

ECONOMIC



DIGEST



EMBASSY OF ETHIOPIA , LONDON

ECONOMIC DIGEST

is a monthly newsletter prepared by the Embassy of the Federal Democratic Republic of Ethiopia to the United Kingdom. The newsletter aims to inform the UK public about the Economic situation of Ethiopia .

Economic Diplomacy Section

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ISSUE I

Ethiopia Registers 6.1 Percent Economic Growth Last Budget Year:PM



Prime Minister Abiy Ahmed stated that Ethiopia has registered 6.1 economic growth during the last budget year. Addressing queries from members of the parliament on the 6th year 1st extraordinary session of the House of Peoples Representatives, the premier said the country could register 6.1 economic growth by mitigating the impacts of the pandemic in the sector. Citing multifaceted impacts of COVID 19 pandemic in social and economic spheres across the world, the premier said that Ethiopia has taken remarkable prevention measures to protect the economy. Resisting the pressures demanding full lockdown in various economic areas like industrial parks and the aviation sector, the nation has managed to mitigate the impacts of the pandemic and witnessed only 2.9 reduction in the sector.

The premier said that Ethiopia has undertaken a wide range of activities to secure economic stimulation supports from global financial institutions and various countries to it and other African countries amid the pandemic, the premier noted. Prime Minister Abiy recalled the COVID 19 preventive supplies support from Jack Ma Founda-

tion, the Alibaba Group in support of the fight against the pan-demic in the African Continent..

Source: [FBC, October 19, 2020]

Home-grown economic reform reinforces growth amid challenges

ADDIS ABABA – Ethiopia’s home-grown economic reform has proven success through scoring 6.1 percent growth despite the global challenge, according to economic advisor to the Prime Minister.

Addressing MPs questions on Monday Prime Minister Abiy Ahmed (Ph.D.) recalled that ‘Ethiopia’s Gross Domestic Product (GDP) has surpassed 100 billion USD, and the Gross National Income (GNI) per capita reached USD 1000, the latter pushing the country to join the lower middle-income economy.



Speaking to *The Ethiopian Herald* , Economic Advisor to the Prime Minister Mamo Mihretu hinted that the implementation of the home-grown economic reform that has targeted the stage for job creation and inclusive growth by easing hurdles at macro-economic, structural and sectoral levels, among others, is responsible to the achievements that the government secured in this regard.

According to him, the past two-and-plus years had seen the application of various economic measures which were overseen at a high level that in turn brought about positive results redeeming the ailing economy.

Mamo did not shy away from mentioning that the COVID-19 pandemic had thrown challenges in the economic zone. But since the onset of the Ethiopian fiscal year as of July, the economy has been performing positively. “We registered a growth of 6.1 percent though the plan was 9 percent.”

As compared with most Sub-Saharan countries that grew at a rate of 3.2 percent, Ethiopia’s growth was so encouraging, he said.

Speaking in terms of sub-sectors, he said the mining sector has contributed the lion’s share of the growth, i.e 91 percent.

More specifically, he said the industry sector registered a 9.6 percent growth followed by the service sector that marked a 5.3 growth while agriculture grew by 4.3 percent.

The cumulative effect of these progresses has raised the country’s status to a lower middle-income-economy, he argues.

Yet, the advisor noted, keeping the inflation to a reasonable digit is at the top of government’s agenda, while tasks would be intensified to expand sources of foreign currency, decline debt burden, clinch ongoing development projects, and boost export gains. Still, the economy is performing well, he said: “If you see the export performance over the last three months, it is very promising.

When compared with the performance of last year’s same period, it has shown a 15-percent growth, and still the export of gold plays a significant role.”

Wide ranging structural reforms are also underway in all sub-sectors, he added. (The Ethiopian Herald October 22, 2020)

Forum holds regular meeting to discuss FDI Challenges

The joint forum that was established to tackle challenges of Foreign Direct Investment in Ethiopia held its regular meeting today (October 28) in the premises of the Foreign Affairs of Ethiopia.



H.E. Gedu Andargachew, Minister of the Foreign Affairs of Ethiopia, and Ambassador Girma Biru, macroeconomic advisor to Prime Minister Abiy Ahmed led the discussion. The meeting thoroughly discussed the challenges that foreign investors are facing in the country.

At the occasion, State Minister, H.E. Tsion Teklu has presented some case studies on the challenges of doing business for foreign investors in Ethiopia. H.E. Lelise Neme, Commissioner of the Ethiopian Investment Commission (EIC) has also tabled a paper regarding the overall investment situation in Ethiopia.

She touched upon the effects of the COVID-19 pandemic on investment activities in the country.

The meeting ended charting out further engagements to better address bottlenecks to foreign investment in the country. Representatives from various government agencies including, the Ministry of Mines and Petroleum, the Ministry of Agriculture, the Ministry of Revenues, the Ministry of Trade and Industry, the Ministry of Labour and Social Affairs, the Investment Commission, and senior officials from the National Bank have attended the meeting

EIC sets focus on improving ease of doing business in Ethiopia

The Ethiopian government is setting focus on improving the ease of doing business in Ethiopia to make the country competitive in the international

arena, Ethiopian Investment Commission (EIC) said. Lelise Neme, EIC Commissioner told The Ethiopian Herald that over the years, the government has been undertaking various activities to improve the ease of doing business in Ethiopia.

This year, it is one of the top priority areas of the government to create a conducive investment environment.

One of the strategies to improve the ease of doing business is the digitalization of the Commission's working systems which is well underway, as to her. Secondly, efforts are underway to strengthen relationships with states' and city administrations' investment bodies by organizing a series of forums that will help to facilitate investment and ease of doing business nationally. (EPA)

Ethiopia Aspires to Lead African Industry in the Next 5 years

Addis Ababa October 19/2020 (ENA) Ethiopia has aspired to achieve industrial progress to lead the industrial sector in Africa by 2025, according to Ethiopian Investment Commission (EIC).

Ethiopian Investment Commissioner, Lelise Neme told the media that the country's vision will be realized through the development and expansion of industrial zones that have reached 13 industrial zones.



She further stated that Ethiopia is witnessing a growth in foreign direct investment (FDI) to many foreign countries, while China tops the list.

For instance, the country received 2.5 billion US dollars in Foreign Direct Investment this year, adding, "This number is less than our ambition," she stated.

Lelise added that the government has implemented many programs to improve the investment climate, noting that the government's priorities are to create an investment environment to attract investors.

EIC held discussions with heads of investment offices in all 10 Ethiopian regions to assess the performance of the commission and foreign investment during the first quarter of the Ethiopian financial year that began last July

Slashing public spending Empowering private developers

Ethiopia has said it would rather focus on finalizing the ongoing construction of industrial parks attaching more attention to the economic returns of such investments and engaging more private developers than launching new ones. And, experts see the move as an important step forward to build efficient developers and slash public spending.



With Bahir Dar industrial park being the latest one to enter operation, the construction of various industrial parks is ongoing in the country. And, this week, the Industrial Parks Development Corporation announced that it would also encourage private developers to build industrial parks on their own in what it has said would give an opportunity for private entities to develop industrial hubs and enhance the economic profit of IPs.

For years, the country has been pushing for massive investments in industrial park expansion paving the way for massive job creation and industrial input increments.

Companies which have taken sheds in industrial parks have been generating much-needed foreign currency by exporting brand products to the international markets. But some have been casting their own doubts if the expansion of the industrial parks is well assessed in terms of their economic dividends.

Given the huge investments the parks requires, experts advise the need for according due attention to the economic return of building industrial parks while stressing the need for engaging more private sector in the process.

The economists also urge the government to place more weight on the strategic importance and economic dividends of the capital-intensive investments beyond distribution patterns.

In this regard, the recently inaugurated Bahir Dar Industrial park could be taken as a good model to emulate from. The park has been built by a Chinese company and has no risk of shortage of investors, as a Hong Kong based company known for its quality brand products has inked a Memorandum of Under-

standing with Industrial Parks Development Corporation (IPDC) to fully take the sheds and begin manufacturing of export goods. (EPA)

Ethiopia suspends Ethiopian Airlines privatization

The Ministry of Finance of Ethiopia said it has suspended the partial privatization of the fully state-owned Africa's most profitable aviation group Ethiopian Airlines.

This is indicated by the Minister of Finance of Ethiopia Ahmed Shide this afternoon at a press conference. "With the currency efficiency and competitiveness, the plan of the government is to make Ethiopian airlines



more strong... We have decided to delay the partial privatization of Ethiopian Airlines," he said, indicating that Ethiopian Airlines is a well-managed and profitable state enterprise even during the global pandemic coronavirus.

"Maintaining the current capacity of Ethiopian Airlines Group is more beneficiary for the economy", according to Minister Ahmed Shide, who mentioned the huge investments Ethiopian Airlines Group has made in expansion of airports, cargo services, hotel and catering services...

Source: [New Business Ethiopia, October 13, 2020]

Ethiopia Prepares to Privatize 10 Sugar Factories

Ethiopia's Ministry of Finance announced that preparations are underway to privatize ten sugar factories. This will be done in a way that will be of benefit to the country, the Ministry emphasized.

The first phase of the move is intended to see Wolikit, Beles I and II, and Kesem sugar factories privatized.

The sugar factories of Metehara, Fincha and Wonji will remain state-owned for now, the Ministry of Finance further related.

Brook Taye (Ph.D.), advisor the Ministry of Finance, said "a lot" has been done to privatize ten of the thirteen sugar factories Ethiopia has. To this end, the advisor noted, technical assessment on the current standing of the factories has been performed, along with the development of market strategies.



Although Ethiopia disclosed plans to privatize sugar factories two years ago, no sugar factory has yet been privatized. Dr. Brook said the delay is due to the "need [for] focused attention and preparation," which, he said, made it difficult to set a specific date on exactly when the sugar plants will be privatized. Even so, he pointed out, efforts are underway to finalize the privatization of the factories.

So far, thirty companies have submitted their expressions of interest to take part in the privatization process, the advisor the Ministry of Finance indicated.

Reformed policy playing vital role in improving tea, coffee, spice export trade

Coffee, tea and spices have been playing an integral role in generating foreign currency for many decades. Though the income being maintained from the sector is increasing from year to year, there are still limitations in making the sector more competitive in the global market.



The Ethiopian Coffee and Tea Authority indicates that since the implementation of new reform within the authority, the export of coffee, tea and spice has shown significant improvement.

Deputy General Director at the authority, Shafi Umer says that the new reformed policy would improve coffee, tea and spice trade enormously and it would create ample opportunities for farmers, suppliers and exporters to be beneficiaries from the market chain.

"The reform has done away with the chain barriers being practiced in coffee trading. It would also enhance quality, produce and productivity. As it started to bear fruits the export sector is increasing from year to year," he states. Adding: "the authority has maintained 870 million USD from the export of more than 280,000 tons of coffee, tea and spices in 2012 E.C. The export of coffee has surpassed by 40 tons produce and 91 million USD from 2011 E.C."(E P A)

Authority Generates 870 Mn USD from Export of Coffee, Spices

The Ethiopian Coffee and Tea Authority announced that 870 million USD was earned from the export of coffee and spices during the last Ethiopia fiscal year. According to the authority, 270,835 tons of coffee were exported this fiscal year. The total export of coffee in the year has surpassed that of the earlier year by over 40,000 tons, generating over 91 million USD in revenue.

Germany, Saudi Arabia, and the United States were the leading countries in purchasing Ethiopian coffee.

About 16 million USD was also by exporting 12,000 tons of spices during the same period.



The reform introduced within the authority in 2011 has helped boost the quantity and quality of coffee in particular, it was learned.

Among the changes made was the new system introduced to allow farmers to export coffee directly to foreign markets.

Following this, some 500 farmers have requested a license to export coffee. Some 87 percent of the exported coffee during the year was of high quality...

Source: [Ethiopia News Agency, September 22, 2020]

Ethiopia gold production increases three-fold

Gold production of Ethiopia by artisan miners over the past three months starting July 7, 2020 has increased by close to 300 compared to the target set by the Ministry of Mines and Petroleum of Ethiopia (MMP). The artisan miners in the country has produced 2241 kilograms of gold, which is almost 299% more than the target set by Ministry, according to the report presented to the press this morning by Minister of Mines and Petroleum Eng. Takele Uma. He indicated that the production of gold has tri-pled by the measures taken by the government to fight con-

tra-band trading of gold by making available gold collection centres near the artisan miners.



In his report Eng. Takele also stated that the country has exported 15 tons of tantalum and close to 767 kilograms of opal produced by artisan miners. Over the last three months Ethiopia has earned a total of \$178 million from export of minerals mainly gold, opal, and tantalum ...

Source: [New Business Ethiopia, October 12, 2020]

Demand for Ethiopia's aromatic coffee rising



ADDIS ABABA - Ethiopian Roasted Coffee Exporters Association stated that the demand for the country's value-added coffee products is growing worldwide despite financial and other constraints.

The quality and aroma of the coffee products is said to contribute to the upward trajectory.

In an exclusive interview with The Ethiopian Herald, Association Chairperson Menelik Habtu noted that the Association is working in collaboration with various stakeholders to secure high income from roasted coffee via exporting it to Europe, China, and America.

Despite access to finance and working space challenges its members have been facing, the Association is working hard to play a great role in promoting the quality and volume of roasted Ethiopian coffee both locally and internationally.

"We need more support from various stakeholders in letting the Association quench the growing demand of the local and international market."

This year, the Association has secured over three million Ethiopia Birr from the roasted coffee export to various parts of the world following the concerted effort of members across the nation as the demand of the Ethiopian coffee is rising at the global market. (EPA)

Durabilis confirms Huge Export Potential for Ethiopian Produce



Durabilis, an international

impact investment company and the owner of fresh produce importer FairFruit in Belgium, has announced the successful arrival of trial Hass avocado exports from Ethiopia; a game-changing milestone that demonstrates the huge potential for Ethiopian produce. Thanks to the new Ethiopia-Djibouti-Europe cool logistics corridor via train-sea-truck, the landmark consignment presents buyers across the UK and Europe with a new window of availability for competitively priced Hass avocados from mid-September to mid-October.

Importantly, it paves the way for a whole new range of produce exports from Ethiopia, Fresh talks Daily reports. The first shipment arrived in the UK on 20 September 2020, followed by the second on 5 October 2020. Most of the Global GAP-certified fruit has been sold to two leading importers who mainly serve UK retailers.

Trial volumes have been offered to customers in Belgium and the Netherlands also. Separately, two trial airfreight shipments have been received positively in the United Arab Emirates and Saudi Arabia, FBC reported citing Fresh Plaza. Evert Wulfrank, CEO of Durabilis, explains: "Considering the agricultural potential of Ethiopia, this successful test with avocados creates a whole new perspective for a series of Ethiopian products that qualify for export to Europe.

The 750km refrigerated railway connection from Modjo Dry Port in Ethiopia to the Port of Djibouti means exporting Ethiopian produce by sea freight has become a real option.

We are looking for more avocado buyers in the

UK, Europe and the Middle East because our projected production volumes will grow substantially, and we will have a range of sizes."

Ethiopia has considerable agricultural potential thanks to its fertile soils, a temperate climate, competitive labour costs, and plenty of available water within the Koga region where Durabilis is working with smallholder growers in conjunction with its local subsidiary Koga Veg Agricultural Development.

ECX to trade industrial products



ETHIOPIA COMMODITY EXCHANGE

With the approval by the Ministry of Trade (MoT), the Ethiopia Commodity Exchange (ECX) is set to open a special window for industrial processors.

Top officials at the ECX confirmed that the Ministry has notified them the lists of processed products to be traded via ECX for the first time. However, the officials declined to mention the product items saying that the company will officially unveil the list by next week.

Recently, ECX added two more agricultural products, Soybeans and Chickpeas, to its trading floor bringing its total number of commodities traded to 10.

Accordingly, this total number of commodities to be traded on its floor will increase after next week with the expected announcement of the items.

In Ethiopia, 3.5 million small-scale farmers sell their produce through the ECX (The Reporter)

ETHIOPIAN AIRLINES GROUP,

the largest aviation group in Africa, has won the 2020 Business Traveller Award as the Best African Airline in 2020.



Steering Committee on Tourism Promotion, Marketing holds Discussion



Addis Ababa October 22/2020 (ENA) The steering committee on tourism promotion and marketing of the Foreign Affairs has held a meeting today. Participants have also deliberated upon the newly adopted Amharic phrase ‘tena yestelegn’ meaning health be upon you, as a promotional brand in welcoming tourists entering into the country. The budget for the Joint Forum on Tourism Promotion and Marketing in the 2013 Ethiopian fiscal year among others was discussed during the meeting, it was indicated. Moreover, the session deliberated on the preparations to receive tourists and the precautionary measures to be taken against the pandemic as well as the MICE (Meetings, Incentives, Conferences, and Exhibitions) tourism logo of Ethiopia. It is recalled that stakeholders in the tourism sector established a joint forum in September 2020 for promoting and marketing Ethiopia’s tourism. (ENA)

Ethiopia Has Reopened For Tourism



ADDIS ABABA – Tourism Ethiopia announced that the country has opened its tourism industry vowing to attract more local and regional visitors. Tourism Ethiopia Director General Sileshi Girma told The Ethiopian Herald that the country has been working towards the implementation of Transitional Marketing Strategy which gives due attention for local and regional visitors expected to come from

neighbouring nations. He also called on all stakeholders and state officials to cooperate and hospitably guide visitors in remote areas to successfully visit their tourism border. Observing Wildlife including jungle expedition, camel ride and park visit are among the tourism services the organization is rendering these days to attract tourists as a main target. Accordingly, it is coordinating efforts to satisfy regional tourists enabling them to visit wildlife, natural and historic sites, Sileshi said. He noted that Ethiopia ought to draw lessons from its neighbour Kenya that has more than one million visitors only from Africa. “We need to advance state tourism to support the industry and add variety to country’s tourism options. If we achieve this, we can attract additional ones or two million tourists to the



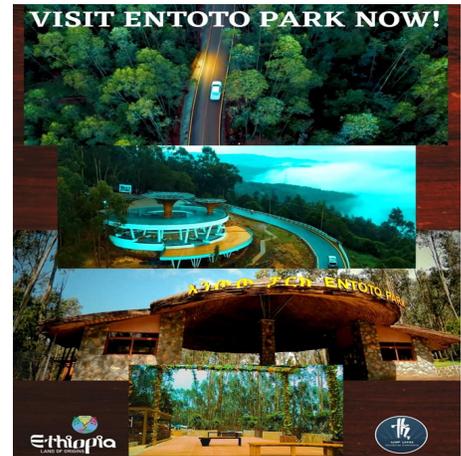
country.” Tourism Ethiopia is also working with the Ministries of Foreign Affairs and Health toward the avoidance of quarantine on tourists who have COVID-19 negative certificates, he remarked. Sileshi called on visitors to come to Ethiopia to visit natural and manmade sites stressing on country’s preparation of services with all safety protocols against COVID-19. The Ethiopian Herald October 11/2020

Ethiopia inaugurates new tourist attraction in Addis Ababa



Prime Minister Abiy Ahmed of Ethiopia this morning inaugurated a new tourist attraction developed on the Entoto Mountain in the capital, Addis Ababa.

Developed on Entoto Mountain, Entoto Park is developed by collaboration the private sector with the government.



It is part of the initiative launched by Prime Minister Abiy a year ago as “Gebeta Lesheger” project, which envisaged to clean and turn river streams and undeveloped areas in Addis Ababa into clean tourist attraction sites. The Entoto Park inaugurated today is densely forested area considered as the lung of Addis Ababa. Many of Ethiopia’s legend long distance runner have been using Ento-to forest for training.

Different recreational businesses such as, cafés, restaurants, park, sport and spas are opened today for both foreign and domestic visitors. Major Ethiopian coffee brands such as Kaldis, Tomoca, and one of the pioneering Ethiopian resorts Kuriftu are among the businesses opened today at Entoto Park... [New Business Ethiopia, October 10, 2020]

Local Steel Plant Marks First Telecom Tower Export

A local steel manufacturing company has made the first export of a telecommunications tower to Tanzania earlier this month.



The 45m tower was sold to Helios Towers, a UK based telecommunications company.

Gatepro Steel Plc Shipped the tower three weeks ago after securing the deal this May. The tower was manufactured at the company’s plant located in Akaki Kality District that covers a 10,000sqm plot. (Fortune)



PM Abiy Inaugurates Dire Dawa Industrial Park

ADDIS ABEBA – Prime Minister Abiy Ahmed has today inaugurated the Dire Dawa Industrial Park built at 150 ha of land.



Officials said the industrial park, located in the Eastern Ethiopia, constructed with an outlay of 150 Million US Dollars. It has so far created jobs for around 1000 people in its garment and textile factories housed in the park with 15 shades – built in the first development phase.

Four Companies engaged in garment and textile production are said to have started operations so far in fifteen working sheds in the industrial park.

The Industrial Park is expected to facilitate 20,000 additional jobs for citizens when it goes fully operational in the time to come.

“It offers youth in the community the opportunity to grasp new skills and knowledge as well as demonstrate their productivity,” the prime minister said in a message posted on Twitter.

The prime minister has given his admiration with the facilities in the park. “ I’m also quite pleased to have seen the residential houses, pedestrian walkways and green legacy trees planted, all within a short period of time,” he said.

October 29, 2020 Ethiopian Monitor #

Ethiopia's new Investment Regulation No-474/2020 these transport services are open to foreign investors.



- ❶ Railway Transport
- ❷ Cable Car Transport
- ❸ Cold-chain Transport
- ❹ Freight Transport with capacity of more than 25 tones
- ❺ Transport services reserved for joint investment with the government or domestic investors

* Domestic investors can also invest in these (❶) to (❺) listed areas.



ETHIOPIA OFFERS FOLLOWING MAIN SECTORS FOR INVESTMENT,

1. Agriculture : an ideal destination for Commercial farming .
Government has allotted about 3 million hectares of land for this purpose.
2. Agro -processing : meat , fish , coffee , oil seeds etc , adoptable and affordable.
3. Pharmaceutical: presently 85 % of the country's requirements are met through imports . So, priority for this sector.
Already 270 million hectares of land allotted by the government for this sector for setting up & manufacturing these pharma & medical products .
4. Mining : Ethiopia is rich in Gold , PLATINUM, iron, phosphates, and minerals used in construction sector, with emphasis on their exploration.
5. Energy : Ethiopia looking at India for assistance in solar , wind & hydro power energy needs .
6. Textiles & garments, it produces finest quality of cotton.
7. Leather products.
8. Chemicals and glass products.
9. ICT
10. Consultancy and engineering.
11. Tourism : cultural, heritage, religious, and leisure tourism . It offers many UNICEF listed heritage sites & national parks

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