

# Ethiopia



## Country Note

Federal Democratic Republic of Ethiopia is a country located in the Horn of Africa. It shares borders with Eritrea to the north and northeast, Djibouti and Somalia to the east, Sudan and South Sudan to the west, and Kenya to the south.

### Why Invest in Ethiopia:

#### Political & Social Stability

- Oldest independent African Country
- Ethiopia is most known for its social stability and least crime rate, as well as strong public institutions and reliable police service.
- Ranked 34th under the Global Competitiveness report (2016-2017) for impartial public decision making

#### Growing Economy

- Ethiopia has grown at an average rate of 10% since 2010. In 2012, Ethiopia was the 12th fastest growing economy in the world. IMF Growth forecasts more than 7%.
- Ethiopia is ranked higher than its regional peers (Kenya, Rwanda and South Africa) for its conducive macroeconomic environment (World Economic Forum, Global Competitiveness Report, 2016-2017)

#### Access to Wide Market

- Preferential access to key markets like Australia, Canada, Japan, New Zealand, Norway, Switzerland, China, India, Russia, the Republic of Korea, and Turkey. Member - COMESA
- Addis Ababa has emerged as a regional hub and is home to key international organizations such as the African Union (AU) and the United Nations Economic Commission for Africa.

#### Competitive incentive packages

- Income tax exemption of up to 6 years for manufacturing and agro-processing, and of up to 9 years for agricultural investment.
- Several export incentives, including the Duty Draw-Back, Voucher, Bonded Factory and Manufacturing Warehouse, and Export Credit Guarantee schemes.

## Guarantees and Protection

- Private property is protected by the Constitution and the investment law.
- A foreign investor has the right to make remittances out of Ethiopia in convertible foreign currency at the prevailing rate of exchange.
- Ethiopia is a member of the Multilateral Investment Guarantee Agency (MIGA)
- Ethiopia has concluded over 30 bilateral investment promotion and protection agreements, of which 11 are with individual European Union Member States. Significant other partners include China, India, South Africa, and Russia, and a number of regional economic partners (Israel, Egypt, and Sudan, among others).

## Bilateral Trade & Relations

India is the second most important source of imports for Ethiopia, contributing 7% of all of Ethiopia's imports next to China. In 2015, there was an increase in bilateral trade and reached US\$993.7 million from January to October 2015, out of which India's exports to Ethiopia were US\$945.1 million and imports were US\$48.6 million.

More than 500 Indian companies with licensed investment of over US\$ 4 billion of which about US\$ 2 billion is estimated to be on the ground. Indian companies have invested in various sectors like agriculture and floriculture, engineering, plastics, manufacturing, cotton and textiles, water management, consultancy and ICT, education, pharmaceuticals and healthcare. About 44% of Indian investment is in the manufacturing sector, followed by agriculture (35%).

Opportunities in Ethiopia:

The areas, with most promising potential for investments in the country are agriculture, food processing, leather & leather products, textile & garments, horticulture, sugar & related industry, chemicals industry, pharmaceutical industry, cement industry, metal & engineering industry, tourism, construction, mining & oil and hydropower. Leading non-agricultural sectors and investment include: renewable energy, information technology and communications (ICT), construction, tourism and aviation. Sub-sectors such as mobile banking services and outsourcing services, website software and technologies, software development for eGovernment services, and ICT training services are going to be among the major investment opportunities in the country.

Sources:

Ministry of External Affairs, India - [http://www.mea.gov.in/Portal/ForeignRelation/Ethiopia\\_09\\_02\\_2016.pdf](http://www.mea.gov.in/Portal/ForeignRelation/Ethiopia_09_02_2016.pdf)

Ethiopian Investment Commission: <http://www.investethiopia.gov.et/why-ethiopia/why-invest-in-ethiopia>