassan.

The Ethiopian Embassy in Rabat has played a very significant role in organizing and facilitating the participation of the Ethiopian Delegation which was led by the Ministry of Trade and Industry. Among the members of the delegation were the Ethiopian Sugar Corporation, Ethiopian Pulses, Oil Seeds Producers and Exporters Association,

Ethiopian Coffee and Tea Authority and Other private companies engaged in Honey and Cereal production and export activities.

The Ethiopian Stand at the Exhibition was built in support of the Moroccan fertilizer giant OCP and was visited by more than 600 people daily. The traditional coffee ceremony and tasting of Ethiopian coffee were big attractions of the Ethiopian Stand.

At the Exhibition, a video documentary focusing on Ethiopia's Investment Opportunities and Tourism Attraction was presented to the visitors and interested companies and individuals conducted B2Bs and discussions with the relevant Ethiopian officials and private companies.



Source: Rabat Mission

ETHIOPIAN COMPANIES TAKE PART IN RIMINI- ITALY INTERNATIONAL FRUITS AND VEGETABLES EXHIBITION (MACFRUT 2019)



Six Ethiopian Fruits and Vegetable companies are promoting their products at Rimini- Italy International Fruits and Vegetables Exhibition (MACFRUT 2019), which is being held from May 8-10.

The inauguration ceremony of the African Pavilion took place at Ethiopian Stand in the presence of H.E. Emanuela Claudia Del Re, Italian Deputy Minister of Foreign Affairs and International Cooperation, State Ministers from Ministry of Trade and Industry of Ethiopia and Ministry of Agriculture, and Ethiopian ambassador to Italy H.E. Ambassador Zenebu Tadesse, as well as representatives from Italian Trade Agency & Italian International Development Cooperation.

Mac Fruit attraction is a specialized international platform dedicated to the fresh produce market. This Global brand continues to establish bridges between producers, suppliers, and buyers of fresh fruits and vegetables in Europe, the Middle East, and Africa.

More than 1600 exhibitors, and companies from around the world take part every year

Source: Rome Mission

EMBASSY PROMOTES ETHIOPIA'S CULTURE, TOURIST ATTRACTIONS

The Embassy of the Federal Democratic Republic of Ethiopia to the State of Kuwait participated on Cultural Promotion Event held on April 27, 2019 at Yarmouk Cultural Center in Kuwait.

On the event, the Embassy together with Ethiopian Community showcased varieties of traditional costumes, historical heritages, tourist attractions as well as Ethiopia's unique coffee ceremony. The historical incarnation of our country's ancient civilizations, historical heritages, values of tolerance and co-existence has been briefed for more than 100 participants.



Ethiopian traditional coffee ceremony attracted a lot of attention in addition to its history as the haven of the First Hijra - an African nation for Islam's first refuge. In connection with the celebration of this year's International Museum Day, the Event was Co-organized by Human Line Organization and Social Work Society under the theme 'One Roof'. On the Event, Habasha Band- a group of Ethiopian dancers and singers in Kuwait has performed a unique, exciting and versatile musical mix and all styles of dancing of Ethiopian Nations Nationalities and Peoples.

Source: Kuwait Mission



ETHIOPIAN PRODUCTS SHOWCASED IN BEIJING HORTICULTURE EXPO



Ethiopian companies are showcasing different products at the 2019 Beijing International Horticultural Exhibition as part of the effort by the firms to explore the Chinese market and deepen partnerships.

The products include agricultural related products such as flowers and coffee. Ethiopia exhibits its networks of tourist attractions to the Chinese public and to the world. Commenting on the exuberant mood of visitors of Ethiopian pavilion, Ethiopian Ambassador to China, H.E. Teshome Toga, said that "the platform unfolds a new prospect and vitality for Ethiopia's horticultural commodities and tourist attractions to penetrate the huge China's market." He also added that the theme of the Expo dubbed as "Live Green, Live Better" was rightly aligned with Ethiopia's Climate Resilient Green Economy strategy. Ethiopia is among the over 100 countries and international organisations that are participating in the six-month Exhibition. Also, over 120 non-official exhibitors are taking part in the expo.

Launched on Sunday 28th May by Chinese President Xi Jinping, the exhibition takes place at the foot of the Great Wall of China in Beijing's Yanqing district. In a speech during the inauguration of the Exhibition, President Xi reminded participants that the expo aims to reinforce natural beauty in order to achieve green and sustainable development.

In an interview given to People's Daily, Ethiopian Minister of Agriculture said "President Xi's speech was inspirational in the sense that creating harmonious relationship between humankind and nature is a necessity and commonly shared by all countries, and we need to treat nature in a sustainable manner to ensure the future of the next generation."

Ethiopian horticultural development for the export of flowers, fruit and vegetables has been one the success stories of recent years, favored by its suitable climate. It has been attracting a huge investment flow and penetrating international markets for the last two decades. Mainly driven by expanding middle class strong level of consumer confidence, backed by a young generation who see cut flowers as part of daily life, it is certain that China is becoming the largest potential marketplace of horticultural products. Expo 2019 marks a new chapter and helps open doors for Ethiopian horticulture producers and exporters to translate their market successes into action on China as well.

Ethiopia's motto of the Expo is themed as the "13 Months of Green Production" to portray a picture of sustainable, harmonious and eco-friendly horticulture, produced all year round. During the first week of the Expo, Ethiopian pavilion was visited by more than 7,000 visitors who were impressed by the colorful flowers and traditional coffee ceremony. In the next months, Ethiopia is also planning to organize a national event with a series of colorful cultural performances in China.

This world's premium horticultural exhibition was approved by International Association of Horticultural Producers (AIPH) and held under the auspices of International Bureau of Exhibitions (IBE), with a support of the Government of China. Ethiopia's participation in this Expo is being overseen by a National Steering Committee composed of various government and private entities, and the State Minister of Agriculture, H.E. Aynalem Nigusie, has been nominated as a Commissioner-General for Ethiopia's Section in the Expo. Moreover, Ethiopian commercial horticulture farmers led by Zelalem Mesele, the President of Ethiopian Horticulture Producer Exporters Association (EHPEA), also were in attendance.

Source: Beijing Mission

AMBASSADOR FITSUM AREGA HOLDS DISCUSSIONS WITH THE U.S.-AFRICA BUSINESS CENTER, U.S. CHAMBER OF COMMERCE, AND CORPORATE COUNCIL ON AFRICA(CCA)



Ambassador Arega arrives at an exciting time of expanding opportunities for U.S. business and commercial engagement in Ethiopia. In the last 12 months, Ethiopia, led by H.E. Prime Minister Abiy Ahmed, has introduced significant political and economic reforms that are already boosting growth and stability across the region. In the Prime Minister's first year, Ethiopia and Eritrea reached a peace agreement and the government announced the privatization of state-owned enterprises and key sectors such as energy, aviation



Ambassador Arega shared his views on Ethiopia's vision for economic and political reforms, and provided an update on the U.S.-Ethiopia bilateral relationship, including trade and investment.

the liberalization of as telecommunication, and logistics.

shared his views on for economic and Ethiopia bilateral including trade and investment.

CCA's high level dialogue series is held in Washington DC and exclusively features senior American and African government as well as private sector officials who discuss the latest U.S and Africa trade policies, trends and developments.

Source: Washington Mission

ETHIOPIA TAKES PART IN SEOUL COFFEE PROMOTION EVENT



The Embassy participated in the coffee promotion event which was organized by South Korean Coffee Import Company. Many Koreans had chance to taste Ethiopian coffee and experience Ethiopian Coffee Ceremony

Source: Seoul Mission



ETHIOPIA AND SOUTH KOREA STRENGTHEN ECONOMIC TIES



Overview of Bilateral Relations between Ethiopia and South Korea

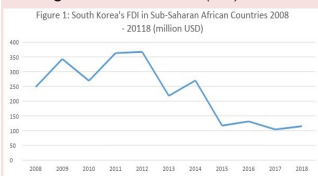
It was in 1963 that Ethiopia and the Republic of Korea established their diplomatic relations. It was just after a decade of the end of the Korean War. The two countries have seen marked progress in their ties especially during the last two decades.

South Korea has been significant

contributing to the development of Ethiopia, through its Korea International Cooperation Agency (KOICA). Considering political, diplomatic economic importance between Korea, KOICA has selected Ethiopia as a key partner country. From 1991 to 2017, KOICA provided USD 152,130,000 for different projects in Ethiopia. In 2018, KOICA allocated its budget USD 18,840,000 for 11 projects, 1 consultation, 12 fellowship programs, 4 PPTs in Ethiopia. Economic Development Cooperation Fund (EDCF) was established by the government of Korea on June 1, 1987, with the purpose of promoting economic cooperation between Korea and developing countries. EDCF has also selected Ethiopia as a key partner country. EDCF activities in Ethiopia have become the most active in Sub-Saharan African countries. In April 2019, a Framework Arrangement amounting USD 300 million was signed to implement high priority projects to be financed by concessional loans for the years 2019-2020. Main sectors for funding is infrastructure, energy, ICT service and regional development.

Economic Relations between Korea and Sub-Saharan Africa

i. Foreign Direct Investment (FDI)

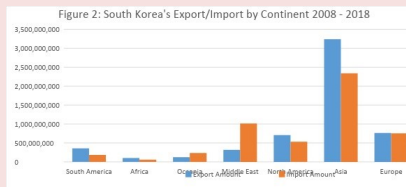


In the last decade, Africa became as one of the most alluring markets for global investors, attracting interest from emerging countries like China and India and rejuvenating its appeal from traditional Western multinationals. South Korea, too, has expanded its presence in the continent. However, South Korea's direct investment

to Sub-Saharan Africa is still limited. Korea's entry and participation in the continent has been more cautious than many others. From 2008 to 2018, South Korea's foreign direct investment in Sub-Saharan Africa was about \$2.5 billion, which lagged behind other Asian countries. China recorded more than \$40 billion and India followed more than \$30 billion. As shown in figure 1, during the last decade, South Korea's FDI to Sub-Saharan African countries have risen from 2010 – 2012. However, the decline in flows recorded since 2013.

ii. Trade

Even though Korea's exports to Africa have increased rapidly, as it is shown in Figure 2, South Korea's engagement with the African consumer market has been quite limited. Exports to Africa make up barely 2% of Korea's total exports while that of imports remains around 1%. This is due to the low degree of cost-competitiveness arising from the geographical distance.



Economic Relations between Ethiopia and South Korea

i. Investment

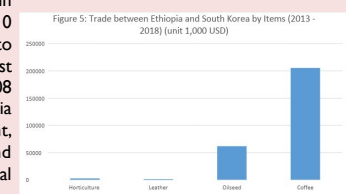
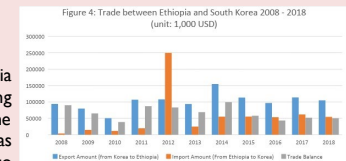
South Korean investors commenced a good number of investment projects in Ethiopia in the early 1990s. Since then, investment from South Korea increased, particularly in the 2000s. In 2017, alone, five South Korean investment projects entered into the Ethiopian investment milieu. There are about such 76 licensed investment companies, of which 61 are wholly South Korean and 15 are Ethiopian-Korean joint projects. The majority of the companies are involved in manufacturing, real estate and related, education, healthcare and related sectors and construction.

According to the Exim Bank of Korea, FDI inflow from Korea increased from 2013 to 2016. It slowed down in 2017 due to the after-effect the declaration of the State of Emergency. However, FDI inflow has increased again in 2018 thanks to the stabilization of the country since Dr. Abiy Ahmed took his office as the Prime Minister.

According to KOTRA's report, Shin TS Garment, Youngone, Pungkook are few of the companies who achieved noticeable success in Ethiopia for the last three years. In addition to its current huge contribution in various aspects, the presence of South Korean companies in Ethiopia performs an enormous role in promoting Ethiopia as one of the favorable investment destination countries in the world. This, no doubt, will help Ethiopia in achieving its long-term vision in the economic sector to build an economy which has a modern and productive agricultural sector with enhanced technology and an industrial sector that plays a leading role in the economy; to sustain economic development and secure social justice; and, increase per capita income of citizens so that it reaches at the level of those in middle-income countries.

ii. Trade

The volume of trade between Ethiopia and South Korea has been increasing overtime. The total trade volume between the two countries which was 97 million USD in 2008 has increased to 160 million USD in 2018, resulting in nearly double increment within 10 years. Especially, Ethiopia's export to Korea has increased tenfold for the last 10 years, from 3,859,000 USD in 2008 to 54,448,000 USD in 2018. Ethiopia imports heavy construction equipment, medicine etc. from South Korea, and exports coffee and other agricultural products, leather etc. to South Korea.



The rising import-export trade between Ethiopia and South Korea certainly contributes tremendously to the Ethiopian economy and to South Korea as well. It enables both countries access to new markets for their raw materials and/or finished/semi-finished goods and may open up new production possibilities and technologies for both countries. It certainly encourages export diversification for Ethiopia which, in turn, contributes greatly to job creation and balance of payment for the Ethiopian economy. In the same way, it has an immense role in enhancing the financial capacity of the local enterprises and producers in Ethiopia.

Role of Korea Trade-Investment Promotion Agency (KOTRA)

The Korea Trade-Investment Promotion Agency (KOTRA) is an agency of Ministry of Trade, Industry and Energy (MOTIE) and its mandate is to support Korean companies' foreign ventures. KOTRA maintains 10 overseas trade center in Sub-Saharan Africa including Ethiopia. KOTRA provides information and expertise by offering firms a comprehensive market entry analysis for doing business in the region. In addition, KOTRA – in conjunction with the Korea Business Center – plays an important communications and networking role. Through the organization of business forums, exhibitions and trade delegations, South Korea companies are introduced to potential partners in Ethiopia.

KOTRA's initiatives in Sub-Saharan Africa / Ethiopia are primarily aimed at small and medium-sized enterprises (SMEs). In sharp contrast to the major conglomerates, whose scope is such that they would seldom require KOTRA's expertise or contracts, South Korean SMEs typically have insufficient information on African market. KOTRA cooperates with local governments and authorities to form and dispatch trade missions consisting of SMEs wishing to engage in overseas business activities. Export consulting is provided for foreign buyers by KOTRA's Korea Business Center to increase international trade.

Conclusion

The economic cooperation between Ethiopia and South Korea is found to be fundamental for both countries in various aspects. It creates a better investment environment for Korean investors while benefiting Ethiopia in terms of job creation, entrepreneurship, technology/skill transfer and in due course improves the livelihoods of the people. Based on a qualitative analysis of numerous interview with experts and quantitative analysis of a country's 1) growth potential, 2) investment environment, 3) intra-regional integration levels, 4) economic cooperation prospects with Korea, and 5) access to advanced country markets; Ethiopia ranks first among all African countries among South Korea's priority countries .

i) Need to attract potential investors to local industrial parks.

South Korea is well aware of Ethiopia's potential. However, South Korea's engagement in Ethiopia is still limited. This is due to the low degree of cost-competitiveness arising from the geographical distance.

EASE OF DOING BUSINESS REFORMS

Improving the investment climate is central to job creation. 8 new laws and 40 procedural and administrative reforms were enacted over the past few months, with the aim to reduce the time, cost and procedural hurdles businesses face in their life cycle (from startup to operation and exit).

Local businesses especially startups and SMEs are main beneficiaries of these reforms. Beyond the economic (jobs and competitiveness) impact, realization of these reforms is expected to meaningfully enhance transparency and predictability in public service delivery.

These reforms were implemented as part of the national initiative chaired by Prime Minister Abiy Ahmed to improve investment climate and ease of doing business, officially launched in December 2018.



EASE OF DOING BUSINESS REFORMS

Federal Democratic Republic of Ethiopia



1 STARTING A BUSINESS

A new Ministry of Trade and Industry Directive that:

- Eliminates the requirement for lease/rental agreement as proof of physical address to get business registration and license
- Eliminates the requirement of publication of company name in newspapers of national circulation and 15 days awaiting ahead of business registration (replaced with a new system of web-based company name publication by the Ministry of Trade and Industry following registration of the business)
- Provides One-Stop-Shop (OSS) service at the Ministry of Trade and Industry including TIN issuance and document authentication

Number of days to get cash register machine reduced to a maximum of 3 Days



2 GETTING CREDIT

- A new National Bank of Ethiopia Directive that mandates inclusion of microfinance institutions into the credit information system
- National Bank of Ethiopia's Credit Registry database /depth of credit information expanded covering over 3 million borrowers (more than 5% of adult population as compared to 0.4% in previous years)
- A new Proclamation on Movable Properties Security Rights at final stage of approval. Once approved, it enables the use of movable assets as secured collateral



3 TRADING ACROSS BORDERS

- Pilot electronic single window customer service **launched** youtu.be/U90_809CJUY
- **Web-based internal customs** management system launched
- Deferred payment allowing importers to clear containers by **providing bank guarantee** for settlement of customs duty and taxes within one month implemented
- Importers can ask for advance ruling on **duty and taxes before** purchase of good
- Importers can now **submit required documents before** the arrival of the shipment at the dry port and to start the clearance process
- Number of documents required for import and export reduced. Transit document and agency agreement **no more required for import**. Certificate of origin and bill of lading no more required for export.
- Export risk management implemented with the effect of reducing clearance delay. **Coffee export categorized on yellow channel**, allowing clearance with documentary inspection (**no physical inspection required**)
- Import risk management expanded to cover additional products. **66% spare parts import** categorized on green and yellow channel (**no physical inspection required**)
- Risk based cargo scanning inspection implemented. **54% of imported** spare parts and **100% of exported** coffee were cleared without cargo scanning inspection

 [New Website: ECC.GOV.ET](http://ECC.GOV.ET) | E-Certificate of origin implemented, online service for exporters.



5 DEALING WITH CONSTRUCTION PERMIT

With the objective of creating a safe working environment, the **Addis Abeba City Administration (AACCA)** Construction Permit Bureau issued a directive that:

□ Reduces time to get planning consent from **3 days to 45 minutes**

□ Reduces the maximum number of days for review and approval of plan from **21 days to 13 days**

□ Mandates final inspection before **occupancy permit** for all kind of buildings

To improve speed and quality of service, the AACCA Construction Permit Bureau is hiring registered professionals for verifying plans; inspection and supervision

□ Online construction permit application platform is on pilot bit.ly/2Wp3WfL

A new directive by **Addis Ababa Water Supply and Sewerage Authority** enables expedited services provision for commercial and industrial clients to connect to water in **3 days** and sewerage in **12 days maximum** **+ 50% reduction**



6 REGISTERING PROPERTY

Majority (77.4%) of title deed digitalized via scanning, land plots fully digitalized

Available Online List of documentary requirements for property transition bit.ly/2PSh8aB
Information on transaction and land disputes bit.ly/2J6msGT

Database Created for checking encumbrances such as restrictions, mortgages and others

Notification Period on transaction reduced to **7 days**

Time it takes to get tax clearance for transaction reduced to 1 day



7 ENFORCING CONTRACT

A new **Federal First Instance Court Commercial Bench Proceedings Code** that:

Sets time standard for all court events - pre-trial, examination, adjournment, trial, judgment and execution.

Formalizes pre-trial conference including court-assisted mediation

Sets time standard for main commercial cases - business organization and contractual claims (150-180 days), negotiable instrument claims (90-120 days), summary procedure (60-90 days), execution of judgment (30-90 days)

360 degree court process (case filing to enforcement) in less than 360 days!

Limits adjournment to limited grounds defined in the Code

Number of commercial benches at Federal First Instance Court increased by four-fold (from 1 in 2016/17 to 3 in 2018 and 5 in 2019)

Commercial case backlogs cleared



8 GETTING ELECTRICITY

Effective tariff available online



A new working procedure that reduce number of documents required to expedite application and service delivery



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NEW AGE DISCOVERS GAS RESERVE IN OGA DEN

The Ministry of Mines and Petroleum disclosed that the British energy firm New Age (African Global Energy Ltd) has discovered 1.6 Trillion Cubic Feet of natural gas reserve in the Ogaden basin, Somali Regional State. State Minister of the Ministry of Mines and Petroleum Guang Tutlam (MD), told The Reporter that New AGE has discovered 1.6 Trillion Cubic Feet of Natural gas in a locality called Elkuran. "We are now working on the gas commercialization. We are looking at ways how to market the gas," Guang said. An American company, Greecom, has requested the Ministry of Mines and Petroleum to supply it with natural gas. Greecom has proposed to build a gas processing plant which produces various petroleum products from gas. The company plans to use a Gas-to-Liquid (GTL) technology to change the gas into liquid petroleum products including gasoline and gas oil. The total investment cost is estimated at two billion dollars. "The GTL technology has been applied in other countries. Technologically, it has been tested," Guang said. "What Greecom wants from us is the supply of gas for the GTL plant. We have told them to discuss the matter with New Age," he added.

A Chinese company Poly GCL Petroleum Investments is in the process to extract a natural gas reserve in the Ogaden basin. Poly GCL which signed a petroleum development and production sharing agreements which enables it to produce and sell gas reserves in the Calub and Hilala localities. Guang said that Poly GCL is to develop a 4.7 TCF of gas which was discovered earlier. However, Guang said Poly GCL has undertaken exploration work and discovered additional gas reserve. "Now the volume of gas the reserve has increased to 6-8 TCF. But the company is now working to extract the 4.7 TCF gas," Guang said.

According to the state minister a gas commercialization study has been undertaken by an independent consultant. "The study has been presented to both of us and we have agreed on the marketing study," he said.

The gas produced from Calub and Hilala gas fields would be transported by a 760 km gas pipeline to a gas treatment plant to be built at the Port of Djibouti. The Chinese plans to change the gas into Liquid Natural Gas (LNG) at the gas treatment plant and export it to China.

An investment protection treaty has been signed by the governments of Ethiopia and Djibouti for the gas pipeline construction. There is also an ongoing negotiation with Poly GCL on the pipeline construction. "The design work will be undertaken and a tender will be floated for the pipe construction. Once the design work is completed the construction work will take three years," Guang said. Poly GCL hopes to start pumping out the gas by 2021.

But a new gas marketing channel has been proposed. The Moroccan fertilizer giant, OCP, which is building a mammoth fertilizer manufacturing plant in Dire Dawa city has requested the Ethiopian government to supply it with gas which will be used as an input to produce fertilizer.

Samuel Hurkato (PhD), the Minister of Mines and Petroleum, said that agreements would soon be signed for the supply of gas and potash for OCP fertilizer manufacturing plant. "OCP will use potash to be mined in the Afar region and gas from the Somali Region to use the natural resources as inputs for the production of fertilizer," Samuel said.

The minister said that the mining sector would focus on producing industrial inputs. "We have many industrial minerals. This is an import substitution. If we supply inputs to the fertilizer company which would cover 50 percent of the local fertilizer demand that means we are supporting the agriculture sector," Samuel said.

According to the minister the Ethiopian government has given due emphasis to the mining sector which was not the case in the past. "It was only the agriculture and manufacturing sectors that were given due attention. The mining sector will now support the agriculture and manufacturing sectors. We are going to produce minerals to be used as inputs for the manufacturing industry," he said.

In addition to the gas development project Poly GCL has discovered oil reserve in Hilala locality. The company started test production in June 2018. Guang told The Reporter that Poly GCL is conducting well testing to determine the amount of gas reserve. The company has been granted 12-36 months testing period which some petroleum experts have opposed. "36 months testing period is too long. From other countries' experience it should not exceed six month," the experts told The Reporter.

Guang said instead of disposing the oil they are selling it to the local cement and glass factories as fuel. "The oil was discovered in the gas wells. The pressure is different. So they should undertake the testing for a long time to determine the pressure and the amount of the reserve," Guang said. Covering 350,000 sq. km of arid land, the Ogaden basin is the largest sedimentary basin in Ethiopia found in the Somali Regional State.

Source: The Ethiopian Reporter

ETHIOPIA AND SOUTH KOREA ...

>>> CONTINUED FROM PG 6

Therefore, having direct access to the market without logistical handicaps would be an effective means for South Korean companies to access the Ethiopian market. Such circumstances call for the need to consider production on-site, particularly through local industrial zones. For a relatively small country such as South Korea, South Koreans tend to be reluctant to construct and operate industrial zones unilaterally. As an alternative, therefore, the Ethiopian Embassy in South Korea in convincing Korean companies to create new industrial parks in partnership with the different stakeholders.

ii) Need to extend South Korea's investment through Public Private Partnership (PPP)

One of the main objectives for PPP projects is to increase the financial resources available for the development of infrastructure services in Ethiopia. Public-private partnership arrangements can play a vital role in driving economic growth by providing well-planned, well-funded, and well-maintained infrastructure and public services. Therefore, more South Korean companies and government bodies should also be invited to take part in Ethiopia's PPP projects.

iii) Embassy's current activities based on its own research and analysis

According to the research and analysis about Korea's situation and local demand, the Embassy is carrying out following activities.

South Korean conglomerates have already started to study Ethiopia for their next investment. The Embassy has been engaged in attracting those conglomerates to invest in Ethiopia. POSCO Steel, Hyundai Motors, Youngone textile, Daewoong Pharmaceuticals, Hyosung corporation have shown their interest in investment. Youngone Corporation has started to establish South Korean Textile Industrial Park in Ethiopia on 200 hectares land. The Embassy is rendering all the necessary assistance for the success of its project, which is expected to attract numerous South Korean textile companies to Ethiopia. Based on the Embassy's analysis on the South Korean economy, South Korea's small and medium-sized companies are trapped with the country's saturated market and many of them are seeking business opportunities outside the country. The Embassy has taken steps to invite more than 100 Korean SMEs for pre-investment visit to Ethiopia for their market assessment and investment feasibility studies. The Embassy in conjunction with Busan, Ulsan Innobiz Association has prepared a business proposal aimed at establishing an industrial park for medium-sized manufacturing companies. More than 30 South Korean companies are planning to visit Ethiopia for the feasibility studies for the establishment of a South Korean Industrial Park in the second half of 2019. Ethiopia has set South Korea as a role model of its development. The Embassy has identified key technologies to be transferred from South Korea and has engaged in constructive dialogue with renowned South Korean professors and S&T institutions for technology transfer.