Opening up for business

With a fast-growing economy based on a large export-oriented agricultural industry, Ethiopia is opening the threshold of takeoff. Ethiopia is seeing the seeds of success for Japanese investors chasing rich rewards.

Scouring coffee bean prices and a strong agricultural base are establishing Ethiopia as a key foreign trade player in Africa, and in Ethiopia, there is a lot of room for improvement. According to the National Bank of Ethiopia, coffee production in the country continues to grow very rapidly, and the coffee sector is expected to reach 90 percent of total export earnings in the near future. In addition, Ethiopia is also a significant producer of textiles and agricultural products such as coffee, cotton, and tobacco. The country is also a major exporter of gold, and its mining sector is growing rapidly.

With strong growth over the past few years, Ethiopia’s economy is expected to continue to grow at a rate of around 6 percent per year, making it one of the fastest-growing economies in Africa. The country’s rapid economic growth is driven by a combination of factors, including a strong agricultural sector, a large and growing population, and an attractive business environment. The government is also committed to promoting foreign investment and has implemented a range of policies to support this effort.

In terms of trade, Ethiopia has been a major exporter of coffee and other agricultural products, while imports include manufactured goods and capital goods. The country is also a significant importer of petroleum products.

The government is also taking steps to improve the business environment and attract foreign investment. In recent years, it has implemented a number of reforms to simplify business procedures and reduce regulatory burdens.

Ethiopia has a number of significant advantages for foreign investors, including a large and growing domestic market, a young and relatively low-cost workforce, and a stable and predictable regulatory environment. The country is also a member of the African Union and the World Trade Organization, and it is committed to promoting free trade and investing in infrastructure.

Furthermore, Ethiopia is also a major recipient of aid and development assistance from a range of international donors, including the World Bank, the African Development Bank, and the European Union. This support is helping to finance a range of development projects, including roads, railways, and ports.

Despite these challenges, Ethiopia remains an attractive destination for foreign investment, with opportunities in sectors ranging from agriculture and textiles to manufacturing and services. The government is committed to promoting foreign investment and creating a conducive business environment for investors.

Source: The Ethiopia Exchange, 2023

"We are creating a very profitable environment for Japanese investors in Ethiopia. We are creating a very profitable environment for Japanese investors in the country. The country is a large market with a growing middle class. The government is also committed to developing the infrastructure and creating a stable business environment. There are many opportunities in the agricultural sector, especially in coffee and textiles, as well as in the manufacture of consumer goods.

"The present phase of relations is better prepared to achieve its goal and I strongly believe that Ethiopia will eventually emerge as one of our key investment destinations.

Meanwhile, Ethiopia’s livestock population is regarded as the largest in Africa and provides plenty of raw materials for leather companies to export products such as gloves, shoes, and bags.

Looking further, the government of Ethiopia has announced plans to develop new export-oriented industries such as horticultural farm ventures, which is expected to be our biggest market, states General Manager Yosuke Asano. "We have a great hope of Ethiopian airlines since the Ethiopian Government was established. We believe that the bilateral developments between the two countries would be more sustainable if both benefited from it, rather than just one side.

"Japan can’t expect an instant major economic lift from the strengthening of its trade and investment relations with Ethiopia, but the Ethiopia frontier is still one of the destinations of Japanese investment in the future.

"For the future, we are planning to establish a new factory in the Northern region and we are currently counting on the Middle East. The Japanese market might be interested in us since it’s completely organic."
Prime Minister visits Ethiopia

Japanese companies from a range of industries are being urged — and offered attractive incentives — to invest in Ethiopia as it begins to open up.

Ethiopia has virtually no private business sector with its growing telecommunications industry run by a state-owned monopoly, Ethiopia Telecommunications Corp. (ETC), which has stifled the development of mobile phone use.

By 2015, however, the government plans to invest up to $1 billion to improve fixed and mobile networks and internet connections, with the number of mobile phone lines expected to increase from 1.5 million to 5 million, while the number of fixed lines is expected to increase to 1 million.

As part of that substantial investment, ETC is improving the infrastructure of the fiber-optic, satellite and radio network, not just in major towns and cities, but in even remote areas. Minister of Transport and Communications Mekonnen Mengistu says: “We do not currently allow foreign investments in ETC for strategic reasons. The domestic industry must grow before we allow foreign operators to enter the market.”

We are re--linking, ETC, and positioning it for the international arena. We are also extending the network to rural areas and in newly introduced new technology such as 3G, and I’m very optimistic that we will not be a lucrative market.”

Prime Minister Meles Zenawi says Ethiopia has a very solid and strong government in the telecommunications area which, adds: “We have entered a larger network and we are becoming a more attractive investment for foreign operators through a series of incentives.”

We have to strengthen growth, the government has increased the income of our population and the only way to do it is through growth, we have to make ETC more useful for the manufacturing and services.”

Prime Minister Meles Zenawi says: “We have extended the mobile network and open them through the network, emphasizing the importance of the telecommunications industry.”

Japanese firms are starting to see the potential in Ethiopia to make their full scale production and to achieve the potential in the African continent by attracting Japanese investment. Ethiopian Insurance Corp. is a leading provider of life and property insurance policies in the country.

We have a 10-year plan to attract insurance companies and to be a very attractive market for our market and the world’s insurance companies and the world’s financial institutions.”

We have re-opened the private-sector investment climate and after easing the rules and regulations, we are offering a range of incentives to foreign investors.”

At a recent meeting, ETC CEO Amare Amsalu says: “We are rebuilding ETC and creating a personalized and efficient service for the public.”

By 2012, however, the government is expecting a 20 percent increase in demand, “We have one of the world’s ‘finest’ when it comes to telecommunications services.”

We produce growth of ETC, we want to make ETC a world-class network, and we are still growing.”

The private bank now marks its 10th anniversary with a total capital of 37.5 billion birr ($2.6 billion) and $2.4 billion in deposits, having registered an average annual growth rate of 48.3 percent since 2000, while its net profit reached 187.1 million birr — a rise of 46 percent over the previous year. The bank’s reputation locally has been steadily growing and the level of its financial services has been improved. Its customer base grew 20 percent over the same period to 404,000 customers, while its net worth increased from 55.5 percent in 2006/2007 to 62 percent.”

The national market. We are also preparing the infrastructure in rural areas, where Japanese financial institutions can contribute to the development of the insurance sector in Ethiopia.”

The Ethiopian Commercial Bank (ECB), in a relatively new wave that aims to boost financial services through the shortage of the supply of capital and the elimination of the middle man, launched its first trading operations in April 2008. ECB says: “We would like to be the catalyst for economic change in the country and also to be a platform that introduces Ethiopian companies to the world.”

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