Newsletter

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مجلس الأعمال المصري الإثيوبي

Egyptian Ethiopian Business Council

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ETHIOPIA ATTRACTS OVER USD 3.7BILLION FDI

ETHIOPIAN INVESTMENT COMMISSION

Ethiopia has attracted more than 3.7 billion USD Foreign Direct Investments (FDI) during the concluded fiscal year 2017/18, according to the Investment Commission (EIC).

Dr. Belachew Mekuria EIC Commissioner said the nation has managed to lure the stated amount of FDI, despite the multi-faceted challenges the country has faced over the year.

According to Belachew, the performance is low compared to the plan, which to attract investment worth of 4.6 billion USD due to some challenges that the nation has faced.

Lack of foreign currency and unrest observed in some parts of the country has negatively contributed to the reduction of the FDI inflow, he stated.

According to the Commissioner, China, India and Turkey are the leading countries whose investors engaged in various investment areas during the stated time, he stated.

Through the efforts exerted to stabilize the situation, the government has managed to maintain existing investments and simultaneously managed to attract new companies into the country, he noted.

The commission has also issued investment licenses to 275 foreign projects with a combined capital of over 5 billion USD in during the stated time, he added.

The development of industrial parks across the country in addition to incentives and conducive business environment is helping the nation to attract more investment.

ERCA IMPLEMENTS NEW CUSTOMS MANAGEMENT SYSTEM

Ethiopian Revenues and Customs Authority (ERCA) introduced new electronic Customs Management System (CMS), which would help to comply with international custom standards.

CMS Project Manager Ababu Emiru said that the system is implemented through EU funded project to design, customize and deploy a customs management system on all ERCA's operational stations.

The new system, which replaces the existing Automated System for Customs & Data (ASYCUDA++), fully started its operation at coordinating office in Djbouti, Galaffi, Mile, Adama, Mojo, East Industry Park, Gelan, Addis Ababa-Kality and Bole-Lemi Industrial Park.

Moreover, CMS will also partially be implemented at Moyale and Metema Yohannes Customs Stations, the Project Manager added.

According to him, the newly introduced CMS expected to fill the gaps that have been identified at the existing ASYCUDA++ through applying an intelligent risk management system.

Besides, CMS will provide transparency in business transactions, promote predictable, fast economical and clearance operations, he said.

The system uses modern software developing system which makes the system easy to accommodate itself with variable operations changing with times and inculcate new and improved functionalities, he noted.

Ababu indicated that ERCA has a plan to complete the implementation of the system to regional branches on October, 2018.

UAE TO BUILD OIL PIPELINE LINKING ADDIS ABABA ANDASSAB

The United Arab Emirates (UAE) has agreed to build oil pipeline linking Eritrea's port city Assab and Addis Ababa, according to Ministry of Foreign Affairs.

The agreement was reached today when Prime Minister Dr Abiy Ahmed met with Reem Al Hashimi, Emirati State Minister for International Cooperation.

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They also discussed about ways of increasing investment and consolidating the multifaceted bilateral ties between Ethiopia and UAE, it was learned.

MASSAWA READY TO SERVE ETHIOPIA'S IMPORT-EXPORT COMMODITIES

Eritrea has made ready the port of Massawa to serve Ethiopia's import and export commodities, the Port Administration said.

Head of Massawa Port Administration, Layne Asfahaley said that the port has gone through major renovation process in order to enable it provide service for Ethiopia.

A delegation of Ethiopian business community has paid a visit to the Port of Massawa to assess the situation of the port that has been abandoned by Ethiopia for more than two decades.

Founded in the 19th century and initially developed by the Italian and British colonial powers, the Port of Massawa is the primary port for import-export of goods for Eritrean market.

The port was also a major gate for Ethiopia's import-export trade until the border war that broke out between the two countries in 1998.

Since then, Ethiopia has been primarily using the port of Djibouti to access the international market. 95 percent of Ethiopia's imports and exports have been transacted through the port of Djibouti.

However, the recent rapprochement between the two countries has led the way for the re-establishment of ties including port services, transportation, among others.

The port is equipped with the necessary facilities and skilled labor and is ready to restart its service for Ethiopia's import-export commodities shortly, the Head said.

"The Port Administration outfitted and refurbished the port facilities to the very interest of Ethiopia's import-export commodities and we are considering further expansion of the port following the vast demand …we are ready to serve Ethiopia."

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The ports of Massawa and Assab are potential alternative for Ethiopia due to its nearness to the northern parts of the country.

ETHIO-DJBOUTI RAILWAY REDUCES PORT CONGESTION

Ethio-Djbouti Railway Corporation has provided Ethiopia with a viable logistics support to transport containers that were stowed away at Djibouti port resulting in port congestion overtime, the Ethiopian Maritime and Logistics Services Enterprise said.

However, in its latest 11 months report delivered to the House of Peoples' Representatives, the Ministry of Transport has earlier said that stockpiling of containers at the port and the resulting congestion has incurred huge port service and storage expenses on the country.

The Ministry added that stockpiling of goods in containers has prevented the country from improving its services in par with international logistics standards.

The Ethiopian Maritime and Logistics Enterprise claims that logistics services currently provided by the Ethiopian Railway Corporation is playing a major role in solving the problem.

Engineer Asefa Bekele, Port and Facility Director at the Enterprise told ENA that the railway company has been transporting only two containers at a take off stage has now managed to transport 106 containers to Mojo Dry Port Terminal at a time.

He said that the railway service is helping to markedly reduce the congestion that was previously observed at Djibouti Port.

The corporation is reportedly planning on extending its logistics services to Dire Dawa Dry port facilities, which is to be built with a budget of 67.2 million USD on 34.1 hectares of land within a period of two years.

Studies are already underway to construct a similar dry port in Kombolcha town.

Desalegn Gutu, Deputy Manager for Ports and Terminal Services

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said that the enterprise is engaged in a long range plan of building more dry ports within the proximity of the railway lines in the country.

He added that the Enterprise is also providing support in promoting export services through the provision of container packaging as a means of reducing wastage and foreign exchange expenses.

ETHIOPIA TO START CRUDE OIL PRODUCTION TESTING

Ethiopia will start extracting crude oil as of July from the field in Somali regional state for testing, Prime Minister Abiy Ahmed announced.

This is the first time for Ethiopia to extract its crude oil deposit.

In a presser he gave, the Premier said that the extraction will start as the excavations have brought tangible results.

Some 450 barrels of crude oil will be extracted daily through the production testing.

POLY-GCL a Chinese-based company that has been engaged in oil and gas exploration and development in the region has discovered oil and natural gas deposits.

Noting that Ethiopia is rich with natural resources, the premier emphasized that the proper utilization of its resources is the most important thing that would lead towards development.

He expressed his belief that, the extraction of the crude oil will further enhance efforts underway to build unity, love and reconciliation among Ethiopians.

The production of crude oil and natural gas will boost the country’s economy in similar way that other sectors enhance the livelihood of residents.

Upon its fully operational, nation is expected to generate around one billion USD per year from the production of crude oil.

PARTIAL PRIVATIZATION OF SOE CRUCIAL TO IMPROVE PRODUCTION QUALITY, EFFICIENCY OF ENTERPRISES

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The government of Ethiopia has revealed recently to partially privatize state-owned enterprises including Ethiopian Shipping and Logistics Enterprise, Ethiopian Airlines Group, Ethio-telecom, Ethiopian Electric Corporation as well as Sugar Producing Companies, Ethiopian Railway Corporation, Industrial Parks, hotels and various manufacturing companies.

The move encourages wider involvement of the private sector and individual proprietors.

The measures taken in partial privatization will enable the country to effectively utilize its natural resources which have so far not been effectively tapped and used.

Ethiopia is expected to engage in structural transformation and assume a leading economic model in Africa, noting that the reform would help the country to take proper position in Africa.

Monopolistic approach in the economy would only help to dwarf the economy by introducing price hikes and brings some sort of inefficiency both in production, marketing and consumption process.

Haji Ibsa, Public Relation and Communication Director at the Ministry of Finance and Economic Cooperation (MOFEC) said that partial privatization will enable Ethiopia to solve the foreign currency shortage to improving the low performance in export sector.

"The full and partial privatization of state-owned enterprises will also help the nation to build trust to earn foreign loan for its development as it will enable the country to reimburse debt on time ," he stated out.

Current foreign currency shortage is resulted from lower performance in export sector, which has grown by 0.02% this Ethiopian fiscal year compared to the preceding year, Prime Minister Abiy Ahmed said while briefing member of House of People's Representatives.

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UAE TO INVEST OVER USD 3 BILLION IN ETHIOPIA

United Arab Emirates have agreed to invest more than 3 billion USD in Ethiopia.

Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE's Armed Forces Sheikh Mohammed bin Zayed Al Nahyan, through the invitation of Prime Minister Abiy Ahmed, has paid a two-day official visit to Ethiopia.

Government Communication Affairs Office Minister, Ahmed Shide told journalists that two billion USD will be invested in various fields while 1 billion USD will directly be deposited to the National Bank of Ethiopia.

"It is a deposit of one billion USD to the National Bank of Ethiopia that will be used for various foreign financing of different government activities and the two billion USD will be an investment in various sectors of the economy," he pointed out.

He added that the official visit of Crown Prince Zayed Al Nahyan was fruitful in heightening and deepening the bilateral cooperation among the two countries.

"The visit by Crown Prince Sheikh Mohammed bin Zayed Al Nahyan of the United Arab Emirates signifies the highest level and comprehensive partnership between the UAE and Ethiopia," Ahmed stated.

A total of seven agreements were signed by different officials of the two countries, including:

MoU on Mutual Exemption of Entry Visa for Holders of Diplomatic Passport

MoU on the Establishment of a Joint Committee for Consular Affairs

MoU on Economic and Technical Cooperation

MoU on the field of Tourism

MoU on Cultural Cooperation

Agreement between National Bank of Ethiopia and Abu Dhabi Fund for Development

MoU between Ethiopia and Abu Dhabi Fund for Development

According to the Minister, the successful visit of the Crown Prince is part of the excellent and

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comprehensive economic and political cooperation.

Prime Minister Dr Abiy Ahmed and the visiting Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces Sheikh Mohammed bin Zayed Al Nahyan witnessed the signing ceremony in Addis Ababa.

MINISTRY FINALIZING CONTINENTAL FREE TRADE AREA AGREEMENT FOR RATIFICATION BY HPR

Ministry of Trade announced that it is finalizing the last remaining three protocols of the African Continental Free Trade Area Agreement (AFCFTA) to submit the document to the House of People's Representatives (HPR) for approval.

Out of the total seven protocols, the ministry has accepted four and expects to finalize the remaining three to table the whole document to the parliament soon, it was learned.

The African Continental Free Trade Area Agreement was signed in March this year by 44 African Union countries, including Ethiopia.

The AFCFTA will come into effect 30 days after ratification by the parliaments of at least 22 countries and each country has 120 days after signing the framework to ratify.

Kenya and Ghana were the first two countries that ratified the instruments of the agreement on the continental free trade area.

Ethiopia's Prime Minister Abiy Ahmed has assured the readiness of Ethiopia to ratify the agreement while opening the Conference of African Finance, Planning and Economic Development Ministers on Continental Free Trade on May, 14.

ETHIOPIA TO REGISTER STEADY ECONOMIC GROWTH OVER THE NEXT FIVE YEARS: NBQ

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A recent research commissioned by the National Bank of Qatar (NBQ) disclosed that Ethiopia will continue to register steady economic growth over the next five years (2018-2023) following Myanmar and India.

Back in 2000, Ethiopia was even poorer than Myanmar with GDP per capital only about $650, leaving it the third poorest country in the world, the research indicated.

According to the research, Ethiopia's fastest economic growth will speed up further following the recent rapprochement and peace deal the nation has inked with Eretria, potentially providing the nation with a closer international market and access to port facilities at the two Eritrean Ports of Massawa and Assab.

Moreover, the country has come up with attractive investment incentives to lure FDI into the country, the research stated.

Recent shift made by Ethiopia on partial privatization of some of the commanding heights of the economy including air transport, telecommunications, railway, power generation and several other sectors is expected to lure international companies some of whom have already started to eye investment possibilities in Ethiopia.

Investors from Qatar are already investing in the construction of hotels and the agriculture sector.

ETHIOPIA EYES TO EARN OVER 200 MILLION USD FROM TEXTILE, GARMENT

Ethiopia has eyed to earn 240 million US dollars from textile export in the current fiscal year.

Textile and garment sector is considered as one of the key industrial sectors, prioritized by the government as a source of foreign currency earnings to offset current shortage in hard currency.

Speaking at the discussion organized to assess the national performance of the textile and garment industry, State Minister of Industry, Bogale Feleke said the sector is going receive more priority in foreign currency earnings compared to other sectors.

He added that agreement have been signed with the National Bank and Development Bank of Ethiopia on ways of efficiently releasing the foreign currency for transactions in textile and apparel sector in the current fiscal year.

During the preceding Ethiopian fiscal year, about 110 million US dollars was secured from the export of textile sector, meeting only 46 percent of the plan for the year.

Bogale pointed out that the drawbacks in lower export earnings is attributed to lower exports, shortage of cotton , lack of trained manpower, instability in some parts of the country were the major challenges the sector has faced.

Speaking on shortage of cotton as a row material, the government has prepared National Cotton Development Strategy to fix the setback effectively, according to the minister.

This 15-year strategy was launched to significantly boost local cotton production and to put Ethiopia in a position of the top cotton producer from Africa, it was indicated.

Ethiopia is going to harvest huge amount of cotton for export and to satisfy the demand from local textile industries.

Despite the fact that textile industry is generating small amount of foreign exchange, maximum efforts is being undertaken to enhance foreign currency earnings from the sector, Silesh Lema, Director General of Textile Industry Development Institute told ENA.

Stating as lack of proper market linkage with reliable buyers, the institute is striving in expanding market opportunities and to obtain potential buyers in the global market, he added.

ADDIS ABABA GETS FIRST AFRICA WASTE TO ENERGY POWER PLANT

Reppie waste-to-energy power project, which is the first of its kind in Africa, was inaugurated Aug.19.2018.

The power project was launched in

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October, 2013 with its total investment of 2.6 billion birr.

Located Southwest of Addis Ababa, commonly known as Koshe dump site, Raeppi has been the only landfill in the capital for more than 50 years.

This project is identified as municipal solid waste incineration would enable the city to get 185 Giga Watts Hour (GWh) of electricity annually and will incinerate over 1,400 tons of waste daily.

The project is jointly constructed by Cambridge Industries Ltd (CIL) and its partner China National Electric Engineering Co. (CNEEC) and Danish Ramboll Engineering.

During the construction of the project some 1,300 Ethiopian have got temporary job opportunity and close 300 expatriates were engaged in the project.

In large cities like Addis Ababa, waste-to-energy incineration has multifaceted advantages including generating electricity, averting toxic chemical emission into groundwater, and reduces the release of methane into the atmosphere.

Reppie project is one part of Ethiopia's vast strategy to tackle pollution and seize renewable energy across all sectors of the economy, it was indicated.

Electric power was officially introduced to Ethiopia in the late 19th century, but the country has not still attains its growing power demand.

Currently, Ethiopia has been constructing four hydro power projects includes Grand Ethiopian Renaissance Dam, Genale-Dawa III, Koysha Hydro Electric Power and Ayisha wind farm.

The project was fully financed by the government, it was indicated.

REFORM IN ETHIOPIA INSPIRES MULTINATIONAL COMPANIES: EIC

The recent decision of the government to open state-owned companies has inspired the multinational companies to invest in Ethiopia, according the Ethiopian Investment Commission (EIC).

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Dr. Belachew Mekuria, Commissioner of EIC said that a number of multinational companies have shown their interest to invest in areas that the government promised to open for investors.

It was at the beginning of June that the government of Ethiopia announced that it will open state-owned enterprises to private and foreign investors.

Ethiopian Airlines – the national flag carrier, and ethio telecom – the sole telecom service provider are among the enterprises to be opened for investors.

Railway service, power, sugar plants, industrial parks, hotels, shipping and logistic services will also open for investors.

The decision of opening state-owned enterprises and the lifting of the state of emergency have also raised the interest of multinational companies.

As a result, all industrial parks that are operational have almost being occupied by investors over the past three months.

“During the past three months, every industrial park is being fully occupied. The industrial park like Kombolcha is almost packed and the Mekele industrial park is receiving various investments, while Adama is on the verge of its completion apart from energy connection; some investors are even started to train experts abroad. Some investors also requested us to engage them in Dire Dawa industrial park as well,” he stated.

Belachew believes that the recent decision by the government to privatize the logistic sector will resolve the challenge in this regard and inspire global companies.

ETHIOPIA WON’T EMBARK ON NEW MEGA PROJECTS

Ethiopia wouldn’t embark on new mega projects in the upcoming fiscal year, since completion of ongoing projects needs huge finance, Prime Minister Abiy Ahmed said.

The country needs 7.5 billion USD to finalize those projects in which their construction have launched

previously.

Prime Minister Abiy made the announcement while responding to questions from members of the House of Peoples' Representatives that gathered to discuss on the federal budget proposed for the upcoming fiscal year.

Abiy said that his government prefers to finalize projects, in which their construction is delayed in the coming fiscal year, rather than launching new projects.

The Premier said that the government has been engaged in launching new projects, without providing due attention to their timely completion.

Abiy said lack of commitment to finalize the projects on time is a serious problem in the country.

"Starting mega project does not mean ensuring equal benefit and fairness, we only ensure benefit at individual and country level when we finalize projects at the planned cost and time," he said.

Completing the construction of the ongoing projects and operationalizing them is the major work of the government in the coming fiscal year.

ELECTRIC UTILITY REORGANIZED TO MAKE ELECTRIC POWER MANAGEMENT EFFICIENT

Ethiopian Electric Utility (EEU) has introduced organizational and operational changes in order rectify the electricity provision problem witnessed across the country.

EEU Board Chairman Getahun Mekuria told journalist that 11 deputy CEOs have been appointed for the newly opened offices in the nine regional states and two city administrations.

The major duty of the 11 deputy CEOs is delivering efficient services and ensuring accountability in the respective regional states and cities, he said, adding that the reorganization will save time and help resolve problems promptly as they operate in close proximity.

According to Getahun, all issues and demands have normally been directed to the headquarters causing delay and failure in serving the public.

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