

# *Democratic Republic of Ethiopia*



**Afrika – Verein der deutschen Wirtschaft e.V.**

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# Afrika-Verein der deutschen Wirtschaft e.V.

About us:



The German–African Business Association (Afrika-Verein der deutschen Wirtschaft) is the foreign trade association representing German companies and institutions with an interest in Africa.

Through its well-established networks, the Association promotes exchange between German and African representatives from both business and politics.

The Association provides information about countries and markets and represents the interests of its more than 600 members nationally and internationally with respect to political, economic and media issues.

# Ethiopia



## Facts and Statistics

**Location:** Eastern Africa, west of Somalia

**Capital:** Addis Ababa

**Population:** 96,633,458

**Ethnic Make-up:** Oromo 32.1%, Amara 30.1%, Tigraway 6.2%, Somalie 5.9%, Guragie 4.3%, Sidama 3.5%, Welaita 2.4%, other 15.4%

**Religions:** Christian 60.8% (Orthodox 50.6%, Protestant 10.2%), Muslim 32.8%, traditional 4.6%, other 1.8%

**Government:** federal republic

**GDP Growth Rate:** 2016 – 9,5%, in 2014 and 2015 – the only country with growth rates over 10%.

# Why Ethiopia?



- Poverty is declining.
- In most cases, inflation remained single digit.
- Export trade: increased in volume including energy export
- Domestic saving and investment is growing very fast.
- Huge private sector involvement in garment, textile, leather, footwear, etc.
- Foreign direct investment has increased tremendously: 7.2 billion dollar for the last five years alone. Top investors: China, India, Saudi Arabia, Turkey, UK, Netherlands, U.S.

# Why Ethiopia?



- Industry park expansion in major cities across the country
- Low wage and low utility cost
- Abundant skilled and semi--skilled labor force
- One--stop service
- Private Property security
- Attractive investment and tax systems
- Free and quota free access to USA and EU
- Natural and human resource
- Good infrastructure--roads, railways

# The second growth and transformation plan (GTP II):



As a vehicle towards the realization of Ethiopia's vision of becoming lower middle income country by 2025, the Second Growth and Transformation Plan (GTP II) focuses on:

- Agriculture
- Industrialization-light manufacturing
- Infrastructure
- Human resource development and technological capacity building

Some of the major strategic Pillars of GTP II

1. Sustaining the rapid, broad based and equitable economic growth and development witnessed during the last decade including GTP I;
2. Improving quality, productivity and competitiveness of productive sectors (agriculture and manufacturing industries);
3. Enhance the transformation of the private sector
4. Build the capacity of the domestic construction industry, bridge critical infrastructure gaps with particular focus on ensuring quality provision of infrastructure services;
5. Building climate resilient green economy;

# Challenges for German businesses

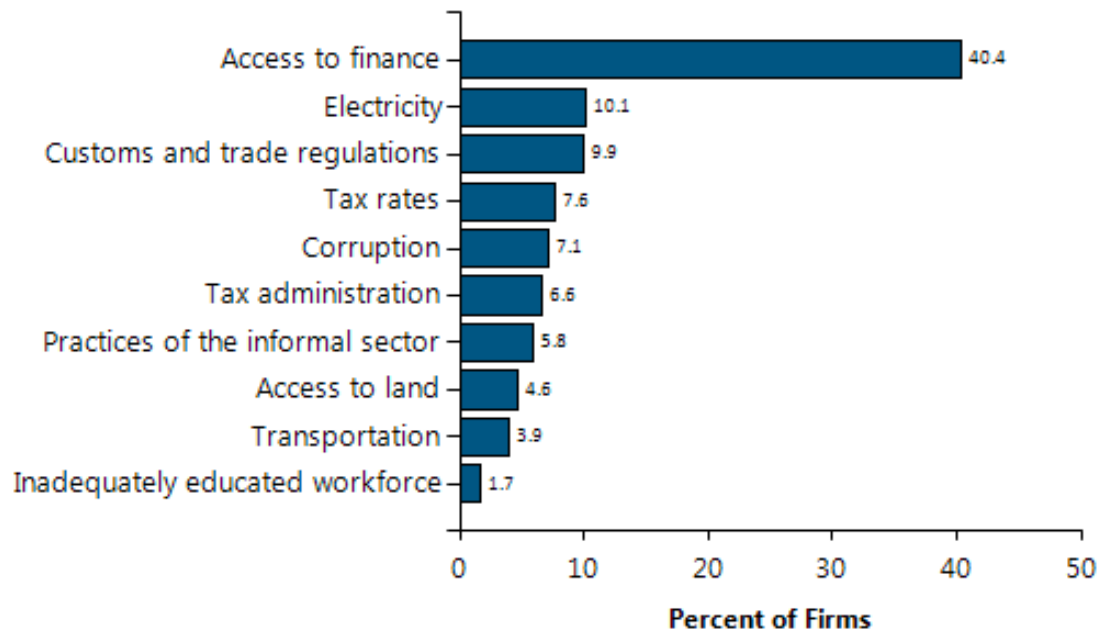


- The government retains control over the utilities sector and prohibits foreign ownership of banking and insurance companies
- Land cannot be purchased or sold, but can be leased, sometimes on a long-term basis
- Hard currencies deficits
- Import & Export Business - through Ethiopian nationals registered as official import or distribution agents with the Ministry of Trade and Industry.
- Customs clearance remains a hindrance to the business of importing. The clearance process is slow and imported goods are sometimes charged at attributed values instead of invoice values.
- The transportation and telecommunications systems, especially internet service, are improving and the Government of Ethiopia has prioritized infrastructure development in recent budgets.
- Drought

# Obstacles



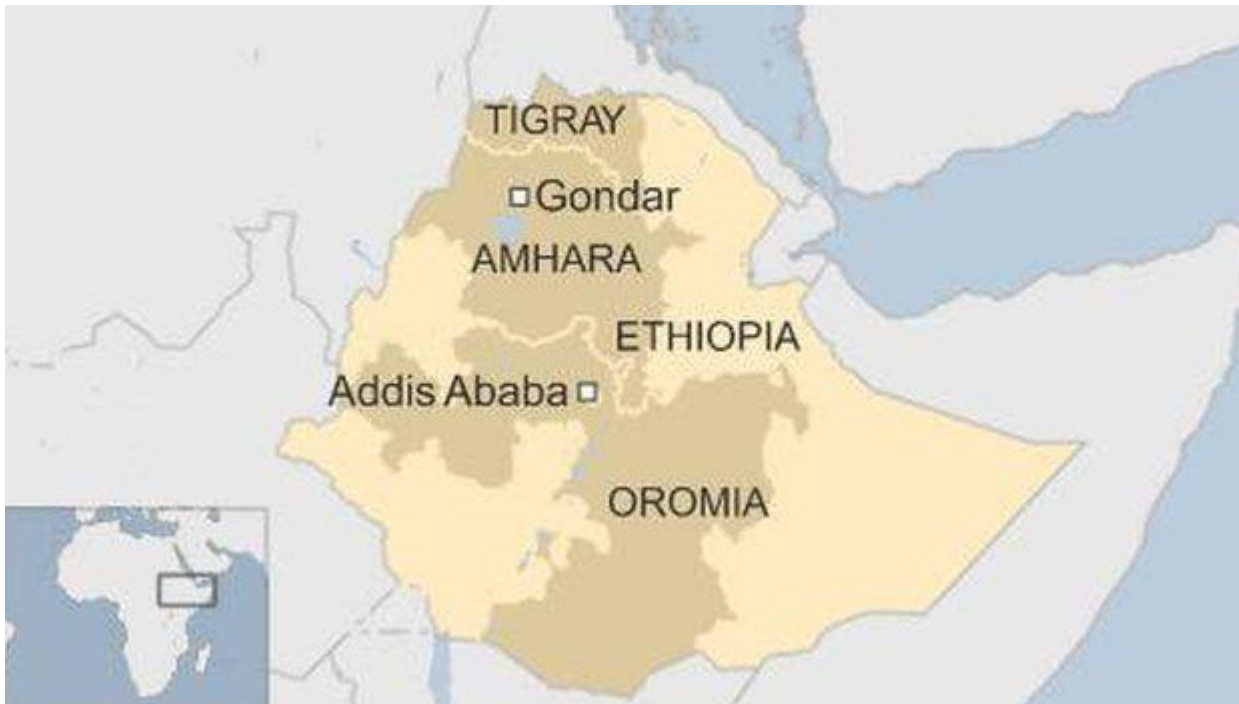
Ranking of the Top Business Environment Obstacle for Firms



- The current political problems



# What is behind Ethiopia's wave of protests?



## Ethiopia's ethnic make-up

- Oromo - 34.4%
- Amhara - 27%
- Somali - 6.2%
- Tigray - 6.1%
- Sidama - 4%
- Gurage - 2.5%
- Others - 19.8%