

U.S. Country Commercial Guides



CCG Ethiopia 2020

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Doing Business in Ethiopia

Market Overview

Ethiopia has a large domestic market of over 100 million people, making it the second most populous country in Africa after Nigeria. Over the last decade, Ethiopia has had one of the fastest growing economies in the world, with average annual growth rate of 14%. In 2019, Ethiopia's real Gross Domestic Product (GDP) expanded by nine percent, and growth is expected to fall to 6.3 % in 2020 due to Covid-19, according to the World Bank.

The business climate is undergoing significant changes with broad policy reforms implemented under the leadership of Prime Minister Abiy Ahmed. Government plans to privatize leading state-owned enterprises signal a significant shift toward market based reforms and a new flexibility with respect to economic policymaking. The acute foreign exchange shortage remains the leading challenge for U.S. suppliers, for which there is no quick fix.

While the economy is growing rapidly, presenting many opportunities, there are also hurdles to doing business in Ethiopia. The 2020 World Bank's Ease of Doing Business report (EODB) ranked Ethiopia 159th out of 190 countries, an improvement of two positions from 2018. The new leadership has a focused target to improve the country's ease of doing business ranking and has formed an interministerial committee led by the Prime Minister to improve specific areas of the ease of doing business. The World Economic Forum (WEF) has identified burdensome customs administrative procedures, the high cost of logistics, and access to credit and foreign exchange as major challenges to small and medium-sized enterprises (SMEs) in Ethiopia.

The agriculture sector has historically been the engine of the Ethiopian economy, but it has recently given way to the expansion of the service sector. The National Bank of Ethiopia (NBE) notes agriculture, industry and services have contributed 33.3%, 28.1% and 39.8% to GDP respectively during the 2018/19 Ethiopian fiscal year, as opposed to 36.3%, 27% and 39.2% to GDP in 2017/2018. The agriculture sector's share of GDP shrank by more than 25% between 2005 and 2019, while the service sector's share grew by 28% during the same period. Industry and the manufacturing sectors' share gradually rose, expanding their share of GDP over the past ten years. The construction industry, particularly roads, railways, dams, industrial parks and housing development, is the main driver of growth in the industrial sector, contributing more than half of the sector's growth. Service sector growth is dominated by expansion in communication and transport services, hotel and restaurant businesses, as well as wholesale and retail trading.

In May 2020, Moody's downgraded Ethiopia's credit worthiness to 'B 2', while S&P and Fitch maintained their ratings of 'B' with a negative outlook. These ratings reflect Ethiopia's deteriorating fiscal position, but prospects for continued economic growth in the short and medium term and are on par with neighboring Kenya and Uganda. During 2018/19, the year on year inflation rate gathered momentum and rose primarily due to a price increase in food items. In April 2020, Ethiopian inflation stood at 19% percent.

Real interest rates in Ethiopia remain largely negative. The minimum bank deposit rate of 7.00%, bond yield of 3.67%, and Treasury bill yield of 3.67% are lower than the annual inflation rate of approximately 15.3 percent. In October 2017, the National Bank of Ethiopia (NBE) devalued the birr by 15 percent relative to the U.S. dollar, thereby reducing overvaluation and enhancing competitiveness. In April 2020, the official exchange rate of dollar to birr rose to 33.15 with the birr devaluing by 15% in less than a year. The birr has continued to follow a steady depreciation, with the NBE following a crawling peg exchange rate policy. The black market exchange rate for the same period was approximately 42.00 Birr per dollar, a premium of 26.6% over the official rate.

Ethiopia faces a growing trade deficit with total imports increasing on average by 12.5% per year during the previous 10 years. The rise in the trade deficit has been driven by rising imports, which ballooned from \$3.6 billion in 2010 to \$15 billion in 2018/2019, the peak of Ethiopia's trade deficit. Concerned by the widening trade balance, the

Government of Ethiopia (GOE) works to suppress imports and has undertaken other macroeconomic measures in recent years, which has resulted in a narrowing of the trade deficit to \$12.44 billion in 2018/19. Ethiopia’s total merchandise exports were \$2.67 billion in 2018/2019 (a 6% decline from last year, 2017/2018), while imports for the same period were \$15.11 billion, a 1% decrease from the previous year.

In September 2019, the administration of PM Abiy Ahmed launched its new economic policy strategy termed the Home Grown Economic Reform Agenda, designed to eliminate macroeconomic imbalances and lay the foundation for sustainable and inclusive growth. The reform aims to transition the Ethiopian economy from a public sector led model to one that is driven by the private sector. In December 2019 the IMF approved a program for Ethiopia of nearly \$3 billion in support of the Home Grown Reform, which according to government sources will require a total of \$10 billion of new funding.

The Ethiopian birr is a non-convertible currency, and private sector allocation to foreign exchange (U.S. dollars) is determined by the National Bank of Ethiopia (NBE). The NBE operates within the context of a large trade deficit and the need to meet sovereign debt obligations stemming from government infrastructure projects funded by foreign debt, which enjoy priority in allocation of foreign currency.

According to the NBE annual report, 33.3% of total import spending (\$5.03 billion) was on capital goods and 28.3% (\$4.27 billion) on consumer goods. U.S. exports to Ethiopia in 2019 rose to \$1.5 billion, a 14% increase from that of the previous year, accounting for 10% of Ethiopia’s total imports. Ethiopia’s imports from the United States have increased steadily throughout the past decade, representing approximately a fivefold increase from 2007 through 2019.

In 2018/2019, Ethiopia's major goods exports included coffee (28.7%), oil seeds (14.5%), chat (11.4%), pulses (10.2%), cut flowers (9.6%), leather and leather products (4.4%) and gold (1%). Ethiopia’s total export earnings by value declined by 6% in 2018/2019 from the previous year. Depressed commodity prices are the leading cause of this drop in exports.

Leading destinations for Ethiopia's exports in 2018/2019 were: Asia 41.6, Europe 25.4% and Africa 20.8%. In FY 2018/2019, the United States was Ethiopia’s leading export market representing 11.3% of total exports, registering a 2% increase from the previous year. Ethiopia primarily exports coffee, leather, and leather products to the United States.

The vast majority of Ethiopia’s imports come from Asia (62.3%) followed by Europe (21.4%), the United States (10%), and other countries in Africa (6.2%). Imports from China accounted for 26% of Ethiopia’s total foreign supplies. U.S. exports to Ethiopia increased by 1.4%, a consecutive three year increase. U.S. exports to Ethiopia are primarily aircraft sales, construction equipment, agricultural machinery, farming, and engineering services. Aircraft and aviation parts represented a majority of total U.S. exports to Ethiopia.

Many U.S. companies based in the United Arab Emirates (UAE) do business in Ethiopia using Dubai as an intermediary export platform due to proximity and availability of reliable air shipping and air services. Please refer to the following table of U.S. -Ethiopia bilateral trade figures.

Table 1: U.S. – Ethiopia Bilateral Trade

Unit: U.S. Dollars

Year	U.S. Exports to Ethiopia	U.S. Imports from Ethiopia
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2009	266,866,655	112,911,249
2010	773,159,838	127,946,985
2011	689,890,633	144,417,834
2012	1,274,672,068	183,126,469
2013	688,507,736	193,566,884
2014	1,668,912,927	207,209,040
2015	1,555,249,376	310,269,077
2016	826,095,277	236,229,022
2017	877,154,121	291,458,720
2018	1,308,252,189	444,834,941

Source: Department of Commerce, Trade Policy Information Systems, Global trade Atlas and National Bank of Ethiopia

During the past ten years, bilateral trade between the United States and Ethiopia grew significantly in both directions, with U.S. exports to Ethiopia rising over six-fold while Ethiopia’s exports to the U.S. similarly increasing nearly four-fold during the period stretching between 2009 to 2018.

Chinese companies, supported by Chinese export trade and project finance agencies, are active in Ethiopia and aggressively pursue projects in the infrastructure and textile sectors. Indian and Saudi Arabian firms are mainly involved in the agricultural sector. Many Indian companies have also begun to invest in the government-sponsored industrial textile parks. Dutch companies play a prominent role in the floricultural industry and Turkish companies are increasingly engaged in manufacturing, particularly textiles and garments, as well as in construction.

The Ethiopian People’s Revolutionary Democratic Front (EPRDF), a coalition of four ethnic based, regional parties, and its allies held power from 1991 until its dissolution in 2019. In 2015, the EPRDF and its affiliates won all of the 547 parliamentary seats in national and regional elections. Prime Minister (PM) Abiy Ahmed came to power in April 2018 through a vote by the House of Peoples Representatives (the lower house of Parliament). The vote followed his selection in March 2018 as chairman of the ruling EPRDF. Following his appointment as chairman of the EPRDF and Prime Minister of Ethiopia, the executive committee of the EPRDF—a coalition of four ethnic parties—decided by majority vote to dismantle that party structure and form a new party without ethnic affiliation, the Prosperity Party (PP), in December 2019. Most members of the former EPRDF joined the newly formed Prosperity Party. With the spread of COVID-19, the August 2020 election has been postponed to a date not determined as of publication. Due to COVID-19 in March 2020, the government of Ethiopia declared a five month state of emergency during April – September 2020 with restrictions in support of social distancing taking effect immediately. While the state of emergency instituted restrictions, as of June 8, 2020 Ethiopia has not implemented a lock down.

The Government of Ethiopia’s economic development vision has been historically encapsulated in the government’s Growth and Transformation Plan (GTP). The growth objectives of the first phase, GTP I (2011-2015), were revised

to formulate GTP II (covering 2016-2020). GTP II lays out a plan for dramatic structural transformation, shifting from an agrarian economy to one more geared towards manufacturing and services, with the overarching goal of making Ethiopia a lower middle-income country by 2025. GTP II envisages 11% average annual economic growth with an improved trade balance and higher foreign reserves. Since PM Abiy's rise to power, however, there has been a diminished public commitment to the GTP II. The GOE is also committed to building a climate resilient green economy and reaching U.N. sustainable development goals. Ethiopia will focus on mitigating greenhouse gas emissions by expanding electric power generation from renewable sources for domestic and regional markets. The GOE now aims for the private sector to play an increased role in the economy under the Home Grown Reform plan spearheaded by the Abiy administration for the coming three years (2020-2023) to transition the economy to a private sector driven model.

The GOE has investment incentives aimed at attracting FDI, particularly export-oriented projects. U.S. companies that invest in Ethiopia benefit from tariff and duty free incentives through Ethiopia's eligibility for the African Growth & Opportunity Act (AGOA) trade preference program, now extended until 2025, and Ethiopia's membership in the Africa Continental Free Trade Agreement (AfCFTA).

Political risk for international investors can be mitigated through products offered by the African Trade Insurance Agency (ATI), which Ethiopia joined in 2016. ATI provides specialized services that cover political and trade risks. ATI also enables Ethiopian insurance companies to facilitate the sale of goods on a letter of credit, while limiting trade and political risks related to losses due to nationalization, breach of concession agreements, import or export embargoes, inconvertibility or transfer risks, political violence, terrorism, confiscation, license cancellation and sabotage.

The top five reasons why U.S. companies should consider doing business in Ethiopia are:

- Now is the moment for U.S. companies to pursue opportunities that have arisen following Ethiopia's sweeping political and economic reforms. Ethiopia is now beginning to liberalize its economy and privatize many sectors, allowing U.S. firms to participate in areas previously closed to international participation.
- Ethiopia is the second most populous country in Africa, with over 70% of the population under the age of 30, and has one of the fastest-growing economies in the world, which is resulting in an expanding middle class with greater purchasing power.
- U.S. products and services are highly respected among Ethiopians for their quality and dependability.
- U.S. Exim bank supports financing exports to Ethiopia, and has an expanded capacity to finance transactions beyond \$10 million following the May 2018 seating of a quorum of its board. The Development Finance Corporation (DFC), which in October 2019 became the successor agency of OPIC, is also increasingly engaged in and delivering project finance to Ethiopia. DFC is prioritizing the financing of projects in Ethiopia. With these financial tools, U.S. firms are now better equipped to mitigate risks and pursue projects in Ethiopia.
- Factors of production in Ethiopia such as land, labor, and energy costs are low relative to African and other global markets.

Market Challenges

While Ethiopia offers a number of opportunities, the market also has challenges. The government is engaged in a gradual process of economic reform and liberalization, and the state remains heavily involved in most economic sectors. The Government of Ethiopia (GOE) retains control over the utilities sector, and prohibits foreign ownership of banking, insurance, and financial services. State-owned enterprises (SOEs) dominate the economic landscape, reducing room for the private sector to flourish. SOEs actively encourage joint venture and equity partnerships with foreign companies.

The state-owned telecommunications company, Ethio Telecom, is undergoing significant reforms with plans to partially privatize, and an independent telecom regulatory agency, the Ethiopian Communication Authority (ECA) was established in 2019. Two new private service providers are expected to be announced in 2020 following the auctioning of telecom licenses to new mobile network operators.

Foreign exchange shortages, largely the result of weak export performance and high demand for foreign currency, notably for GOE infrastructure priority projects, will continue to present difficulties for firms in Ethiopia. Businesses can usually expect delays in foreign exchange supply extending up to a year, and it is especially common to expect slow-downs and down-time in manufacturing.

Electricity demand continues to outpace supply as new hydropower dams struggle to produce at full capacity. Power transmission lines and distribution facilities are inadequate to the demand. The GOE is investing significantly in the construction of large-scale hydroelectric generation projects, with the objective of doubling the current near 4000 MW power supply. If successfully completed, these projects could meet domestic electricity demand and produce a significant surplus of power for export. The GOE is open to proposals for power development projects using Independent Power Purchase (IPP) agreements for the sale of power from renewable energy resources (geothermal, solar, wind and biomass). USAID Power Africa is supporting the development of a regulatory framework for IPP agreements. The first 150 MW IPP geothermal power generation project agreement has been signed with the U.S. company, Corbetti, under a BOOT (build, own, operate, and transfer) agreement. The Government of Ethiopia has signed a Power Purchase Agreement (PPA) with developers to build a second 150 MW IPP, at Tulu Moye.

The Ethiopian economy has grown at a rapid pace over the past decade, but the economy remains constrained by foreign exchange scarcity, as well as vulnerable to periodic droughts and commodity price volatility that impacts the demand and price of Ethiopia's primary export commodities. The price of coffee, one-third of Ethiopia's exports, has a pronounced impact on Ethiopia's export earnings.

Government procedures and paperwork are usually bureaucratic and time-consuming, although some improvements have been made in recent years. While the customs clearance process is still very slow, the GOE is committed to improving its World Bank's Ease of Doing Business (EODB) ranking and is currently enacting a redrafted Commercial Code, which had remained unchanged for the past fifty years (as of mid 2020 the redrafted commercial code had been awaiting parliamentary approval, after receiving approval from the Council of Ministers). Areas targeted for revision include the business tax code and the registration process.

Market Opportunities

The primary U.S. exports to Ethiopia include aircraft, aircraft parts, trucks, vehicle/vehicle parts, agricultural equipment, computer equipment, food products, and machinery (non-electrical). The most promising commercial opportunities in Ethiopia are in agriculture and agro processing, infrastructure, energy, aviation, healthcare, and tourism.

Government Tenders

The Government of Ethiopia (GOE) and its public institutions are the leading buyer and market for U.S. products. The GOE invests heavily in large social and economic infrastructure projects, including power generation, industrial zones and parks, housing construction, water and irrigation, roads and railways, airports and dry ports, telecommunication and internet networks, as well as fertilizer factories. There are prospects for U.S. companies to participate in government tenders. U.S. companies heavily rely on high level advocacy support to win government tenders or overturn unfair or non-transparent tender awards associated with irregularities in the tender process.

The GOE welcomes tender bid proposals accompanied by financing options. Bidders who do not include 100% financing options are usually at a competitive disadvantage. Also, there have been reported issues of lack of

transparency and fairness in the tender evaluation process. Therefore, bidders should consider working with the Commercial Service Ethiopia and using the U.S. Commerce Department advocacy process (see export.gov) to develop a strategy for bidding prior to the tender evaluation process. EXIM's capacity to finance U.S. exports was limited to only \$10 million as it did not have a full board. In 2019, the full financing capacity of the U.S. ExIm bank was restored through U.S. Senate confirmation of three members of its board of directors. The U.S. International Development Finance Corporation (DFC), the successor agency of the Overseas Private Investment Corporation, with increased capacity, has shown enhanced interest in financing projects in Ethiopia with U.S. equity investment.

Agriculture

Ethiopia is endowed with abundant agricultural resources and has diverse ecological zones for agricultural production. Investment licenses can be obtained from the Ethiopian Investment Commission and land can be leased for up to 99 years from regional and city administration bureaus. Recently, land allocation, compensation, and relocation have posed significant issues for the GOE in terms of equity and transparency. In addition, significant regional autonomy in Ethiopia means that respect for land rights varies across the country. U.S. companies should do their due diligence in advance of making investments requiring land use and/or relocation.

Energy

Energy is one of the most significant sectors for Ethiopia's economic growth and development. We expect power generation to increase significantly in the medium run. Ethiopia possesses significant renewable energy potential (renewable sources already account for over 90% of Ethiopia's energy production), especially hydroelectric, and seeks to exploit these resources by increasing the installed capacity of renewable energy sources. The GOE issues tenders for several renewable energy projects with the tender evaluation process focusing on quality and project experience.

Aviation

Aviation is a high-growth sector with increasing demand for air transportation, both passenger and cargo, expanding at an average 20% growth rate.

Africa Continental Free Trade Area

The Africa Continental Free Trade Agreement (AfCFTA), which entered into force in May 2019, unites the 54 African countries that have signed the agreement into one common trade area. Ethiopia has ratified the AfCFTA, facilitating trade across the continent between Ethiopia. The AfCFTA creates an opportunity for U.S. companies to use Ethiopia as a regional trade hub to reach neighboring markets.

African Union & UN Economic Commission for Africa Opportunities

The African Union (AU), headquartered in Addis Ababa, Ethiopia, serves as the region's preeminent intergovernmental organization, representing Africa's 55 member states. The United States has been accredited to the AU as an observer since 2006, and is currently represented by U.S. Ambassador to the African Union Jessica Lapenn. Ambassador Lapenn also serves as the U.S. Permanent Representative to the UN Economic Commission for Africa (UNECA), a leading provider of technical assistance and partner to the AU.

As enshrined in its long-term strategy Agenda 2063, the AU has the mandate to pursue continental integration as one of its top priorities. To achieve this goal, the AU launched the African Continental Free Trade Area (AfCFTA), that entered into force in May 2019. The AfCFTA aims to unite Africa's economy, harmonize regulations, and reduce

tariffs and other barriers to trade. As of mid 2020, 54 AU member states have signed the AfCFTA, and 30 countries have completed the ratification process. The AfCFTA's chapters will shape the trade and investment landscape on key issues for U.S. companies operating in Africa including on goods and services, intellectual property rights, investment, competition policy, and digital trade. The U.S. Mission to the AU (USAU) supports the AfCFTA by providing technical assistance to the AU and by facilitating U.S. private sector engagement with the AU on the AfCFTA.

With an annual budget of \$647 million, the AU offers a variety of business opportunities in areas ranging from peacekeeping operations to medical equipment and supplies, energy and power, information technology, construction, furniture, consultancy, and more. The AU's work is overseen by sector-specific departments that each have procurement needs and offer business opportunities. The departments of the AU are Peace and Security, Political Affairs, Infrastructure and Energy, Social Affairs and Health, Human Resources, Sciences and Technology, Trade and Industry, Rural Economy and Agriculture, and Economic Affairs. These departments require substantive consultancy support to assist in their policy formulation efforts. Consultancy contracts can range from \$2,000 to \$450,000 to support activities such as policy analysis and formulation, developing online reporting mechanisms, hiring and recruitment, organizing seminars and continent-wide conferences, and more. Although U.S. companies tend to submit bids primarily for consultancy contracts, USAU encourages U.S. companies to submit bids for the AU's wide array of offerings.

In addition to providing business opportunities for its headquarters and main campus located in Addis Ababa, the AU has business opportunities for its institutions and regional centers across the continent such as the African Centers for Disease Control and Prevention (Africa CDC) in Ethiopia, the African Union-Interafrican Bureau for Animal Resources (AU-IBAR) in Kenya, the African Union Development Agency (AUDA) in South Africa, and more. The AU, with UN approval, leads peacekeeping operations across the continent, the largest of which is the AU Mission to Somalia (AMISOM). Peacekeeping operations require diverse services and commodities ranging from information technology, electronic and communications equipment, construction materials, vehicles, medicines, foodstuffs, furniture, and office supplies. The AU also hosts dozens of high-level and sector-specific conferences annually, both in Addis Ababa and in other African capitals of its member states, requiring significant hospitality and conference support services. The AU is currently undergoing reforms and organizational restructuring, opening up multiple opportunities for U.S. firms to compete for management consulting and other contracts related to the reorganization.

The Procurement function of the AU is undertaken by the Procurement Division within the Directorate of Administration & Human Resources Management (AHRM) of the AUC and the Procurement Units of AU Organs and Institutions. The Procurement Unit of each entity has the responsibility for the coordination of procurement function and management of suppliers.

UNECA also offers unique business opportunities with \$200 million in contracts awarded annually. U.S. companies have historically been suppliers of high-quality goods and services to the UN system, including telecommunications, financial services, construction, and food production. UNECA and the 22 UN agencies located in Addis Ababa use the UN's centralized procurement system.

To inform U.S. companies of AU and UNECA procurement guidelines, USAU holds an annual seminar on doing business with the AU and UN. U.S. commercial service providers are invited to attend these seminars held in June to discuss AU and UN procurement needs, processes, requirements and eligibility criteria. The seminar, which includes AU and UN decisionmakers on procurement, widens the vendor base of quality service providers for the AU and UN agencies.

U.S. companies interested in bidding on African Union contracts can find a list of open tenders and the AU's procurement manual on the AU's website, <https://au.int/en/bids>. For additional information on AU procurement,

contact: Carine Toure Yemitia, AU Commission Head of Procurement, Travel, and Stores Division, Tel: (+251) 11 551 7700 – Ext 4305, Email: tender@africa-union.org

For more information on U.S.-AU economic and commercial affairs, contact: Pren-Tsilya Boa-Guehe, Economic Officer, U.S. Mission to the African Union, Tel: (+251) 11-130-6174, Email: Boa-GueheP@state.gov

Market Entry Strategy

Accessing the Ethiopian market often requires the following: undertaking a judicious assessment of the market opportunities, conducting extensive due diligence, and developing personal relationships. U.S. firms should consider appointing experienced and reliable local agents or distributors to represent their products and services in Ethiopia. Ethiopian-Americans, living in the United States or in Ethiopia, often serve as good resources in establishing U.S.-Ethiopian partnerships. Hiring a local lawyer to review documents and contracts is essential for any investor. The Government of Ethiopia (GOE) requires that all commodity imports be channeled through Ethiopian nationals registered as official import or distribution agents with the Ministry of Trade and Industry (MOTI). There is no substitute for conducting meetings in person and spending time on the ground to build relationships and form business partnerships. Email communication should not be substituted for in-person meetings.

A significant portion of Ethiopia's imports are solicited through government tenders, primarily issued by the Public Procurement & Property Disposal Service (PPPDS) and, with respect to the Ministry of Health, the Pharmaceutical Supply Agency (PSA). The tender announcements are made accessible to all interested potential bidders, regardless of the nationality of the supplier or origin of the products/services. Some U.S. companies have raised concerns regarding a lack of transparency in the PPPDS and PSA tender bid evaluation processes. The new administration of PM Abiy Ahmed has undertaken significant actions against corruption, including detaining eight senior executives at PPPDS and the Public Procurement Agency (PPA) including the Director General for PPPDS and the Deputy Director General for PPA. All eight executives were charged with corruption and the PPPDS is currently undergoing a thorough reform process with a new Director General appointed.

Ethiopia has its own unique calendar year. The Ethiopian calendar has 13 months; 12 months with 30 days each and one month of 5 or 6 days depending on whether the year is a leap year or not. The Ethiopian calendar year begins on 11th September, which is the Ethiopian New Year. The government fiscal year starts on 8th July and ends on 7th July. Both the Ethiopian calendar and fiscal year fall in two Gregorian calendar years. This is important for U.S. companies organizing their visits to Ethiopia. Companies should avoid the Ethiopian New Year as many government officials, offices and key private sector companies are not available. Companies should be aware of the Ethiopian fiscal year when approaching the government to finance goods and services to ensure funding and an appropriate approval timeline.

Leading Sectors for U.S. Exports & Investments

Aviation

Overview

Aviation accounts for over 80 percent of U.S. exports to Ethiopia. Prior to the spring of 2020, the sector had been growing rapidly with rising demand for air transportation, both passenger and cargo. It will continue to play an outsize role given Ethiopian Airlines status as the leading airline on the continent, and the airline's infrastructure ambitions.

The Ethiopian Airports Enterprise (EAE), a company within the Ethiopian Airlines Group, carried out an expansion of the Addis Ababa Bole International Airport, under a \$345 million contract with China Communication Construction Company. The objective is to triple the capacity of the airport from seven million passengers per year to 21 million. The first phase of the Bole International Airport expansion project was completed in early 2019. EAE also has plans to build a major airport outside of Addis Ababa with a capacity of 100 million passengers per year at a cost of \$4 billion. The new airport would be built outside of Addis Ababa at a lower elevation, reducing jet fuel consumption and enabling flights of a greater distance. Aéroports de Paris Ingénierie (ADPI), a French airport engineering and design firm, has completed a feasibility study for EAE to support identifying a suitable site for the project. Tewolde Gebremariam, CEO of the Ethiopian Airlines Group, which includes EAE, announced that the site selected for the new airport will be in Bishoftu, also known as Debre Zeit, 50 kilometers from Addis Ababa. ADPI is drafting a master plan for the new airport construction project. The master plan design will be followed by tender floating to hire an engineering, design and project supervision consulting firm that will conduct design review, define the requirements of the airport, prepare tender documents for securing the airport development contractor and carry out bid evaluation and supervision of the airport development project.

Ethiopian Airlines Group will seek an international firm to build, operate, and transfer operations to Ethiopian Airlines Group after a defined period, a Build, Own, Operate, Transfer (BOT) model. Ethiopian Airlines group will seek an operator that can provide financing options. Unlike a PPP, Ethiopian Airlines will maintain ownership of the airport. Ethiopian Airlines aims to begin construction of the airport in spring 2021.

The Government of Ethiopia (GOE) drives growth in the domestic aviation sector by building airports throughout the country. EAE has had a goal of increasing the number of total airports in the country to 25 by the end of 2020, but as a result of the COVID-19 crisis many major infrastructure projects will be delayed.

Construction of Nekemte airport began in 2017 at a cost of \$27.5 million. The construction of the Hawassa International Airport was completed in 2016 and Ethiopian Airlines flew its first flight to Hawassa city in 2016. A local contractor, YOTEK Construction, built the airport at a cost of nearly \$21 million. This airport was built to support the textile industrial park of Hawassa.

During the past decade, Ethiopian Airlines (EAL) has registered average revenue growth of 20% per annum. EAL has been following an aggressive 15-year plan, called vision 2025, with a goal to make EAL the most competitive aviation group in Africa. According to CentreforAviation.com, EAL operates the largest number of aircraft in Africa followed by Egypt Air and South African Airways; with the latter two operating 68 and 64 passenger aircraft respectively. EAL today operates over 100 aircraft, with over 70% of these aircraft supplied by Boeing. EAL aspires to retain its leading African airline position in both passenger and cargo loads.

Under Vision 2025, EAL seeks to double its fleet numbers, increase the number of destinations to 125, carry more than 18 million passengers and 800,000 metric tons of cargo, and improve its current \$2.5 billion annual revenue to \$10 billion. EAL is looking to renew and expand its flight operations using the following aircraft:

- Bombardier Q400 airplanes for domestic flights,

- Boeing 737 for mid-range flights
- Boeing 787 (replacing both Boeing 757 and Boeing 767) for the long range and
- Boeing 777 and Airbus A350 for the extra-long range.

According to this expansion plan, EAL will buy many new airplanes in the years to come.

EAL has continued to expand its number of routes in recent years. It began service to Chicago in June 2018 from Addis Ababa and EAL began a new regular route to Houston in December 2019. These flights have facilitated greater commercial linkages between the United States and Ethiopia, particularly with the vast number of U.S. firms and Ethiopian diaspora.

Ethiopian Airlines is the first African airline to operate a 100 aircraft fleet, thus establishing its pioneering aviation role and consolidating its leadership position in many aspects of aviation services in the continent. Ethiopian Airlines took delivery of its 100th aircraft, a Boeing 787-900, in 2018. EAL selected the GE GENx engine to power its six additional Boeing 787-9 Dreamliner aircraft. This selection increases Ethiopian Airlines' GENx-powered B787 aircraft to 19 total.

EAL has invested \$100 million in expanding and upgrading its aviation academy. The scale and scope of the expansion seals the academy's position as the largest and the most advanced aviation academy in Africa with an annual intake capacity of 4,000 students training in piloting, aircraft mechanics and technicians, cabin crew, ticket agents and procurement officials. In addition, EAL has invested another \$100 million for the first phase of a new cargo terminal that will increase its cargo carrying capacity to 1 million tons, for both dry and perishable goods. The cargo terminal began operating in 2018.

Ethiopian Airlines is expanding fast into West Africa with Togolese ASKY Airlines. EAL is also partnering with Air Cote d'Ivoire, Congo Airways and delivers management services CEIBA International in Equatorial Guinea. The airline has ambitious plans; EAL is working with the Zambian government to relaunch its national carrier with a 45% stake. It also plans to establish a wholly-owned airline in Mozambique and has signed a contract to start an airline in Guinea. EAL has also taken a 49% stake in a Chadian airline. EAL has partnered with DHL Global Forwarding to form a joint venture called DHL-Ethiopian Airlines Logistics Service with an investment of 10 million Euros. According to the partners, the JV conducts business throughout Africa, consequently improving Ethiopia's logistics infrastructure and connections. EAL has also announced its intention to buy a 20% stake in Eritrean Airlines.

Boeing aircraft with GE engines constitute a majority of EAL's current operating fleet. At the moment, EAL operates over 70 Boeing airplanes. In recent years, however, EAL began to take deliveries from Airbus, including its first order of a 343-seater Airbus A350. EAL operates 14 A350 XWB, of which 12 have been directly purchased from Airbus and two on lease from AerCap. In 2016, Ethiopian Airlines became the first African A350 XWB operator.

In the past 25 years, small private airways emerged operating small aircraft carrying less than 50 passengers, a regulatory maximum for private operators. These private airlines usually provide local flight services, mostly chartered flights, to remote locations for the diplomatic community, private entities and humanitarian non-governmental organizations.

There are several market opportunities for U.S. companies in airport security, aircraft and other aviation support equipment and aviation infrastructure development.

Market size: Aircraft and parts Unit: USD

	2018	2019	2020 (Estimated)	2021 (Estimated)

Total Market Size	2,000,000,000	2,500,000,000	2,700,000,000	3,000,000,000
Total Local Production	-	-	-	
Total Exports	-	-	-	
Total Imports	2,000,000,000	2,500,000,000	2,700,000,000	3,000,000,000
Imports from the United States.	1,087,251,093		1,700,000,000	2,000,000

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

- Aircraft and engine sales and leasing to both EAL and smaller charter airlines; replacement parts; and airport equipment, including transportation security technology.
- Flight and cargo management information systems.
- Engagement in airport infrastructure design and development and airport safety and security systems.
- Engagement in airports commercial development and modernization projects.
- Services associated with the privatization of EAL, such as valuation, issuance, and other advisory services.

Opportunities

Addis Ababa Bole International Airport completed renovation and expansion of its terminals in late 2019. In addition, EAE has carried out a feasibility study and location reviews for the Bishoftu airport outside of Addis Ababa. Tenders for design and construction of the new major airport will be issued during late 2020, but these upcoming tenders present future opportunities for U.S. infrastructure firms. There are many opportunities for U.S. companies to bid on the design and construction of the major airport. Additionally, the new airport will need equipment, machinery, and structures related to indoor and outdoor facilities, including new headquarters, baggage handling, shopping centers, a new cargo terminal, transfers, and parking. Other domestic airports will also require communication, safety, and security equipment as planned upgrades occur in coming years. EAE requires ICT infrastructure and a commercial development plan, which should pave the way for U.S. companies to bid on upcoming tenders.

Web Resources

U.S. Foreign Commercial Service,
Teddy.Tefera@trade.gov

Office.AddisAbaba@trade.gov
www.export.gov

Ministry of Transport
www.motr.gov.et/home

Ethiopian Airlines
<https://www.ethiopianairlines.com/AA/EN>

Abyssinian Flight Services
<http://www.abyssinianflights.com>

National Airways
<http://www.nationalairways.com.et/>

Air Ethiopia (Addis Airlines)
<http://www.airethiopia.net>

Zemen Flight Services
<http://www.flyzemen.com>

Ethiopian Airlines
<http://www.ethiopianairlines.com>

Ethiopian Airports Enterprise
<http://www.ethiopianairports.com>

Ethiopian Civil Aviation Authority
<http://www.ecaa.gov.et/>

Road and Railways

This is a best prospect industry sector for Ethiopia. This section includes a market overview and trade data.

Overview

The GOE has steadily expanded its road network in recent years. As of the end of FY 2018/19, Ethiopia had 138,127 kilometers (85,825 miles) of all-weather roads – about 39% of the required road network in the country. In FY 2018/19, the GOE invested 37.3 billion Birr (\$1.13 billion) in road construction. The Ethiopian Roads Authority plans to build an additional 10,000 kilometers of road at a cost of 41 billion Birr (\$1.24 Billion) in the coming year. In the past fifteen years, the GOE has been vigorously engaged in new road construction as well as expansion of the existing road network through Ethiopia's Road Sector Development Programs (RSDP).

U.S. firms have bid on tenders for road design, construction, auditing and supervision services. However, most of them have not been price competitive. Ethiopia will continue to need construction vehicles (bulldozers, cranes, trucks, and forklifts), vehicle attachments, and mechanized and non-mechanized equipment to level and pour construction materials. Most projects open for international competitive bidding are funded either by the GOE or major international financial institutions, such as the World Bank's International Development Association (IDA) and the African Development Bank (AFDB).

Ethiopia is aggressively working to develop an extensive rail network. As a landlocked country, Ethiopia primarily uses the port of Djibouti as a gateway for the vast majority of its internationally traded goods (through which flow

90% to 95% of its trade), with most of the goods essentially transported to and from the port by trucks. This situation has made Ethiopia's trade logistics very expensive and uncompetitive. Ethiopia's reopening of diplomatic relations with Eritrea has created the expectation of expanded logistics operations via the Eritrean ports of Assab and Massawa.

The Ethiopian Railways Corporation (ERC) under the Ministry of Transport is mandated to create a modern nationwide railway network, replacing the Franco-Ethiopian railway that is no longer in service. ERC completed a 656 kilometer railway network construction project that links the capital city Addis Ababa to the port of Djibouti. This railway expansion project was carried out by two Chinese companies, state-owned China Railway Group and the China Civil Engineering Construction Corporation. The new rail system began commercial operations in 2018. Two Chinese companies will operate and manage the \$3.4 billion railway line through 2024 as local employees are trained to takeover in due course.

The Addis Ababa-Djibouti rail project will significantly improve Ethiopia's international trade by reducing traders' logistical costs and time of delivery. The new electric railway reduces transport time from Djibouti to Modjo (a dry port city 70 kilometers from Addis Ababa) from the current 84 hours to just 10 hours. Cargo capacity on the rail network is 3,500 to 4,000 tons of freight per train, with ERC anticipating 6 to 7 million tons of cargo per year in its first few years of operation. Cargo volume will increase to 10 million tons in the mid-term.

U.S. companies have several market opportunities in this sector, including transit oriented planning, development, and design for railway projects, and the supply of rail technologies such as locomotives and smart rail ticketing systems. The Addis Ababa - Modjo rail network is the first phase of a master rail network development plan, to be developed over an extended period due to funding requirements, that aims to connect Ethiopia with all of its neighboring countries outside of Eritrea and provide access to three ports (Djibouti and Tadjoura in Djibouti, and Mombasa in Kenya) in two phases. The second leg of this network, the railroad from Awash (one of the stops on the Addis-Djibouti railway line) to Mekelle is currently under construction by a Turkish company, Yapi Merkezi, and a Chinese contractor, China Communications Construction Company (CCCC), with completion expected in the early 2020s. The third leg is the connection between Weldeya and Tadjoura; while the contract has been awarded to two contractors, one Chinese firm, CCCC, and one Indian company, Overseas Infrastructure Alliance (OIA), the financing for this project has not yet been finalized. The fourth step will be to connect Addis Ababa with Konso via Hawassa and Arba Minch, for extension in phase II to Mombasa, Kenya, via Moyale and Nairobi. The final leg of Phase I is the link from Addis Ababa via Ambo, Ejaji and Jimma to Bedele (to be extended to South Sudan in the second phase). In phase II, the network would be extended to Axum, Shire, Bahir Dar and Assosa and, in addition to the links to Kenya and South Sudan mentioned above, to Metema and Kurmuk on the border to North Sudan. Priorities have been set based on the need to move commodities such as potash and coffee out of the country and import capital and consumer goods.

Ethiopian Railways Corporation is among the major state owned enterprises that have been announced as slated for partial or full privatization. Specific details on the privatization process of the Ethiopian RAILS Corporation are yet to be announced.

The Government of Ethiopia is currently implementing a \$2 billion National Logistics Development (NLD) strategy, which was incorporated into GTP II to alleviate trade logistic hurdles. Under this strategy, the GOE aspires to expand its rail network, targeting enhancement of the country's export competitiveness by significantly reducing trade logistic costs. As a part of the NLD plan, the GOE will further expand its railway network to roughly 1,545 km (960 miles) linking all the seven major dry ports and towns of the country. U.S. companies can bid for upcoming projects in railway design, construction, and supervision services. As these infrastructure projects have limited financial resources, foreign bidders with project financing proposals are best positioned. U.S. companies can approach the U.S. International Development Finance Corporation (DFC), the successor agency of the Overseas Private Investment Corporation, and the U.S. EXIM Bank to develop attractive funding proposals for these upcoming projects.

Table: Road Network

Unit: Kilometers

	2018	2019 (Estimated)	2020 (Estimated)	2021 (Estimated)
Total Market Size	126,773	150,000	155,000	160,000
Total Local Production*	70,000	75,000	75,000	80,000
Total Exports	-	-	-	-
Total Imports**	56,773	75,000	80,000	80,000
Imports from the United States***	-	-	2,000	4,000

Source : National Bank of Ethiopia

* indicates length of road projects carried out by local contractors.

** indicates length of road projects carried out by foreign companies.

*** indicates estimated length of road projects that can be constructed by U.S. companies.

Leading Sub-Sectors

- U.S. firms have opportunities in the road and railway construction sectors and may also offer engineering design, consultancy and supervision services in partnership with a local company.
- U.S. exports of construction machinery, chemicals, locomotives, railway machinery and equipment and building materials are highly valued in Ethiopia.

Opportunities

There are opportunities for U.S. companies through government tenders for road and railway construction projects. U.S. companies can also provide engineering design, consultancy and construction supervision services in the road and railways sector to the administering agencies or the contracted companies. Other potential opportunities are the sale of railways locomotives, machineries and equipment, construction vehicles (bulldozers, cranes, trucks, and forklifts), vehicle attachments, and mechanized and non-mechanized equipment to level and pour construction materials.

Companies should refer to the Project Financing section of Chapter 7: Trade and Project Financing for specific project opportunities.

Web Resources

U.S. Foreign Commercial Service,
Teddy.Tefera@trade.gov
Office.AddisAbaba@trade.gov
www.export.gov

African Development Bank
<http://www.afdb.org>

Export-Import Bank of the United States: <http://www.exim.gov>
Country Limitation Schedule: <http://www.exim.gov/tools/countrylimitationschedule/>

Overseas Private Investment Corporation (OPIC): <http://www.opic.gov>

Trade and Development Agency: <http://www.ustda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

U.S. Agency for International Development: <http://www.usaid.gov>

Ministry of Transport
<http://www.motr.gov.et/home>

Ethiopian Roads Authority
<http://www.era.gov.et>

Ethiopian Railways Corporation
<http://www.erc.gov.et>
Ethio Lease Ethiopian Capital Goods Finance Share Company
<http://ethiolease.com>

World Bank
<http://www.worldbank.org>

Agro-processing

This is a best prospect industry sector for Ethiopia. This section includes a market overview and trade data.

Overview

Agriculture is an engine of the Ethiopian economy, employing 80% of the total population, contributing 39% to GDP, and generating 90% of its foreign currency from exports. Ethiopia's agricultural exports are primarily unprocessed commodities, including coffee, oil seeds, pulses, live plants, and cut flowers. Conversely, agro-industries accounted for only five percent of Ethiopia's GDP in 2012, yet in the same period 50% of the total manufacturing production was in food and beverage. Ethiopia possesses a wide range of agroecological zones, arable land, and access to labor, which allow for a wide range of agricultural systems. In Africa, Ethiopia is a major producer of coffee and barley. Additionally, among African countries, Ethiopian production ranks second in sorghum, third in maize, third in wheat, and fourth in coarse grains. Finally, Ethiopia maintains the largest number of livestock in Africa.

The Government of Ethiopia (GOE) aims to boost exports and trade through \$1 billion of annual investment in agro processing industrial parks to make Ethiopia a top manufacturing hub on the continent. Industrial parks broadly are a key focus of Ethiopia's economic development strategy. Through the Ministry of Trade and Industry (MOTI) and the Industrial Parks Development Corporation (IPDC), 17 agro-industrial growth corridors (AIGC) are planned for development, with coverage in all nine regional states. In its current first phase, four Integrated Agro-Industrial Parks (IAIP) are under construction, which when completed will provide support services to companies, opportunities for skills development, and attraction for foreign investment. The total estimated cost of the four pilot agro-industrial parks is \$181.2 million. The GOE intends for the four IAIPs to result in \$1.5 billion in investment, 400 business opportunities, and 400,000 jobs. The four industrial parks are situated in strategic locations throughout Ethiopia and were selected based on the area's agricultural potential, infrastructure facilities (water, electricity, etc.), and regional market potential. The IAIPs are envisioned to provide a one-stop shop to provide various services to facilitate trade logistics, access to land, customs clearance, and other business services. At present, the four IAIPs are at various stages of planning and development, located in Humera (Tigray), Bure (Amhara), Yirgalem (SNNP) and Bulbula (Oromia). Aside from these, there are multiple textile and apparel industrial parks, the most notable being Hawassa Industrial Park where the U.S.-owned apparel manufacturer, Philips Van Huesen (PVH), is producing shirts and other garments for the export market. Generous government investment incentives, preferential access to the United States under the African Growth and Opportunity Act (AGOA), low cost of electricity and labor, and abundant natural resources have resulted in increased foreign direct investment into the parks. In 2018/19, the industrial parks generated \$140.6 million in export earnings.

Commodities intended for processing include coffee, sorghum, maize, sesame, horticulture, meat and dairy, and cereals, among others. The IAIPs will include companies that export value-added agricultural products as well as those producing products for domestic consumption. Major agriculture processing potential includes cattle fattening and processing, chicken production and processing, livestock feed manufacturing, wheat-based food production (e.g. pasta, biscuits), sesame processing (e.g. tahini), soybean crushing (e.g. soybean oil and feed), sugar production and processing, juice and dairy manufacturing, as well as garments and leather goods.

In 2019, the Ethiopian Ministry of Finance implemented a policy change authorizing duty free import of agricultural and irrigation equipment. This new directive aims to increase agricultural productivity for both small holder farmers and commercial farmers as they will have improved access to new agricultural farming capital goods.

Key agricultural commodities intended for processing and exports through the IAIP are the following: Coffee – Ethiopia exported 3.98 million 60-kg bags of coffee in 2017/18 generating \$897 million in revenue. Ethiopia aims to expand production and reach \$2 billion in sales by 2019/2020.

Maize – Ethiopia produced 7.3 million metric tons of maize in 2017/2018 and provides both food and feed source for processing.

Poultry – Poultry production for 2017/18 was about 54,000 MT, and the retail price of imported chicken meat ranges between \$10-11 per kilogram.

Dairy – In the last 15 years, the volume of milk production has tripled. Ethiopia faces shortages of feed, land and pasture for its cattle herds. In May 2019, the Ministry of Finance released a new proclamation which allows duty free import of feed production inputs. This new directive will boost both production of feed as well as dairy and poultry production.

Sesame – In the last five years, sesame production has doubled, except for the 2015/16 drought year which resulted in nearly a 10 percent reduction in total production for the year.

Potato – Potato production has increased substantially in recent years, with estimates at nearly 6,000 MT produced last year. Demand for processed potatoes should continue in the foreseeable future.

Sugar: Ethiopia has 13 sugar manufacturing factories with all plants owned by the state. As a part of PM Abiy Ahmed's economic reform program, transfer of the sugar factories to private ownership is underway. At present, the 13 state owned sugar factories are undergoing technical, price, social and environmental impact assessment studies. The plan is to privatize six out of the 13 sugar plants to local or international private investors.

Some of the challenges in the current agro-processing sector include insufficient local product, in part due to complexities in smallholder farm structures, post-harvest storage, as well as inconsistent commodity quality. Furthermore, a critical constraint to agro-industrial development is the lack of infrastructure to support sufficient raw commodities flow to processors. Establishing effective supply chains, including cold chain, can increase agro-processor access to local producers. With the establishment of the agro-industrial parks, the integration of smallholder farmers and processors into the industries as part of the commercial value chain could improve the local economy.

Leading Sub-Sectors

- Machineries for coffee roasting and processing.
- Machineries for dairy milk processing, chicken processing cattle fattening and abattoirs.
- Machineries for animal and chicken feed production.
- Machineries for juice extraction and processing.
- Machineries for tomato and potato processing.
- Technology and machineries for flour processing, bakery, pasta and macaroni manufacturing.
- Machineries for edible oil extraction, filtration and processing.
- Provision of cold chain, post-harvest technology, mobile preservative technology and storage facilities.
- Sugar processing technology and various machineries.

Opportunities

There are multiple business opportunities for U.S. companies to benefit from Ethiopia's emerging integrated agro industrial parks. Opportunities exist throughout the value chain of the IAIP. U.S. construction and architectural companies can participate in the design, development construction and supervision of the IAIPs. Business opportunities are also available for U.S. companies to design, supply, install and commission the agro processing facilities at the IAIPs. U.S. technology suppliers can also sell machinery and technological equipment to the agro processing plants. U.S. companies can provide technology to IAIP value chain such as post-harvest storage facilities, cold chain facilities, mobile preservative storage facilities that transfer perishable commodities and food items from small holder farmers to IAIPs and from IAIPs to ports for export market. U.S. companies can also invest in the Ethiopian agro processing sector either in private or in partnership with local investors.

Web Resources

U.S. Foreign Commercial Service,
Teddy.Tefera@trade.gov
Office.AddisAbaba@trade.gov
www.export.gov

Government of Ethiopia
www.ethiopia.gov.et/

Industrial Parks Development Corporation

<http://www.ipdc.gov.et/index.php/en/>

Ministry of Industry

<http://www.moin.gov.et/>

Ethiopian Investment Commission

<http://www.investethiopia.gov.et/>

Information and Communication Technology (ICT)

This is a best prospect industry sector for Ethiopia, which includes a market overview and trade data.

Overview

The state-owned Ethio Telecom (ET), formerly known as the Ethiopian Telecommunication Corporation, has maintained a monopoly on wired and wireless telecommunications and internet services. Ethio Telecom will be the first major State Owned Enterprise (SOE) to be partially privatized and face international competition. Ethiopia is moving forward with allowing multiple telecom operators. Following passage by Ethiopia's parliament of a new communication service proclamation, a new regulatory agency, Ethiopian Communication Authority (ECA), was established in 2019 with a mandate to license and regulate communication operators in the country.

The ECA issued an invitation for expressions of interest (EOI) to private telecom operators in May 2020. The EOI attracted significant interest from major international telecom and internet service operators including Vodacom, MTN and Orange, with these some mobile network operators opening offices in Addis Ababa. According to the draft telecommunication directive, telecom licenses will be issued by ECA to private operators through yet to be established evaluation criteria. ECA plans to award two licenses in either Q4 2020 or Q1 2021. In addition, the Government of Ethiopia plans to allow private domestic and foreign investors to buy minority shares of Ethio Telecom.

In June 2020 the GOE launched a national digital transformation strategy aspiring to digitize the economy by 2025. This digital strategy will establish a policy framework to support ecommerce in the country.

The GOE has opened an "IT Park" in Bole Lemi, approximately 20 miles outside of Addis Ababa, to attract ICT service companies through installation of ICT infrastructure. The GOE also has plans to manufacture and export IT equipment from this park.

Ethiopia's ICT landscape is rapidly evolving. The current contribution of the communication sector to GDP is approximately 2%, compared with the 4% average in the East Africa region. Ethiopian wireless penetration stands at 42.6%, as compared to the Sub-Saharan average of 75%. Fixed and mobile line telephone density, which shows mobile plus fixed telephone subscribers per 100 inhabitants, was 1.2% and 41.9%, respectively, in 2018/19. Most services, such as mobile, fixed, IP, VoIP, and VSAT, are government-owned and/or operated by ET. The only two sectors fully open for competition are equipment provision and downstream services, such as call and data centers, messaging, and applications.

In addition, the Government of Ethiopia plans to allow private domestic and foreign investors to buy minority shares of Ethio Telecom. As part of the privatization process, Ethio Telecom is in the process of completing an independent asset valuation by an external consultant. Ethio Telecom plans to issue shares to local and foreign investors. Ethio Telecom will auction spectrum to enable new operators in the market to provide independent mobile telephone and internet service.

The GOE has developed a list of approximately 200 eServices or electronic services needed for development in the next several years. Under GTP II, the GOE plans to expand the information and communication technology (ICT) manufacturing industry, modernize infrastructure, and increase private sector participation. It also plans to increase the number of mobile, broadband and internet data users, enhance narrowband internet and fixed telephone services, and expand international link capacity.

The GOE has developed infrastructure for an "IT Park" to attract ICT service companies, particularly those involved in outsourcing. This IT Park, located approximately 29 kilometers outside of Addis Ababa in Bole Lemi, is now officially open. The GOE also has plans to manufacture and export IT equipment from this park.

Ethiopia's ICT landscape is rapidly evolving. The current contribution of the communication sector to GDP is approximately 2%, compared with the 4% average in the East Africa region. Ethiopian wireless penetration stands at 42.6%, as compared to the sub-Saharan average of 75%. Fixed and mobile line telephone density, which shows mobile plus fixed telephone subscribers per 100 inhabitants, was 1.2% and 41.9%, respectively, in 2018/19. Most services, such as mobile, fixed, IP, VoIP, and VSAT, are government-owned and/or operated by Ethio Telecom. The only two sectors fully open for competition are equipment provision and downstream services, such as call and data centers, messaging, and applications.

Ethio Telecom continues to invest in expanding and upgrading the country's telecommunication system. According to the 2019 National Bank of Ethiopia annual report, by the end of 2018/19, there were 41.9 million mobile phone users (a 5.6% annual increase), 1.2 million fixed lines (an 8.5% increase), and 21.6 million Internet service subscribers (a 31% rise) in a country of over 100 million people.

Ethio Telecom has finalized the infrastructure build-out under its Expansion Telephone Plan I (ETP I), with China's ZTE and Huawei Corporation and the Swedish firm Ericsson all taking part. This expansion is focused on providing telecom services to all of Ethiopia's 15,000 rural villages, with dedicated lines for agriculture, education, health, and consumer use.

Ethio Telecom has significantly reduced the rates for a range of internet and telecom services on two occasions in 2018 and 2020. The revised mobile internet service scheme and tariff on offer is set to attract new subscribers, incentivize current users, and facilitate modernization.

Unit: in Millions of Birr

	2018	2019	2020 (Estimated)	2021 (Estimated)
Total Market Size	34,000	36,300	45,000	50,000
Total Local Production	30.00	30,000	35,000	40,000
Exchange Rate: 1 USD*	27.20 Br	28.20 Br	33.00 Br	35.00 Br

Data for 2018 and 2019 are taken from NBE report while the rest are estimates.

* Exchange rate for 2018 and 2019 are taken from NBE Mid-Market Rates.

Leading Sub-Sectors

- Supply and launch of commercial satellites.
- IT infrastructure development projects.
- Building communication towers and leasing to telecom operators
- Mobile banking services and outsourcing services.
- International Financial Reporting Standards (IFRS) and related financial standards.
- Website software and technologies.
- Data center development.
- Software development for E-government services.
- Call center development.
- IT business park management.
- Web-based/mobile market information sharing.
- ICT training services.
- Business linkages with universities.

Opportunities

As Ethiopia's broadband capacity expands, e-Services and mobile services are expected to grow significantly in the coming years.

Web Resources

U.S. Foreign Commercial Service,
 Teddy.Tefera@trade.gov
 Office.AddisAbaba@trade.gov
www.export.gov

Ministry of Innovation and Technology
<http://www.most.gov.et/>
 Email: info@most.gov.et

Ethiopian Communication Authority
<https://eca.et>

Ethio Telecom
<http://www.ethionet.et>

Ethiopian Space Science and Technology Institute
<http://etssti.org/>

Ethiopian Information Technology Professional Association

Energy

Overview

Ethiopia has abundant renewable energy resources and has the potential to generate over 60,000 megawatts (MW) of electric power from hydroelectric, wind, solar and geothermal sources. As a result of Ethiopia's rapid GDP growth over the previous decade, demand for electricity has been steadily increasing. Despite Ethiopia's energy potential, the country is experiencing energy shortages and load shedding as it struggles to serve a population of over 110 million people and meet growing electricity demand that is forecast to grow by approximately 30% per year.

Energy Resource Potential of Ethiopia

Resource	Unit	Exploitable Reserve	Exploited Percent
Hydropower	MW	45,000	<5%
Solar/day	kWh/m ²	4 – 6	<1%
Wind: Power	GW	100	<1%
Speed	m/s	>7	
Geothermal	MW	<10,000	<1%
Wood	Million tons	1120	50%
Agricultural waste	Million tons	15-20	30%
Natural Gas	Billion m ³	113	0%
Coal	Million tons	300	0%
Oil shale	Million tons	253	0%

Source: Ethiopian Electrical Power

Under GTP II (2015-2020) the government has planned to increase the installed generation capacity by an additional 5,000 MW by 2022. Based on updated planning projections from Ethiopian Electric Power (EEP), the forecasted total installed generation capacity will be 10358 MW by 2022. EEP is charged with maintaining more than 14 hydropower and three wind power plants throughout the country, and EEP has announced that it will not develop or operate new power generation facilities going forward. EEP will instead focus on management of existing power generation plants, substations and transmission lines, with all new power generation projects to be developed as Independent Power Producers (IPPs).

Ethiopia's Growth and Transformation Plan I (GTP) outlined a 15-year plan with three 5-year phases to transform Ethiopia from a developing country to a middle income country by 2025. Under GTP I (2010-2015), the goal had been to increase the installed generation capacity from 2,000 MW to 10,000 MW primarily through hydro power projects. With some of those projects still under construction, the country currently has approximately 4,500 MW of installed generation capacity.

Approximately 90% of the installed generation capacity is from hydropower, while the remaining 8% and 2% is from wind and thermal sources, respectively. The hydro dominated systems have been severely affected by drought, and the Government of Ethiopia (GOE) is now diversifying the generation mix with other sources such as solar, wind, and geothermal that will result in a more climate-resilient power system. Currently all hydro power dams are producing well below capacity. An assessment has been conducted to propose renovations and optimization of their output. The Grand Ethiopia Renaissance Dam (GERD), with a projected installed capacity of 5,600 MW, is under construction by the Ethiopian Government and is 77% completed as of mid-2020. The GOE has prioritized construction of the GERD, which is intended to serve as an engine for industrialization, economic development, and hard currency earnings through the export of electricity.

The Metahara solar IPP project is expected to generate 100 MW after the signing of a Power Purchase Agreement (PPA) and approval of the Implementation Agreement (IA) between Enel Power, an Italian firm, and the GOE. Enel will develop and operate the project. A Saudi firm, ACWA Power, has won a tender to develop two solar power projects, valued together at \$300 million, in Afar and Somali regional states with a capacity of 250MW. ACWA Power offered 2.5260 US cents/kwh for power generated at these two sites, Gad and Dicheto. There are also six other IPP solar power projects in the pipeline, but these are currently suspended due to financing related matters.

The GOE is also working with the private sector to implement the Corbetti and Tulu Moye geothermal projects. Although the two non-tendered geothermal contracts were signed at over 1,000 MW with 500 MW for Corbetti and 500 MW for Tulu Moye in 2015, the GOE recently renegotiated these contracts. After the renegotiation, the 1,000 MW combined upper end was reduced to 300 MW with 150 MW each for Corbetti and Tulu Moye. Finally on March 31, 2020, the Power Purchase Agreements (PPA) and Implementation Agreements (IA) were signed between GoE and Corbetti and Tulu Moye. The total investment required to develop these projects is approximately \$1.2 billion. The signing of these two projects paves the way for upcoming geothermal projects, creating opportunities for U.S. IPP developers.

In 2018, Africa's first waste to energy facility, with a generation capacity of 25 MW of electricity, was inaugurated in Addis Ababa and started producing power. This facility has the capacity to consume 420,000 tons of trash per year. Cambridge Industries built this waste to energy project.

Ethiopia exports electricity to Djibouti and Sudan (up to 100 MW/each). There is a plan to increase power exports to Djibouti up to 400 MW due to a growing demand in the region. Ethiopia is also negotiating a PPA to begin exporting up to 400 MW of power to Kenya.

The total transmission line length within Ethiopia has reached 17448 km, and an additional 4000 km of transmission lines is under construction. This will increase the total transmission line length to 21448 km by 2022. According to the GOE's recently launched National Electrification Program 2.0, 44% of the country has access to electricity (33% on-grid, 11% off-grid). However, over half of the on-grid consumers (3.8 million households) do not have a formal connection.

The GOE recognizes that partnership with the private sector via IPP agreements for power generation is crucial to meeting the country's needs. EEP has developed procurement processes to select contractors and is awarding projects using a competitive bidding process. Under the Global Procurement Initiative, the U.S. Trade and Development Agency (USTDA) has provided a grant to develop a procurement manual for EEP that incorporates full life cycle cost

analysis. Power Africa has assisted EEP with the development of IPP tender documents and the legal and regulatory IPP framework. In 2018 Ethiopia enacted a proclamation to regulate PPP arrangements, in an effort to attract investment and in recognition that the private sector is essential to supporting the country's economic growth and improving the quality of public services, particularly in infrastructure. Following this proclamation, the PPP Directorate under the Ministry of Finance identified 14 power projects to be pursued by the government, which includes five major hydro and eight solar IPPs at the cost of \$5.3 billion for a total generation capacity of 3000 MW.

Power Africa Support:

To help achieve Ethiopia's goals of expanding access to electricity under the Growth and Transformation Plan and National Electrification Program 2.0, Power Africa supports the development of new generation and connections, rehabilitation of the distribution system, self-sufficient utilities, and delivering power to the majority of the population living off-grid. This support is delivered through wide-ranging technical assistance in cooperation with international finance institutions and other development partners. In supporting the entry of the private sector, Power Africa has assisted with new IPPs and the transition to competitive tendering, as well as strengthened the energy regulator.

Energy sector support in Ethiopia is in line with Power Africa 2.0 objectives, which include advancing sustainable development through private sector led partnerships; promoting economic prosperity; and an increased focus on the enabling environment, transmission, and distribution. Technical assistance includes:

- Developing laws and regulations that will facilitate private-sector investments through IPPs in geothermal, solar, wind, hydro, and biomass generation projects.
- Supporting EEP's use of a competitive and transparent procurement process for IPP generation projects.
- Assisting EEP and Ethiopian Electric Utility (EEU) with the planning, operation, and maintenance of generation, transmission, and distribution systems as the grid is expanded.
- Introduction of the national grid code and support to the Ethiopian Energy Authority (EEA) in its implementation and enforcement.
- Developing a process for EEU to improve distribution efficiency and assist with the introduction of "smart grid technology".
- Support to improve the commercial performance of the utility and decrease aggregate losses.
- Strengthening the ability of EEA to determine tariff rates, and issue energy licenses and permits.
- Support to off-grid electricity planning.
- Supporting the Eastern Africa Power Pool to promote cross border power trade between Ethiopia and other member countries.

For more information on the Power Africa strategy to address key challenges in Ethiopia's electricity sector and their support for private sector investment in energy, please refer to: <https://www.usaid.gov/powerafrica/ethiopia>.

Renewable Energy Market ('000)

Unit: USD '000	2018	2019	2020 (estimated)	2021 (estimated)
Total Market Size	1,401,669	1,269,140	1,459,511	1,678,438
Total Local Production	394,560	390,000	448,500	515,775
Total Exports	80,468	48,125	55,343	63,644
Total Imports	1,087,577	927,265	1,066,354	1,226,307
Imports from the United States	67,523	64,426	74,089	85,202
Exchange Rate:	27.4	27.73		

Source: National Bank of Ethiopia and EEP

Leading Sub-Sectors

- Engineering services to supply more renewable energy sources, such as wind, solar, geothermal, biomass (municipal landfills, organic waste) as well as hydropower, are highly desired in Ethiopia.
- Supply and/or manufacturing of drilling rigs and associated equipment, sub stations, hydro turbines, electric and electrical cables, transformers, transmission equipment, electric meters, and expertise are desired.

Opportunities

The GOE has opened the renewable energy sector for private sector involvement in competitively tendered IPP hydro and solar projects.

In addition to the generation of power from renewable energy sources, aging power plants, substations and transmission lines require substantial maintenance and overhaul so as to increase the overall efficiency. These maintenance requirements are key business opportunities for U.S. businesses or investors.

For specific details on the tender announcements and instructions, please refer to Ethiopian Electric Power Company's website: www.eep.gov.et/.

Please refer to the Project Financing section of Chapter 7: Trade and Project Financing for specific project opportunities.

Web Resources

Power Africa

United States Agency for International Development

<https://www.usaid.gov/powerafrica/ethiopia>

Ethiopian Electric Power (EEP)

<http://www.eep.gov.et/>

Ethiopia Electric Utility (EEU)

www.eeu.gov.et

Ministry of Mines

www.mom.gov.et/

Ministry of Water, Irrigation, and Energy

<http://www.mowie.gov.et/>

The World Bank

<http://www.worldbank.org>

Health Care

Health care is a best prospect service sector in Ethiopia. The information below provides a market overview and trade data.

Overview

The Government of Ethiopia (GOE) is working to strengthen the healthcare system to align it with the Sustainable Development Goals. Ethiopia has a large, predominantly rural and subsistence agriculture population with poor access to safe water, housing, sanitation, food and health service. The government has made significant investments in the public health sector that have led to improvements in health outcomes. Nevertheless, communicable diseases like HIV/AIDS, TB, malaria, respiratory infection, leprosy, and diarrhea remain a serious challenge in Ethiopia. Premature death, suboptimal quality of life, and nutritional diseases constitute a major health challenges. With a growing middle class, the GOE is facing an increase in non-infectious diseases such as cancer, diabetes, heart diseases, hepatitis B&C, and high blood pressure. Mental health and eye problems are also becoming major issues in Ethiopia.

Under the second Growth and Transformation Plan (GTP II) and Health System Transformation Plan, the Ministry of Health (MOH) is implementing reforms to various aspects of the healthcare system. In pursuit of improved management, the government has increasingly decentralized management of its public health system to the Regional Health Bureau levels. The MOH has also continued to reform agencies such as the Ethiopian Food and Drug Administration (EFDA) and the Ethiopian Pharmaceutical Supply Agency (EPSA).

EFDA is being strengthened to provide increased regulatory oversight for the registration, importation and quality of medicines, supplies and equipment into the Ethiopian market. EFDA has a mandate to regulate practices, facilities, professionals and products in the health sector. This agency is responsible for promoting and protecting public health by ensuring the safety and quality of products and health services through registration, licensing and inspection of health professionals, pharmaceuticals and health institutions, as well as the provision of up-to-date regulatory information. The GOE is implementing a plan to transform EFDA to make its operations more efficient with the aim

of ensuring 100% availability of vital and essential drugs at all levels of the healthcare delivery system without stock shortages. Currently, EFDA is implementing a “zero backlogs” strategy for medicine registration and licensing activities. EFDA has digitized the importation and registration of health commodities to Ethiopia using the below listed programs:

- i-Register: is used by importers for application of market authorization and product registration (new products, request registration exceptions and renew existing registrations).
- i-Import: is an online application used by importers to apply for and receive permits to import all health commodities. PSA also has access to this application as they are participating in procurement activities.

EPSA is the public procurement agency responsible for purchasing pharmaceuticals, medical supplies, and equipment throughout Ethiopia. PSA has developed the below listed applications for ensuring proximity of PSA distribution hubs to health facilities across Ethiopia and to establish efficient systems for inventory, fleet and information management. These improvements are targeted to increase efficiencies and improve the availability of commodities throughout the public sector.

- Vitas: A platform designed to support logistics management information and warehouse management and inventory control. It starts functioning at the central warehouse and 18 regional hubs throughout Ethiopia.
- Dagu: A platform designed to support logistics management information and inventory control at service delivery points by using systematic record keeping. This application provides service at more than 700 sites all over the country.
- mBranA platform integrated with Vitas and other programs in PSA that it uses to manage inventory from beginning to end.

EPSA has developed a list of medical devices to procure that are categorized as products that are durable capital equipment and non-capital items. Based on this the agency plans to design different procurement modalities to enhance the efficiency of the procurement process. PSA plans to procure and store the non-capital items in its warehouse and distribute immediately when the demand arises in the country. This also helps the agency reduce the amount of lead time required to procure medical equipment and supplies.

The following are the 2020 impact-level targets for the Health System Transformation Plan (HSTP):

- Reduce infant and neonatal mortality rates.
- Decrease HIV contraction and achieve zero new infections among children.
- Lessen the number of TB deaths and incidence.
- Diminish malaria case incidence and mortality rate.

The plan also sets targets to stabilize and reduce deaths and injuries from road traffic accidents, which are high in Ethiopia.

The GOE encourages private sector participation in the area of quality of care and quality of service. The government is also working with the private sector to build advanced tertiary care hospitals to meet domestic demand that would otherwise be met through outbound medical tourism, and ultimately to attract medical tourism to Ethiopia. The Ethio-American Hospital, which is under construction, is an example of the government’s commitment to developing major new healthcare facilities. This project also demonstrates the government’s commitment to encouraging foreign investment in the sector through public private partnership (PPP) arrangements. A guideline to implement PPPs in

the healthcare sector in Ethiopia is under development by the Ministry of Finance. The pre-feasibility studies on six selected services: imaging, laboratory, pathology, sterilization, oncology, and laundry have been conducted and approved by the Ministry of Finance.

Standardization and expansion of hospitals located in different regions is also the main focus under health infrastructure development in the country.

The following health care facilities are available in Ethiopia:

Health Posts: 17,162 available and 425 under construction

Health Centers: 4,063 available and 86 under construction

Hospitals: 314 available and 108 under construction

Private Clinics: 3,867

Private Hospitals: 43

In addition to increasing the number of healthcare facilities in the country, the MOH is working to improve services to reduce health related burdens. Cancer is a leading healthcare challenge in Ethiopia. The MOH is working to establish cancer diagnosis centers at different hospitals. To address this significant burden, MOH has continued to work on radiation therapy expansion programs and access to chemotherapy services. Cancer chemotherapy services were provided in a limited number of health centers. Currently MOH has decentralized the service into 12 hospitals in different regions of the country.

Some of the upcoming priorities in the health care sector are:

- Prevention and containment of COVID19
- Prevention and control of communicable diseases and neglected tropical diseases
- Prevention and control of non-communicable diseases and mental health
- Improving medical services such as clinical services, emergency and critical care, blood transfusion and laboratory services
- Improve regulatory framework
- Improve health system infrastructure
- Enhance private sector engagement in the healthcare sector
- Improve the management of human and infrastructural resources
- Improve resource mobilization
- Improve research and evidence-based decisions and enhance the use of technology and innovation by supplementing with the deployment of appropriate information systems
- Facilitate the procurement of and access to drugs, supplies and equipment
- Increase patient satisfaction and address good governance
- Work on an early warning system, risk assessment and multi-sectorial coordination mechanisms that can improve response time for epidemics
- Procurement of medical equipment from quality providing companies and considering after sales maintenance service as part of contract package

The MOH is developing a new mobile-based electronic Community Health Information System (eCHIS). The eCHIS is the national digital Community Health Information System that intends to capture data on the Health Extension Program and other community-level services, as well as utilize this data to improve performance, community health outcomes, and Health Extension Workers support across Ethiopia. This system is designed to be a single platform to meet the needs of urban, agrarian and pastoralist population.

MOH, in partnership with EthioTelecom, is working to roll out a Healthnet program to improve IT infrastructure and connectivity of healthcare facilities through the country. Through this program MOH seeks to collect data to deliver national level reports on healthcare needs and service delivery.

Telemedicine is a priority for the MOH. Telemedicine is being carried out with respect to some specialty care services through multiple telemedicine technologies. Currently, preparatory work for the implementation of telemedicine services is underway.

The GOE's seeks to address high out of pocket costs for health services through the introduction of community-based health insurance (CBHI) and social health insurance (SHI) for the informal and formal segments of society, respectively. The Ethiopian Health Insurance Agency (EHIA) has already been established and is undertaking the necessary steps. Currently 522 woredas in Ethiopia have started implementing CBHI.

Challenges in the healthcare sector in Ethiopia include:

- Lack of transparent and accountable pharmaceutical and logistics management system.
- Shortage of foreign currency hindering timely procurement of equipment, supplies and pharmaceuticals. Foreign exchange shortages also result in payment delays.
- Delays in the bidding process.
- Poor data management and reporting for proper decision making.
- Lack of capacity.

Healthcare Market ('000)

Unit: USD '000	2018	2019	2020 (estimated)	2021 (estimated)
Total Market Size	86,130	99,176	114,052	131,159
Total Local Production	29,000	29,000	33,350	38,352
Total Exports	-	-	-	-
Total Imports	57,130	70,176	80,702	92,807

Imports from the United States	347	301	346	397
Exchange Rate	27.4	28.73		

Source: National Bank of Ethiopia and Ministry of Health

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

- Equipment and services to new hospitals and health centers
- Construction of modern hospitals, blood banks, warehouse for pharmaceuticals and health care facilities
- Pharmaceuticals and supplies
- IT support
- Cold storage facilities
- Knowledge and skill transfers

Opportunities

The GOE is keen to acquire services, equipment, supplies, information management systems, and knowledge and skill transfers to improve the quality of the healthcare system. This is an opportunity for U.S. companies that are providing equipment and supplies, hospital furniture, ambulances for emergency, pharmaceuticals, vaccinations and other services.

Web Resources

Ministry of Health

www.moh.gov.et/

Ethiopian Food and Drug Authority (EFDA)

<http://www.fmhaca.gov.et/>

Ethiopian Pharmaceutical Supply Agency (EPSA)

<https://epsa.gov.et/>

Agriculture

Agriculture is one of the best prospect sectors for growth in Ethiopia. Please see below for the market overview and trade data.

Overview

Ethiopia is endowed with abundant agricultural resources and has diverse ecological zones. Agriculture is the mainstay of the economy. The Government of Ethiopia (GOE) has identified key priority intervention areas to increase productivity of smallholder farms and expand large-scale commercial farms. Under the new administration, the GOE has renewed emphasis to develop the agriculture sector and ensure food security. Among the top priorities identified by the GOE include: small and large-scale irrigation development, financing agricultural inputs, increasing productivity of crops and livestock, improving agricultural production methods using mechanization, post-harvest loss reduction, developing a research-based food security system, and natural resource management. In addition, as part of the Home-Grown Economic Reform agenda, the government is looking to the agro-processing sector (also a best

prospect sector detailed below) as one engine to spur future economic growth. With respect to increasing productivity, the GOE, alongside its international partners, has made a number of interventions to support the development of the agriculture sector. These activities have contributed to higher yields and increased production of both crops and livestock. At the same time, in an effort to accelerate the country's agricultural development, the government established the Agricultural Transformation Agency (ATA) to address systemic bottlenecks in the agriculture sector by supporting and enhancing the capability of the Ministry of Agriculture (MOA) and other public, private, and non-governmental implementing partners.

In order to promote commercial-scale farming, the MOA created the Ethiopian Agricultural Land and Investment Administration Agency dedicated to overseeing any new large-scale commercial farm deals. The directorate's goal is to increase productivity, employment, technology transfer, and foreign exchange reserves by attracting investors with incentives and favorable land lease terms. Some of the land targeted for commercial development is considered marginal, prone to conflict, and/or has limited access to water. Land ownership is also a complicating factor. Therefore, investment in commercial farming requires considerable due diligence. The MOA is supporting the development of the country's livestock sector, which is one of the largest in Africa.

The Ethiopian government has developed an ambitious Homegrown Economic Reform Plan with support of the IMF. The Homegrown economic reform plan identified structural and institutional bottlenecks affecting the agricultural sector in Ethiopia. The major binding constraints of the sector are insufficient yields due to inefficient provision of inputs and services, unclear land lease rights, limited investment on R&D and irrigation, marketing and logistics related problems, and lack of agriculture-specific financial services. The economic plan prescribes the following comprehensive measures to overcome the challenges facing the agricultural sector:

- Enhance productivity of small-holder farmers and pastoralists through provision of modern inputs and services;
- Develop a legal framework that will allow farmers to lease land and to become shareholders in large commercial farms;
- Modernize livestock production through improving veterinary infrastructure, research and innovation, and establishing linkages with other industries;
- Establish effective linkages between agriculture producers and commodity markets as well as the commercial value chain;
- Encourage private sector investment in agricultural R&D and exploring PPPs to expand medium and large-scale irrigation infrastructure; and
- Develop a legal framework for agriculture-specific financial services such as micro-lending, crop insurance, and forward contracts.

Overall, the economic reform plan sets out required strategic interventions to boost agricultural productivity and modernization of agriculture in the next 10 years.

The reform's success in supporting Ethiopia's economic growth in part depends on the development of the agro-processing sector (e.g. processed food, beverages, and livestock products – meat, milk, and eggs), as well as the textile/apparel and leather industries. Some of these products, especially the textiles, apparel, leather goods, and finished meat products are targeted for export markets in order to generate foreign exchange. Agro-processed products, such as chicken, cheese, butter, eggs, biscuits, bread, juice, etc. will supply the domestic market. In the case of the textile and apparel sector, a shortage of locally-produced cotton suggests a need for cotton imports, including from the United States. In addition, the GOE continues to invest heavily in the expansion of the sugar industry, which is slated to be privatized in the near future with the aim of become one of the top ten sugar producers in the world over the next decade.

In addition, some of Ethiopia's cash crops show potential for growth and offer possible investment opportunities in areas such as coffee, oilseeds, pulses, fruits and vegetables, honey, cut flowers, tea, and spices. Most of these crops are exported to generate foreign exchange. In the future, the government intends to work with the private sector to develop capacity to process some of these commodities, like fruits and vegetables, in order to add value and capture higher export prices.

To meet its agro-processing objectives, the GOE is building Integrated Agro-Industrial Parks (IAIP) in four pilot areas: Amhara, Oromia, SNNP, and Tigray regional states. The pilot areas selected for establishment of the Agro-Industrial Parks are mainly based on the potential of existing agricultural resources and allied sectors, infrastructure, and facilities. Total required investment costs for the IAIPs stand at U.S. \$870 million and initial investment costs are estimated at U.S. \$266 million.

As the economy grows and the population expands, consumer demand for certain types of foods is expected to increase. In particular, demand for cooking oil, sugar, meat, eggs, dairy products, wheat-based products, such as pasta and bread, alcoholic and non-alcoholic beverages, are forecast to climb upward. The increased production coming from existing and anticipated investments in the local agro-processing sector, as well as imports, are expected to help satisfy this growing demand.

The expected growth from these agriculture-related industries offers numerous opportunities for agricultural input sales, such as tractors and harvesters, farm trucks, fertilizer, irrigation equipment, grain handling systems, food and livestock processing equipment, as well as cold storage facilities. There are also expanding opportunities for grocery sales to retail and wholesale outlets that are starting to spring up all over Addis Ababa.

In order to address the ongoing drought, the GOE is renewing its emphasis on developing the country's irrigation systems and water-harvesting methodologies. There is considerable room for investment when considering that about 95 percent of Ethiopia's crop production is rain fed. Growing demand for water supply and drainage systems, pumps, and drilling equipment is expected.

Estimated Volume in '000 Metric Tons

Cotton	2017	2018	2019	2020
Total Market Size	58	43	59	63
Total Local Production	45	38	53	57
Total Exports	1	3	2	2
Total Imports	14	8	8	8
Imports from the United States	4	0	0	0
Wheat	2017	2018	2019	2020
Total Market Size	5,100	5,850	6,000	6670

Total Local Production	3,900	4,300	4,500	4925
Total Exports	0	0	0	0
Total Imports	1,200	1,550	1,500	1665
Imports from the United States	0	0	0	0
Coffee	2017	2018	2019	2020
Total Market Size	185	187	196	201
Total Local Production	416	426	435	443
Total Exports	(234)	239	(240)	240
Total Imports	0	0	0	0
Imports from the United States	0	0	0	0
Oilseeds	2017	2018	2019	2020
Total Market Size	395	355	365	405
Total Local Production	760	805	835	845
Total Exports	365	450	470	440
Total Imports	0	0	0	0
Imports from the United States	0	0	0	0

Source: USDA, Addis Ababa Foreign Agriculture Service

Leading Sub-Sectors

- Agricultural equipment and systems, such as tractors, irrigation equipment, grain handling Infrastructure like , silos, cold storage facilities, etc.

- Agro-processing, such as beverages, biscuits, bread, milk, meat, chicken, cooking oil, fruit and vegetables, etc.
- Agro-processing equipment (e.g. juice processing, milling machines, extruders for soybean oil).
- Grocery exports.
- Cotton exports.

Wheat and Soybeans

This is a best prospect for Ethiopia. Please see below for the market overview and trade data.

Overview

After livestock, grain production is the second most important sector in the country’s agriculture-based economy. It accounts for nearly 80 percent of the land under cultivation and employs 60 percent of the rural workforce, most of which work on less than one hectare of land. Grain yields are relatively low due to the country’s rugged topography, poor land management, small-scale landholdings, irregular rainfall, limited mechanization, and insufficient supplies of fertilizer and improved seed. The government and the international community are working together to address many of these challenges.

Grain is an essential part of the Ethiopian diet. In fact, over 50 percent of the daily caloric intake of an average household is from wheat, sorghum, and corn. Households spend an average of 40 percent of their total food budget on cereals. Grain consumption, especially for wheat and wheat-based products like biscuits, bread and pasta, continues to climb as incomes rise and more people move to urban centers. The GOE has an ambitious plan for wheat self-sufficiency by 2023 by tapping into the huge production potential due to its various favorable agro-ecologies and through expansion of wheat production area under irrigation to achieve self-sufficiency and reduce wheat imports. The government has allocated US\$5.98 million to establish agricultural machinery rental service centers in grain producing regions to capacitate and increase efficiency of farmers.

The GOE imposes an export ban on cereal grain and local prices are often higher than what they are on the international market. Some informal trade is most likely occurring in production areas located along borders. Grain imports are almost exclusively limited to wheat, nearly all of which the GOE’s state-trading arm purchases off the international market and later distributes in the local market at a subsidized price. With the GOE looking to partially liberalize the wheat import market, local millers are beginning to explore opportunities to import wheat directly. For this to happen, the government will need to guarantee sufficient allocations of foreign exchange.

In addition to wheat, the demand for oilseeds, such as soybeans and Niger seed, is expected to grow as Ethiopia’s demand for both cooking oil and livestock feed increases. In fact, the soybean crushing and soybean oil refining industry is quickly emerging. The anticipated growth in these subsectors could open niche opportunities for sales of U.S. grain and oilseed commodities in the future, as well as processing and storage equipment, such as feed mills and soybean extruders.

More details on the latest grain and oilseed situation in Ethiopia can be found in our [Grain & Feed](#) and our [Oilseed](#) Reports from 2019/20.

Unit: ‘000 Metric tons (Estimate)

Wheat	2017	2018	2019	2020
Total Market Size	5,100	5,850	6,000	6,256

Total Local Production	3,900	4,300	4,500	4,600
Total Exports	0	0	0	0
Total Imports	1,200	1,550	1,500	1,600
Commercial Imports from the United States	0	0	0	0

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

- Potential niche market for wheat and soybean exports.
- Milling and extruding equipment.
- Baking and food processing equipment.

Opportunities

Ethiopia’s current level of wheat and soybean production is insufficient to satisfy domestic demand. The country, therefore, is expected to import wheat and soybeans in the coming years. Depending on international market conditions and local demand factors, there may be opportunities in the future for U.S. wheat and soybean sales to Ethiopia. There may also be future opportunities for equipment and systems to process these commodities.

Web Resources

Foreign Agriculture Service
AddisAbaba.Ag@fas.usda.gov
 Foreign Commercial service
Teddy.Tefera@trade.gov

Ethiopian Trading Business Corporation
 Ministry of Agriculture
 Agricultural Transformation Agency
 Ethiopian Agricultural Research Institute

Cotton

This is a best prospect for Ethiopia. Please see below for the market overview and trade data.

Overview

Under the Homegrown Economic Reform Plan the GOE intends to make the textile and apparel industry one of the economic engines that will propel future growth. In fact, the Ethiopia Investment Commission considers the textile and garment sector as a “strategic sector.” To that end, the government has made significant investments in cotton production in order to support manufacturing, including the recent establishment of industrial zones, and has gone to great lengths to provide incentives to attract foreign manufacturers to set up operations in the country.

This government-led outreach, combined with low labor and electricity costs, has already yielded fruits with a number of Turkish, Indian, Chinese, Indonesian and other foreign firms opening businesses in Ethiopia in recent years. A

couple of U.S. investors have also entered the market. Additional investment opportunities are expected in the textile and garment sector as well as cotton production. Investments in cotton production, as well as any other agricultural commodity, require considerable due diligence because of a variety of complicated issues, including landownership rights and the potential for conflict.

Ethiopia has considerable potential for producing cotton. However, production is constrained in part by outdated ginneries and limited availability of quality inputs, including seed, fertilizer, and pest control agents. For instance, in the case of seed, the current varieties are more than 20 years old and are degraded. Land tenure rights as well as natural disasters, such as floods, hamper the country’s ability to quickly expand cotton production.

One way the government is hoping to improve cotton yields is with genetically-engineered (GE) cotton. The particular GE cotton variety of interest is a product that is resistant to cotton bollworm, which is a pest challenge many farmers struggle to manage. The GOE has approved two different varieties of Bt cottonseeds for commercial cultivation.

For the foreseeable future, the demand for cotton is expected to outstrip local supplies, making imports necessary. Ethiopia sources cotton mainly from India and other international suppliers. As the textile and apparel industry grows, there will likely be more opportunities for U.S. cotton sales.

More details on the latest cotton situation in Ethiopia can be found in our [Cotton Report](#) from 2019/20.

Unit: ‘000 Metric tons (Estimate)

Cotton	2017	2018	2019	2020
Total Market Size	58	43	59	63
Total Local Production	45	38	53	57
Total Exports	1	3	2	2
Total Imports	14	8	8	8
Imports from the United States	4	0	0	0

Source: USDA Foreign Agriculture Service Addis Ababa

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Leading Sub-Sectors

- Cotton exports.
- Agricultural inputs, seeds, machinery and equipment used in cotton production.
- Textile and apparel manufacturing and equipment.

Opportunities

Ethiopia’s cotton production is insufficient to meet the growing demand from the textile and apparel sector. Increased production as well as imports are required to close this gap. Ethiopia has previously imported cotton from various

international suppliers. Export sales of U.S. cotton are expected as demand increases. Opportunities also exist for agricultural inputs and systems used to grow and process cotton into textile and apparel.

Web Resources

Foreign Agriculture Service
AddisAbaba.Ag@fas.usda.gov

Foreign Commercial service
Teddy.Tefera@trade.gov

Textile Industry Development Institute

Ethiopian Cotton Producer, Ginners, and Exporters Association

Livestock

Overview

Ethiopia is home to one of the largest livestock populations in Africa. According to government statistics, there are approximately 50 million cattle, 50 million goats and sheep, plus an assortment of horses, donkeys, camels and chickens. The GOE, as part of its Livestock Master Plan (LMP), intends to transform this sector and increase production and exports of meat in order to generate foreign exchange. The LMP also calls for increases in dairy, broiler and egg production to satisfy increasing consumer demand for affordable animal proteins.

Ethiopia's commercial red meat (beef, mutton and goat) industry has made remarkable progress to date and shows considerable growth potential for the future. The GOE encourages investments in meat processing, especially those that are focused on exporting value-added products abroad. A couple of U.S. companies have already invested in the beef sector and others have expressed interest. A large chunk of this commercially-produced red meat, most of which is currently mutton and goat meat, is exported to the Middle East in order to generate foreign exchange. Beef exports are also growing, with additional market opportunities on the horizon.

In addition to red meat, there are emerging opportunities in chicken, egg, and dairy production and processing. At the moment, there are a few U.S. and foreign firms that have partnered with local companies in the milk business, which has considerable room for growth as milk consumption is still very low. The chicken business also shows promising opportunities. The GOE is focusing on expanding chicken meat production in order to reduce the country's longstanding dependence on the livestock sector, minimize the sector's environmental footprint, and provide more affordable protein to the masses. However, even with this anticipated increase in chicken meat production, demand is expected to outstrip supply, thereby creating potential opportunities for imports. In fact, Ethiopia recently started importing chicken meat from Ukraine and Brazil.

Many of the existing and anticipated increases in livestock production, as envisioned under the LMP, are linked to the consistent availability of quality livestock feed, animal genetics, and veterinary services. As such, investment opportunities in feed, genetics and veterinary services and the supporting industries are expected to grow in the coming years.

Leading Sub-Sectors

- Meat and poultry processing, and supporting equipment and systems.
- Milk and dairy processing, and supporting equipment and systems.
- Feed manufacturing, feed ingredients and feed milling equipment.

- Livestock genetics.
- Cold storage facilities.
- Chicken meat exports.
- Veterinary services.

Opportunities

Ethiopia is home to abundant livestock resources. There are opportunities to process livestock products for both local and export markets. Local demand for meat, milk and eggs is growing as the economy and population grow. This growth is expected to create investment and trade opportunities for certain commodities and open doors for veterinary and other livestock services. Potential opportunities exist for sales of U.S. livestock genetics and chicken meat.

Web Resources

Foreign Agriculture Service
AddisAbaba.Ag@fas.usda.gov

Foreign Commercial service
Teddy.Tefera@trade.gov

Ministry of Livestock & Fisheries
Website under development
Agricultural Transformation Agency

Customs, Regulations & Standards

Trade Barriers

There are no special regulatory barriers to U.S. trade and investment in Ethiopia. The Government of Ethiopia has announced its intention to open a number of sectors to foreign investment through the privatization and partial privatization of state-owned enterprises that have maintained monopolies, including the aerospace, logistics, and telecom sectors. The Ethiopian Investment Board has approved reforms to liberalize the logistics sector, including expanding authorizations to operate bonded warehouse services and permitting foreign investors to hold up to a 75% interest in joint ventures with Ethiopian logistics firms.

Among the most frequently reported obstacles to doing business in Ethiopia are a lack of transparency in the government procurement system, including canceled tenders, as well as poor infrastructure, bureaucratic procedures, lack of coordination, inefficiency in government agencies and systems, a foreign exchange shortage and high transportation and transaction costs.

Importers face difficulty in obtaining foreign exchange, particularly those that import goods for domestic sale. The National Bank of Ethiopia (NBE) administers a strict foreign currency regulatory regime. While larger firms, state-owned enterprises, and manufacturing industries have not faced major problems in obtaining foreign exchange, the remaining firms face burdensome delays in arranging trade-related payments. An importer must apply for an import permit and obtain a letter of credit for the total value of the imports before an order can be placed.

Import Tariffs

Revenue generation, not protection of local industry, appears to be the primary purpose of Ethiopia's tariffs. Goods imported from the Common Market for Eastern and Southern Africa (COMESA) members are granted a 0 to 10% tariff preference, (depending on the type of goods) under the Free Trade Agreement (FTA). Tripartite FTA membership among COMESA, the South African Development Community (SADC), and the East African Community (EAC) members will allow zero tariffs and duties, which will impact Ethiopian trade when it completes the COMESA accession process (timeline for completion is unclear). Customs duties are payable on imports by all persons and entities that have no duty-free privileges. In 2019 Ethiopian customs ceased its policy of reducing, or eliminating, customs duties on imports of knocked-down and semi knocked-down industrial inputs. This new revision has reclassified these products to be treated with basic tariff rates.

Ethiopia aspires to be a leading manufacturing hub in Africa by 2025. Accordingly, the GOE prioritizes industrial park development and expansion. The GOE offers duty-free import incentives for investors in certain sectors, especially for those located in at the industrial zone and planning to export goods and generate foreign currency.

Both VAT and excise taxes are imposed on imports. The supply of goods and services by registered persons is subject to a 15% VAT for all goods and services. Some products and services are exempt from VAT. These include financial services, educational services, and healthcare and transportation services. In February 2020 Ethiopia reformed its excise tax policy and increased excise taxes, on specific products through passage of a new excise tax proclamation.

Import Requirements & Documentation

Imports to Ethiopia require:

- Agency agreement;
- A bank permit;

- A bill of lading or airway bill;
- Certificate of origin;
- Commercial invoices;
- Customs import declaration;
- Foreign exchange authorization;
- Import license;
- Insurance certificate;
- Packing list;
- Tax identification number (TIN) certificate;
- Pre-shipment inspection clean report of findings;
- Transit document;
- Value added tax (VAT) Certificate.

Medicines, medical supplies, and medical equipment must be registered with the Ethiopian Food and Drug Authority (EFDA). A Certificate of Analysis (COA) is also required for processed food and pharmaceuticals. For some items depending on their type, specific agency permissions may be required.

Plants or plant products, including seeds, agricultural inputs such as chemicals, pesticides and fertilizers cannot be imported to Ethiopia unless registered and duly authorized for import by the Ministry of Agriculture.

Labeling/Marking Requirements

Shipping markings and labeling are required on all imported goods and should be identical on all documents. All imported goods must include product-related information such as expiration date of the product, name of the manufacturing company and name of the product. The Ethiopian Standards Agency oversees these requirements.

U.S. Export Controls

U.S. companies exporting to Ethiopia must adhere to the requirements of the U.S. Department of Commerce's Bureau of Industry and Security (BIS) and Department of Treasury's Office of Foreign Asset Control (OFAC).

The United States imposes export controls to protect national security interests and promote foreign policy objectives. BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

Other U.S. government agencies regulate exports that are more specialized. For example, the U.S. Department of State has authority over defense articles and defense services. Other agencies involved in export controls include OFAC, which administers controls against certain countries that are subject to sanctions, affecting not only exports and re-exports, but also imports and financial dealings. A list of other agencies involved in export controls can be found in Supplement No. 3 to Part 730 of the EAR.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an

EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)", or warning signs, intended to discover possible violations of the EAR. Also, BIS has "[Know Your Customer](#)" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars and focus on the basics of exporting as well as more advanced topics. Check a [list of upcoming seminars and webinars](#). BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations).

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State, and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions.

Temporary Entry

Bonded warehouse storage facilities are available for periods of up to 60 days. An insurance bond must be submitted to customs for items temporarily entering into the country. For warranty and non-warranty items entering into Ethiopia for repair, tariffs will be paid for the repair cost or the value added on the product.

Prohibited & Restricted Imports

The Ministry of Trade and Industry has the power to restrict and/or limit imports and exports. There are few restrictions on the importation of some products that compete with locally produced goods.

The following goods are prohibited imports to Ethiopia:

- Used clothing.

- Other items may also require a specific license to import. Examples include: arms and ammunitions which are subject to an import prohibition, except where permission is granted by the Ministry of Defense; particular telecommunication equipment requires authorization by EthioTelecom prior to importing.
- Imports of refurbished medical equipment for sale in the country is not permitted. Imports are permitted only in the case of use by the importer, and not resale.
- Goods of a commercial nature and quantity that are not imported through formal bank payment mechanisms.

Customs Regulations

Customs clearance time has been reduced to an average of less than 21 days, a fall from more than 40 days in recent years. The Government of Ethiopia (GOE) is working toward establishing an electronic single-window service delivery for international trade and one-stop border posts at the Ethio-Kenya and Ethio-Djibouti borders. Several customs offices have also been located inside industrial parks (IPs), facilitating customs processing for exporting firms established in IPs. The Customs Proclamation No. 859/2014 has been reformed under the Revised Kyoto Convention (RKC) and focuses more on facilitating goods at the port than controlling licensed traders. The customs procedures allow authorized importers to finalize customs procedures using minimal available documentation and significantly reduced time.

The maximum number of days given to collect goods from a dry port is 15 days. Otherwise 20% of the tax amount will be charged as a penalty.

Standards for Trade

Conformity Assessment

Ethiopia Conformity Assessment Enterprise (ECAE) was established in February 2011 as a federal Public Enterprise, governed by the Ministry of Innovation and Technology. ECAE is the major conformity assessment organization in the country providing inspection, laboratory testing and certification services to the public and to industry.

Product Certification

Imports that are required to have product certification i.e. a Certificate of Analysis, are foodstuffs, construction materials, chemicals, textiles, and pharmaceuticals. ECAE is working on requirements to certify additional products in areas where there is strong consumer interest and a competitive market environment.

Accreditation

Ethiopian National Accreditation Office (ENAO) was established in 2011 to accredit, by formal third-party recognition, the competence of Conformity Assessment Bodies (CABs) to perform specific activities, such as tests, calibrations, certifications or inspections. Through the ENAO, the first Ethiopian Management Systems Certification Body has been accredited by the German Association for Accreditation based on the ISO 9001 standard in areas of agriculture and fishing; food, beverage, and tobacco products; textile products; leather products; chemical products and fibers; rubber and plastic products; concrete, cement, lime, plaster, and other construction products; and educational products. ENAO also provides accreditation service to laboratory certified bodies and inspection bodies both domestic and foreign.

Publication of technical regulations

Proposed technical regulations are regularly published by the ESA. Final regulations are published in the national gazette, the Negarite Gazetta, after they are entered into force.

Resources

Ethiopian Standards Agency
P. O. Box 2310
Addis Ababa, Ethiopia
Tel: +251-11-646-0111/+251-11-646-0565
Fax: +251-11-646-0880
E-mail: info@ethiostandards.org
Ethiopian Standards Agency

Ethiopian Conformity Assessment Enterprise
P.O. Box 11145
Addis Ababa, Ethiopia
Tel: +251-11-646-0569/+251-11-651-1381
Fax: +251-11-645-9720
Email: info-cs@eca-e.com
Ethiopian Conformity Assessment Enterprise

Ethiopian National Accreditation Office
Tel: +251-11-618-8440/+251-11-830-2469
Fax: +251-11-618-4154
Ethiopian National Accreditation Office

NIST Notify U.S. Service

Ethiopia is not a member of the World Trade Organization (WTO), but has long been in the accession process. Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: www.nist.gov/notifyus.

ESA also maintains close working relations with the international Electro-technical Commission (IEC) and American Society for Testing and Materials (ASTM).

Trade Agreements

Ethiopia originally signed a Treaty of Amity and Economic Relations with the United States in 1951, which was updated in 1994. Ethiopia has no bilateral trade or investment agreement with the United States. However, it is eligible for preferential access to the U.S. market under the African Growth and Opportunity Act (AGOA). In 2015, Ethiopia was approved for AGOA privilege extension for the coming 10 years until 2025.

Ethiopia is a signatory to the following trade agreements:

- Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA) (Kampala, 5 November 1993)
- Agreement Establishing Intergovernmental Authority on Development (IGAD) (Nairobi, March 1996)

- African, Caribbean, and Pacific Group States (ACP)-European Union (EU) Economic Partnership Agreement (Cotonou, 23 June 2000)
- At the continental level, Ethiopia has acceded to the African Continental Free Trade Agreement (AfCFTA), which aim to create one common market of all countries on the continent.
- Ethiopia has signed and ratified the Abuja Treaty that aims to establish an Africa Economic Community among the continents 54 countries.

Ethiopia renewed its dormant WTO accession process through Working Party meetings at the WTO Secretary in 2019 and early 2020. Ethiopia's accession to the World Trade Organization (WTO) has been underway since 2003, and in 2012 it submitted its goods offer. The government of PM Abiy Ahmed has emphasized the goal of WTO accession, however the timeline for completing the process remains unclear.

Licensing Requirements for Professional Services

The Ethiopian Investment Commission and the Ministry of Trade and Industry are the first contact points to obtain professional licenses.

Selling U.S. Products & Services

Distribution & Sales Channels

Ethiopia requires that all imports be channeled through Ethiopian nationals registered with the Ministry of Trade and Industry (MOTI) as official importers or distribution agents. The importer or agent is required to apply for an import license, and register with the MOT as well as the National Bank of Ethiopia (NBE) for a foreign exchange permit. Access to foreign exchange is the leading obstacle faced by Ethiopian importers seeking to source goods and services from the international market. Importers often wait for months to open a letter of credit for imports and receive an allocation of U.S. dollars due to an acute scarcity of foreign exchange. Companies working in “prioritized” sectors, including manufacturing, agro-processing, and pharmaceuticals, may receive preferential access to foreign currency.

Most distribution in Ethiopia, particularly to regional towns, is conducted through informal business arrangements. For example, after being cleared through customs, many goods will be sold to wholesalers in Addis Ababa's (and Africa's) largest open market (Merkato) and then distributed to retailers and small vendors.

As a landlocked country, Ethiopia relies heavily on the port of neighboring Djibouti for the import and export of goods. Port Sudan in neighboring Sudan and Berbera in neighboring Somalia are used to a far lesser degree. In March 2018 Ethiopia concluded an agreement with the Somaliland Ports Authority and DP World to acquire a 19 percent stake in a joint venture developing the Port of Berbera, which may result in expanded shipping routes to Ethiopia via Berbera. In July 2018, Prime Minister Abiy Ahmed signed an agreement with President Isayas Afeworki to restore diplomatic and trade relations, which also signals the potential for Ethiopia-bound shipping to transit via ports at Assab and Massawa in Eritrea. Ethiopia aspires to use the Eritrean ports of Assab and Massawa by 2021.

Ethiopia has built seven inland ports in Modjo, Kallity, Semera, Mekelle, Dire Dawa, Gelan, and Kombolcha with an installed handling capacity of 22,000 containers. The dry ports, notably Modjo, approximately 70 kilometers from Addis Ababa, serve as intermediate logistics destinations for cargo. Most goods are transported by trucks from the ports to Addis Ababa and other parts of Ethiopia. Ethiopia's state-owned companies dominate the truck transportation market. The overall number of trucks is presently insufficient to meet demand.

A Chinese-led infrastructure project to revamp Ethiopia's rail system, which connects Djibouti port to Addis Ababa began operations in 2018. This rail system has a capacity to move 3,500 tons of cargo on a single trip. The Ethiopian Shipping and Logistics Service Enterprise (ESLSE) claimed the new rail system has significantly enhanced its logistics capacity by reducing freight costs as well as shortening cargo delivery delays from more than three days to just 10 hours. ESLSE promotes the use of newly operational rail cargo transport system claiming that it will reduce cargo transportation cost by 20%. Contacts on the ground, however, report that, due to myriad and ongoing implementation issues associated with the new railway, the vast majority of goods continued to be transported by truck. Logistics costs constitute 30% of Gross Domestic Product (GDP) and the Government of Ethiopia (GOE's) goal has sought to reduce these costs to less than 22% by the close of 2020 and to reduce port dwell time from 40 days to 3 days. Ethiopia recently signed a memorandum of understanding with Somalia that will enable it to use the Berbera port for shipment of goods.

The construction of the Lamu-Garissa-Iolo road linking Kenya to Ethiopia now provides significantly improved access for landlocked Ethiopia to the Port of Mombasa. The road corridor will also be key in supporting the Lamu Port-South Sudan-Ethiopia-Transport (LAPSSET) corridor.

Ethiopian Airlines is the leading airline in Africa with 115 international destinations and over 100 aircraft. Ethiopian Airlines operates a state of the art cargo facility with a capacity to handle one million tons of goods. It operates direct flights to major destinations in the United States, namely Washington D.C., New York and a flight to Chicago that commenced in June 2018. Flights to Houston, with a refueling stop in West Africa, also commenced in 2020. The

Addis Ababa Bole International Airport is the major gateway for air shipments and the airport has cold storage houses that facilitate shipment of perishable goods such as cut flowers, fruit, and vegetables.

Using an Agent to Sell U.S. Products and Services

U.S. companies are best positioned in Ethiopia when appointing a local agent to represent their products and services in Ethiopia. It is much easier when a U.S. company is represented by a local agent to coordinate agency questions and collect documents, market intelligence, and follow-up activities. Local partners help U.S. companies by providing customer support service, undertaking local market research, and obtaining customers feedback. Agents also facilitate the purchase of tender bid documents and provide payments for bid security and performance bonds. Local agents represent U.S. companies in government tender openings and in courts during litigation. Having a local partner is essential, as conducting business in some sectors is fully reserved for Ethiopians.

Ethiopia has a fully registered American Chamber of Commerce (AmCham) as the AmCham Steering Committee signed a cooperative agreement with the Ethiopian Investment Commission in 2016. This agreement allowed the AmCham to formally form a registered AmCham in Ethiopia. As of mid-2020, the AmCham consists of 45 active members. The AmCham serves as an effective resource for U.S. companies wishing to do business in Ethiopia. In addition, local chambers of commerce and the U.S. Foreign Commercial Service are initial points of contact for U.S. companies wishing to partner with a local agent and do business in Ethiopia.

Establishing an Office

The Ethiopian Investment Commission (EIC), which reports to the Office of the Prime Minister, is one of the first stops for an investor wishing to apply for an Ethiopian business and investment license. EIC provides detailed information on investment promotion incentives. All business entities operating in Ethiopia must first be registered with the Ministry of Trade and Industry and obtain a tax identification number (TIN) from the Ethiopian Customs Commission, under the Ministry of Revenue.

According to the World Bank's Doing Business 2019 report, starting a new business in Ethiopia takes 32 days, one day less than in 2018 and three days less than in 2017. A foreign company seeking to open an office in Ethiopia must go through the following procedures: one procedure fewer than the 12 procedures required in 2018 and three procedures fewer than the 14 procedures required in 2017.

- Reserve a unique company name or authenticate a company's international name.
- Authenticate the company documents and the office lease agreement at the Documents Authentication and Registration Office (DARO) under the Ministry of Justice: <http://www.daro.gov.et/?lang=en>.
- Obtain a Tax Identification Number (TIN).
- Register and obtain the commercial registration certificate from the Ministry of Trade and Industry.
- Make a company seal.
- Register the company and employees with the Private Organization Employees' Pension Fund.
- Register with the Ethiopian Revenue Authority for Value Added Tax (VAT).
- Publish the trade name in a nationwide newspaper.
- Reserve a unique trade name.
- Obtain a business license from the Ministry of Trade and Industry.
- Install a cash registration machine (if you generate over 500,000 Birr – roughly \$18,350 - in annual revenue).

A U.S. firm wishing to establish a branch, representation or project office in Ethiopia must also submit the following documents for registration:

- A notarized copy of the registration of a parent company in the United States.
- A copy of the U.S. Memorandum and Articles of Association.
- An authenticated decision of the parent company's board of directors or a similarly authorized body for the establishment of a branch in Ethiopia. The decision should indicate the types of activities of the branch, the individuals appointed by the parent company to act on its behalf, and the capital allocated for its operation.
- An authenticated power of attorney issued by an authorized organ of a company for the permanent representative in Ethiopia.
- A letter of financial reference from the company's bank.
- A notice published in a local newspaper announcing the establishment of a branch company in Ethiopia.

Please refer to the World Bank's "[Doing Business in Ethiopia](#)" report link for more information.

Franchising

The Ethiopian Parliament approved a Commercial Registration and Business License Proclamation in 2016 which allowed registration of franchises. However, difficulties in enforcing intellectual property rights, product quality control, cumbersome banking regulations, and continuing foreign exchange convertibility issues make franchising difficult.

Despite the challenges, several branded U.S. companies have franchise operations in Ethiopia, including Pepsi-Cola and hotels such as Sheraton, Hilton, Marriott, Radisson Blu, Ramada and Hyatt Regency hotels. In April 2018, Belayab Food and Franchise Plc opened the first Pizza Hut in Addis Ababa and quickly increased its outlets in Addis Ababa to five. KFC and Subway are currently exploring the market for potential opening of their first stores in 2020. A Cold Stone Creamery franchise opened in early 2020.

Direct Marketing

Direct marketing of U.S. products in Ethiopia is limited as the use of local agents is required for most types of businesses. Nevertheless, U.S. companies can open a representation or project office in Ethiopia to promote and support sales of their products through their local agents or distributors.

Joint Ventures/Licensing

Foreign investment inflows through joint ventures especially with the Government of Ethiopia (GOE) are encouraged by the Government of Ethiopia. The following are the major criteria for GOE approval of joint venture proposals:

- Transfer and adaptation of needed technology into the country.
- Improvement of the country's foreign exchange position via exports.
- Enhanced import substitution for local industries that reduce the pressure on foreign exchange demand.
- Utilization and development of the country's resources, mainly the generation of local employment opportunities.

- Development of forward and backward linkages, and increased added value in various economic sectors.

Many Ethiopian private sector companies welcome joint venture opportunities with U.S. companies as they seek western technologies and equity investment. In June 2018, PM Abiy announced that formerly closed sectors such as Ethiopian Airlines, Ethio Telecom, Ethiopian Shipping and Logistics Enterprise, Ethiopian Electric Power, Ethiopian Sugar Factories, Ethiopian Railways and Industrial Parks will all be floating shares to both local and foreign investors, with the government maintaining majority shares.

Express Delivery

The state-owned Ethiopian Postal Service Enterprise is the only indigenous courier service in Ethiopia. The Ethiopian Postal Service Enterprise provides both international as well as domestic express delivery services under its program called Express Mail Service (EMS). Other international courier service providers such as UPS, FedEx and DHL have offices in Ethiopia and provide express delivery services. A typical express delivery from a major U.S. city to Ethiopia takes approximately three to 10 days.

Due Diligence

Due diligence and project analysis are highly recommended for every sector and level of engagement. U.S. companies interested in securing land and investing in Ethiopia are encouraged to conduct due diligence as land use and allocation has become an extraordinarily sensitive and political issue. U.S. companies interested in partnership, hiring a local agent or forming any form of business partnership are advised to check the background of the companies they are dealing with by running a thorough due diligence on their potential partners. The U.S Foreign Commercial Service office, offers the following fee-based services to assist in these efforts:

- International Company Profile (due diligence report on an individual company)
- Gold Key Service (arranging appointment schedule with relevant parties)
- International Partners Search (compiling information on potential strategic partners)

Please note the following links

http://ethiopia.usembassy.gov/commercial_office.html and http://www.export.gov/ethiopia/eg_et_019644.asp

for more information on these services.

If U.S. firms require extensive and detailed market research or project analysis, the Foreign Commercial Service office in Addis Ababa can provide a list of local consultancy firms. However, the Foreign Commercial Service office does not endorse any particular company.

eCommerce

Electronic commerce is in its infancy in Ethiopia and is rarely used. The Government of Ethiopia (GOE) is preparing a draft national law to govern e-Commerce. Ethiopian banks use debit cards and automated teller machines (ATM) but have not begun to issue credit cards. Most Ethiopians do not have credit cards and internet connections are slow, expensive and unreliable. However, internet service has recently improved as a result of Ethiopia's connection to Seacom's underground/sea fiberoptic cable through Djibouti. ATMs are interconnected with international banking networks. International ATM cardholders are able to withdraw funds from any ATM machine of the 18 commercial banks operating in Ethiopia. ET Switch S.C., a share company owned by the commercial banks, was created to improve bank-to-bank integration. According to sources at ET Switch S.C., the service is used by over 8 million ATM card holders across the country.

Ethiopian banks have started using primary internet transactions through mobile, internet and card banking services. These technologies followed the launch of centralized, online real-time, electronic banking solutions that have increased customers. There is still a long way to go to improve the digital financial services delivery system. Currently, foreign firms are engaged as technology service providers for various financial inclusion projects of the GOE. At present, Ethiopia has drafted and tabled a proclamation to permit, regulate and monitor e-commerce operations in Ethiopia to the Parliament

Selling Factors & Techniques

The most important consideration for the majority of Ethiopian customers is price rather than life-cycle cost. Durability is seen by few as an important purchasing factor. Given the significance of price, businesses often import low cost goods with a high turnover. However, for capital/durable items, buyers tend to prefer reliable, quality equipment, with dependable after-sales service. Presenting sales materials in the official local language, Amharic, in addition to English, is an effective way to reach a broader customer base. Nevertheless, the use of English is prevalent in the business community.

USTDA is supporting the GOE's efforts to incorporate life-cycle cost analysis and value-for-money elements in their public procurement practices to obtain the best value for government funds and to improve overall procurement outcomes. Such initiatives and programs are intended to bring about transparency and level the playing field allowing U.S. companies to effectively bid and compete in GOE tender based public procurement programs.

Trade Promotion & Advertising

Advertising and trade promotion are important in the Ethiopian market. Government-owned mass media outlets (radio, television, and newspapers) and privately-owned magazines, satellite television stations, newspapers, radio stations and billboards are the major means of advertising. Annually, the Addis Ababa Chamber of Commerce organizes several international trade fairs in Ethiopia. These events attract many Chinese, Indian, European and local exhibitors. Please visit the chamber website for show information. <http://addischamber.com/>

United States companies can contact the U.S. Foreign Commercial Service Addis Ababa office for a Single Company Promotion (SCP) service to brand their company's products and services.

Please refer to the following list for more information:

Disclaimer: This list is not comprehensive and inclusion does not constitute an endorsement or recommendation by the U.S. government.

American Chamber of Commerce – Ethiopia (AmCham)

Mina Building, Addis Ababa

<https://amchamethiopia.org>

Addis Ababa Chamber of Commerce and Sectoral Associations

P.O. Box 2458

Addis Ababa, Ethiopia

Tel: +251-11-551-8055

Fax: +251-11-551-1479

Email: aachamber1@ethionet.et

<http://www.addischamber.com>

Ethiopian Chamber of Commerce and Sectoral Associations

Tel: +251-011-551-8240
Fax: +251-011-551-7699
E-mail: ethchamb@ethionet.et
<http://www.ethiopianchamber.com>

Advertising agencies
B.T. Digital Advert
Addis Ababa, Ethiopia
Tel: +251-11-663-1717
Fax: +251-11-662-6545
Email: btta@ethionet.et

Champion Communication
Addis Ababa Ethiopia
Tel: +251-92-440-9569
<http://www.Ethiopianbusinessreview.net>
ebr.magazine@gmail.com

Cactus Advertising
Addis Ababa, Ethiopia
Tel: +251-11-554-4901
Fax: +251-11-554-4907
Email: cactusplc@ethionet.et
<http://www.cactusethiopia.com>

Flawless Events
Addis Ababa, Ethiopia
Tel: +251-11-6186915
E-mail: info@flawlessevents.net
<http://www.flawlessevent.net>
I Print Digital Advertising Plc
Addis Ababa, Ethiopia
Tel +251-11-554-5777
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Mobile +251-911-62-5779/+251-911-52-3398
Email: info@iprintadvert.com
<http://www.iprintadvert.com>

251 Communication
Addis Ababa, Ethiopia
Tel +251 911 25 96 94
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www.251communications.com

Horizon Ethiopia
P.O. Box 26782/1000

Addis Ababa, Ethiopia
Tel: +251-11-618-4045
Email: advertising@addisconnexion.com
<http://www.horizonethiopiatus.com/>

Ozzie Business and Hospitality Group
Tel: +251-934-240443
Info@hotelshowethiopia.com
<http://www.hotelshowethiopia.com/>

Lion Advertising and Public Relations Organizations
P.O. Box 5372
Addis Ababa, Ethiopia
Tel: +251-11-552-7835 / 552-7836
Fax: +251-11-551-2499
Email: lionadpr@ethionet.et

Mono 2000 PLC
Addis Ababa, Ethiopia
Tel: +251-11-663-3060
Fax: +251-11-663-3061
Mob: +251-91-121-2091
Email: monopl@yahoo.com

Sonic Screen Advertising Plc
Addis Ababa, Ethiopia
Tel: +251-11-661-6104
Fax: +251-11-661-6104
Mobile: +251-911-20-8335
Email: onscreen@ethionet.et

Zeleman Productions
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Addis Ababa, Ethiopia
Tel: +251-11-663-2800/01/02/03/04
Mobile: +251-91-124-5627
Fax: +251-11-662-6238
E-mail: info@zelemanproductions.com
www.zelemanproductions.com

Newspapers
Addis Business (Weekly)
P.O. Box 2458
Addis Ababa, Ethiopia
Tel: +251-11-551-8882
Fax: +251-11-551-1479

Email: aachamber1@ethionet.et
<http://www.addischamber.com>

Addis Zemen (Daily Amharic newspaper)
P.O. Box 30145
Addis Ababa, Ethiopia
Tel: +251-11-662-5466
Fax: +251-11-661-2261
Email: info@ethpress.gov.et
<http://www.ethpress.gov.et>

Capital (weekly)
P.O. Box 95 Code 1110
Addis Ababa, Ethiopia
Tel: +251-11-618-3253 / +251-11-651-3375
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<http://www.capitalethiopia.com>

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Tel: +251- 92-440-9569
Fax: +251-11-554-6450
<http://www.ethiopianbusinessreview.net/>

This email address is being protected from spambots. You need JavaScript enabled to view it. Fortune (weekly)
P.O. Box 1110, Code 259
Addis Ababa, Ethiopia
Tel: +251-11-662-7150
Fax: +251-11-662-3727
Email: tamrat@addisfortune.com
<http://www.addisfortune.com>

New Business Ethiopia (Online newspaper)
contactus@newbusinessethiopia.com
<http://newbusinessethiopia.com>

Press Digest (weekly)
P.O. Box 12719
Addis Ababa, Ethiopia
Tel: +251-11-111-2154
Fax: +251-11-551-3523
Email: Phoenix.Universal@t.ethionet.et

<http://www.Press-digest.info>

The Daily Monitor (Daily)

P.O. Box 4502

Addis Ababa, Ethiopia

Tel: +251-11-156-0199/156-0794

Fax: +251-11-156-0515

E-mail: themonitor@ethionet.et

<http://www.theafricamonitor.com>

The Ethiopian Herald (Daily)

P.O. Box 30701

Addis Ababa, Ethiopia

Tel: +251-11-156-9983

Fax: +251-11-156-9862

Email: et.press@ethionet.et

<http://www.ethpress.gov.et>

The Reporter (weekly)

P.O. Box 7023

Addis Ababa, Ethiopia

Tel: +251-11-661-6188

Fax: +251-11-661-6189

Email: mcc@ethionet.et

<http://www.ethiopianreporter.com>

Government Media

Ethiopian News Agency

P.O. Box 530

Tel: +251-11-155-0011

Fax: +251-11-155-1609

E-mail: ena@ethionet.et or enas@ethionet.et

<http://www.ena.gov.et>

Ethiopian Radio and Television Agency

P.O. Box 1020/5544

Tel: +251-11-550-5483 / 553-6566

Fax: +251-11-550-5174

E-mail: etv2@ethionet.et

<http://www.ebc.et>

Fana Broadcasting Corporation

Addis Ababa, Ethiopia

Tel: +251-11-551-6777

Fax: +251-11-551-5039
E-mail: rfana@radiofana.com
<http://www.fanabc.com>

Sheger FM
Addis Ababa, Ethiopia
Tel: 251- 93-007-6849
Email: info@shegerfm.com
<https://shegerfm.com/>

Walta Information and Public Relation Center S.C
P.O. Box 12918
Addis Ababa, Ethiopia
Tel: + +251-11-416 9032
Fax: +251-11-4670302
<http://www.waltainfo.com>

Pricing

Commercial imports are subject to up to five separate import taxes, which are all collected by the Ethiopian Customs Commission (ECC). These taxes are charged in a compounding, sequential order as follows: customs duty, excise tax, value added tax, surtax and withholding tax (not compounding). All taxes are payable at the time of import.

Custom duties range from 0% to 35% and are levied on CIF (cost, freight and insurance) price applied based on Harmonized System (HS) tariff codes. The calculation of the total customs duty is based on the CIF (Cost + insurance + freight) of the imported good.

An excise tax is imposed on products deemed to be luxury items or other demand inelastic products. The tax is product dependent and ranges between 10 to 100 percent. The excise tax is applied to 19 specified classes of products identified by ECC.

The value added tax (VAT) is a flat 15 percent tax on all imports, unless otherwise exempted.

The surtax is a flat tax of 10 percent on all imports, unless otherwise exempted.

The withholding tax is a flat tax of three percent on the CIF price of all imports, unless otherwise exempted. A withholding tax may be offset against qualified business income taxes.

The former Ethiopian Revenue and Customs Authority was restructured in 2019. According to the new structure, the Ministry of Revenue is the highest authority with oversight over customs issues. The Ethiopian Customs Commission operates now under the Ministry of Revenue and is led by a commissioner.

ECC has developed an import tax calculator to assist traders in determining the applicable taxes for their products. The calculator requires entry of the following information: six or eight-digit Harmonized Tariff Schedule (HTS) code, cost of the imported item, freight, and insurance, as well as any other cost. The HTS code along with the associated import taxes can be found in ERCA's HTS. Please visit Ethiopian Ministry of Revenue website <http://www.erca.gov.et/>.

The Government of Ethiopia (GOE) sets prices for local transportation fares, petroleum, and fertilizer; with periodic reviews on the prices to reflect prevailing local market situation.

Prices of locally produced products have increased significantly in recent years. The relative prices of imported goods are also high, due to customs duties, transportation costs, and a 15% devaluation of the local currency, the Birr, against the U.S. dollar.

For more information on customs, please refer to [the Ministry of Revenue website](#).

For more information on [the African Growth Opportunity Act](#) please refer to the following link.

Sales Service/Customer Support

Sales service is available for most products, but customer service levels are poor in comparison to international standards. Service providers that rely on imported parts often face delays in obtaining the foreign exchange to purchase these goods. Consumer advocacy or protection associations that operate in Ethiopia have weak enforcement capacity.

Local Professional Services

The following list includes companies that render general professional services (see Web Resources section below for website and email links).

<https://et.usembassy.gov/u-s-citizen-services/attorneys/>

Disclaimer: This list is not comprehensive and inclusion does not constitute an endorsement or recommendation by the U.S. government.

Banking and Finance

Ethiopia's commercial banks include Abay Bank, Addis International Bank, Awash International Bank, Bank of Abyssinia, Berhan International Bank, Bunna International Bank, Commercial Bank of Ethiopia, Construction and Business Bank, Cooperative Bank of Oromia, Dashen Bank, Development Bank of Ethiopia, Enat Bank, Lion International Bank, Nib International Bank, Oromia International Bank, United Bank, Wegagen Bank, and Zemen Bank.

Hotels and Meeting Facilities

Ethiopia has a number of hotels that meet international standards operating in Addis Ababa, including: Capital Hotel and Spa, eLilly Hotel, Ghion Hotel, Golden Tulip Hotel, Harmony Hotel, Hilton Addis Ababa, Best Western, Hyatt Regency Hotel, Jupiter Hotel, Marriott Executives Apartment, Radisson Blu, Ramada Addis, and Sheraton Addis Ababa.

Tour Operators

Several tour operators serve the country including: Abyssinian Tours, Altour-Ethiopia, Ethiopia Travel, Ethiopian Rift Valley Safaris, Experience Ethiopia Travel, GETTS Travel, and Travel Ethiopia.

Others

Other entities that work with international companies doing business in Ethiopia include: American Chamber of Commerce in Ethiopia, Association of Ethiopian Microfinance Institutions, Construction Contractors Association of Ethiopia, Deloitte Ethiopia, Encore Employment Training Services, Ernst & Young, Grant Thornton, Ethio-Jobs, Ethiopian Bar Association, Ethiopian Cotton Producers and Ginners Association, Ethiopian Business Development Services Network, Ethiopian Economics Association, Ethiopian Horticulture Producer Exporters Association, Ethiopian Information Technology Professional Association, Ethiopian Leather Industries Association, Ethiopian Medical Association, Gazebo International, Grant Thornton Ethiopia, HST Consulting, Precise Consult International.

Principal Business Associations

The establishment and operation of foreign chambers of commerce is governed by the Ethiopian Investment Commission. In 2016, the American Chamber of Commerce (AmCham) in Ethiopia signed a cooperation agreement with the Ethiopian Investment Commission, which allowed for the formal establishment of the AmCham and its registration as a legal entity. The AmCham was officially launched in December 2016.

Other business associations include Ethiopian Chamber of Commerce and Sectoral Association and the Addis Ababa Chamber of Commerce and Sectoral Association, Ethiopian Entrepreneurs Association, Ethiopian Women Entrepreneurs Association, Addis Ababa Women Entrepreneurs Association, Ethiopian Coffee Exporters Association, and Ethiopian Bankers Association. All these business associations share a similar goal of promoting trade. Ethiopian business associations look favorably on U.S. companies and are interested in working with them to attract U.S. trade and investment to Ethiopia.

Limitations on Selling U.S. Products and Services

The investment and business environment in Ethiopia has considerable limitations and market challenges. Major challenges are shortage of foreign currency, lack of finance, high logistics costs, bureaucratic approval procedures and slow decision-making. Other challenges include unreliable internet connectivity and power supply and closed service sectors such as the financial and insurance sector. U.S. companies interested in selling their products and services in this market will generally need to bring their own financing and have patience to obtain payment from buyers.

Trade Financing

Methods of Payment

There are various methods of receiving payment for products sold in Ethiopia, the selection of which is usually determined by the degree of trust in the buyer's ability to pay. Payment alternatives that U.S. exporters might consider, in order of the most secure to the least secure, include:

- Confirmed irrevocable letter of credit (if concerned about the importer and international standing of their bank)
- Irrevocable letter of credit (if concerned only about the reliability of the importer)
- Documentary collection (cash against document)
- International Telegraphic Transfer (when the transaction is below \$5,000 and for certain types of goods, such as urgent medicine).

As a general rule, U.S. exporters selling to Ethiopia for the first time are advised to transact business only on the basis of an irrevocable letter of credit, confirmed by a recognized international bank. Any other form of payment carries a high level of risk. Using a Letter of Credit may result in delayed collection of receivables due to a shortage of foreign exchange.

Banking Systems

The GOE allowed the establishment of private banks and insurance companies in 1994, but does not yet permit foreign ownership in this sector, except for foreign nationals of Ethiopian origin. The Ethiopian banking sector is currently comprised of a central bank (The National Bank of Ethiopia or NBE), one state owned development bank, a government owned commercial bank, and sixteen private banks. The NBE will increase the minimum capital requirement for banks to operate to 2 billion Birr (\$90 million) by the close of 2020. Foreign banks are not permitted to provide financial services in Ethiopia, but the sector may open up in the medium term as the government of Prime Minister Abiy Ahmed pursues broad economic reforms. Currently, Ethiopia has allowed a small number of foreign

banks to open liaison offices in Addis Ababa to facilitate credit to companies from their countries of origins. Chinese, German, Kenyan, Turkish, and South African banks have opened liaison offices in Ethiopia.

Based on the most recently released data, the Commercial Bank of Ethiopia (CBE) holds more than 60 percent of total bank deposits, bank loans, and foreign exchange. NBE controls the bank's minimum deposit rate, which now stands at 7 percent, while loan interest rates are allowed to float. Real deposit interest rates have been negative in recent years due to inflation, which stood at 19 percent in April 2020.

The state-owned Commercial Bank of Ethiopia (CBE) dominates the market in terms of assets, deposits, bank branches, and total banking workforce. The other government-owned bank is the Development Bank of Ethiopia (DBE), which directs credits to investors operating in priority sectors. DBE extends short, medium, and long-term loans for development projects, including industrial and agricultural projects. DBE also provides other banking services such as checking and saving accounts to its clients. The DBE has been plagued for years by a portfolio with a high percentage of non-performing loans (NPL's), inefficient capital allocation, and corruption. As such, it has been a major target of PM Abiy's reform campaign, and is currently undergoing an extensive restructuring process.

NBE aims to foster monetary stability and a sound financial system, maintaining credit and exchange conditions conducive to the balanced growth of the economy. NBE may engage with banks and other financial institutions in the discount, rediscount, purchase, or sale of duly signed and endorsed bills of exchange, promissory notes, acceptances, and other credit instruments with maturity periods not exceeding 180 days from the date of their discount, rediscount, or acquisition by the bank. The bank may buy, sell, and hold foreign currency notes and coins and such documents and instruments, including telegraphic transfers, as they are customarily employed in international payments or transfers of funds. Lack of access to finance is a significant constraint for local businesses. Conditional upon NBE authorization, many commercial banks offer mobile and agent banking in their line of services. In April 2020, National Bank of Ethiopia issued a new directive for businesses to allow new domestic, non-financial entrants to offer mobile money services and engage in the electronic payment system. This electronic payment system helps to extend a variety of services.

Foreign Exchange Controls

Foreign Exchange reserves maintained by the government of Ethiopia remain at low-levels, a longstanding challenge for those seeking to source from abroad. The decrease in foreign exchange reserves has been exacerbated by international debt obligations contracted to fund previously built infrastructure projects.

All payments abroad require permits and all transactions in foreign exchange must be carried out through authorized dealers supervised by the NBE. Imports must be funded through accounts held in Ethiopia. The NBE has delegated most of the foreign exchange transaction functions to the commercial banks but maintains authority to approve large foreign exchange allocations. NBE also requires commercial banks to surrender 30% of their foreign exchange earnings. Importers and exporters can obtain import/export permits through the commercial banks. In addition, exporters can retain indefinitely 30% of their foreign exchange proceeds, but must sell the remaining 70% to commercial banks within four weeks. Foreign investors may repatriate all of their profits abroad.

Foreign exchange shortages due to weak export performance and high demand for foreign currency will continue to present significant market challenges, particularly for potential Ethiopian buyers of U.S. goods and services. Private sector actors widely complain about the shortage of foreign exchange and point out the adverse implications on their businesses. As a result of the critical shortage of foreign currency, NBE regulations require commercial banks to allocate foreign currency to importers based on priorities, and debt obligations. State owned enterprises and government sponsored infrastructure projects usually are given priority over the private sector when competing for access to foreign exchange. Given the poor performance of exports in past years and growing demand for import of capital goods, foreign exchange availability will continue to be a challenge for businesses in the future. As part of

Ethiopia's IMF program, the GOE aims to harmonize the official and black market rates. During the period of November 2019 through spring 2020 the NBE increased the rate of the devaluation of the birr. Local sourcing of inputs and partnering with export-oriented partners are strategies employed by the private sector to address the foreign exchange shortage.

U.S. Banks & Local Correspondent Banks

Similar to other foreign banks, U.S. banks are prohibited from operating in Ethiopia. The following are some Ethiopian banks with correspondent relationships with U.S. banks:

Awash International Bank

P.O. Box 12638

Addis Ababa, Ethiopia

Tel: +251-11-661 - 4682/662 7828

Fax: +251-11-661-4477

Email: awash.bank@ethionet.et

<http://www.awashbank.com/>

Bank of Abyssinia

P.O. Box 12947

Addis Ababa, Ethiopia

Tel: +251-11-551-4130

Fax: +251-11-551-0409

Email: info@bankofabyssinia.com

<http://www.bankofabyssinia.com/>

Berhan International Bank S.C.

P.O. Box 387 code 1110

Tel + 251- 11- 618- 57 32

<http://www.berhanbanksc.com/>

Commercial Bank of Ethiopia (CBE)

P.O. Box 255

Addis Ababa, Ethiopia

Tel: ++251-11- 122 87 55/ 251-11-122 90 34 / 251- 115- 51 50 00

Fax: 251-111 22 85 84

E-mail: cbe_cc@combanketh.com

<https://www.combanketh.et/>

Dashen Bank

P.O. Box 12752

Addis Ababa, Ethiopia

Tel: +251 -11- 467 18 03

Fax: +251-11-465-3037

E-mail: dashen.bank@ethionet.et

<http://www.dashenbanksc.com/>

Enat Bank

Phone: +251 115 158278 / 507074
Fax : +251 115 151338 / 504948
P.O.Box: 18401, Addis Ababa, Ethiopia
Address: Kirkos sub-city, woreda 8, in front of Yordanos Hotel.
Email: info@enatbanksc.com
<http://www.enatbanksc.com/>

Lion International Bank S.C
P.O. Box 27026 Code 1000
Addis Ababa, Ethiopia
Tel: +251-11-662-6000
Fax: +251-11-662 7114
Email: anbesabank@ethionet.et; lionbank@ethionet.et
<http://www.anbesabank.com/>

National Bank of Ethiopia (NBE) (Central Bank)
P.O. Box 5550
Addis Ababa, Ethiopia
Tel: +251-11-551-7438
Fax: +251-11-551-4588
Email: nbe.edpc@ethionet.et
<http://www.nbe.gov.et/>

Nib International Bank
P.O. Box 2439
Addis Ababa, Ethiopia
Tel: +251-11-550-3288/550-3304
Fax: +251-11-550-4349
Email: nibbank@ethionet.et
<http://www.nibbank-et.com/>

United Bank
P.O. Box 19963
Addis Ababa, Ethiopia
Tel: +251-11-465-5222/465-5240
Fax: +251-11-465-5243
Email: hibretbank@ethionet.et
<http://www.unitedbank.com.et/>

Wegagen Bank
P.O. Box 1018
Addis Ababa, Ethiopia
Tel: +251-11-552-3800
Fax: +251-11-552-3520/552-3521
E-mail: info@wegagenbanksc.com
<http://www.wegagen.com/>

Zemen Bank S.C
Addis Ababa, Ethiopia
Tel: +251-11-550-1111/011-554-0074/55
Fax: +251-11-553-9042
Email: customerservice@zemenbank.com
<http://www.zemenbank.com/>

Financing Web Resources

[World Bank project source](#)

African Development Bank: <http://www.afdb.org/en/>

Export-Import Bank of the United States: <http://www.exim.gov>

DFC: <https://www.dfc.gov/who-we-are>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

U.S. Trade and Development Agency: <http://www.ustda.gov>

World Bank: <http://www.worldbank.org/>

Export-Import Bank of China: <http://english.eximbank.gov.cn/en/>

Millennium Challenge Corporation (MCC): <https://www.mcc.gov/>

Protecting Intellectual Property

The Ethiopian Intellectual Property Office (EIPO) oversees Intellectual Property Rights (IPR) issues. Ethiopia has not signed a number of major IPR treaties, such as the Paris Convention for the Protection of Industrial Property, the World Intellectual Property Organization (WIPO) copyright treaty, the Berne Convention for Literary and Artistic Works, the Madrid System for the International Registration of Marks, and the Patent Cooperation Treaty. The government has expressed its intention to accede to the Paris Convention, Marrakesh Protocol and Madrid Protocol. EIPO has been tasked primarily to protect Ethiopian patent rights and copyrighted materials, and to fight pirated software. Generally, EIPO is weak in terms of staff and budget, and does not have law enforcement authority. Abuse of U.S. trademarks is rampant, particularly in the hospitality and retail sectors. The government does not publicly track counterfeit goods seizures, and no estimates are available. Ethiopia is not listed in USTR's Special 301 report and notorious market report.

[EIPO contact and office information.](#)

In any foreign market, companies should consider several general principles for effective management of their intellectual property.

Selling to the Public Sector

In Ethiopia, the Government of Ethiopia (GOE) and its public institutions are the foremost buyers of foreign goods and services. This is due to the Ethiopian economy being largely dominated by large public investments in infrastructure and the State-Owned Enterprises (SOEs) being very active in many areas of business. Public Procurement and Property Disposal Service (PPPDS) <http://www.pppds.gov.et/> carries out procurement from the international market for public institutions. Government procurement is conducted by a competitive bidding process and authorization of the bidding company is required to be eligible for participation.

The Ethiopian government often finances public works projects through borrowing from Multilateral Development Banks, such as the World Bank. Please refer to the “Project Financing” Section in “Trade and Project Financing” for more information.

There are two types of government tenders, national and international. National tenders are restricted to local companies’ participation, while international tenders are open for all including foreign companies. U.S. companies that do not have a local office in the country should have a local agent to successfully bid on international tenders. Local agents have on occasion represented competing foreign companies resulting in inadequate support to U.S. companies in international tenders. It is advisable for U.S. companies to carefully select their local partners based on a thorough due diligence investigation. The U.S. Foreign Commercial Service office in Addis Ababa can provide support in helping U.S. companies select a local partner.

Bureaucratic procedures, delays in the decision-making processes and repeated cancelation of tenders often impede participation in tenders and expose bidding companies to unnecessary costs and delays. In tenders involving large infrastructure projects, bidders presenting attractive financing options enjoy a strong preference.

Though the GOE plans to privatize a number of public companies, certain sectors will remain dominated by SOE market leaders. These areas include energy (a partial monopoly), fabrication and heavy engineering, defense contracting, and telecommunications (currently a monopoly with the sector to be liberalized soon). Businesses operating in these sectors may be required (either by law, or by market realities) to partner with these entities.

The GOE established a consumer goods trading company called ALLE, with the aim of containing consumer inflation and controlling the monopolistic effect of a few dominant private importers on consumer goods prices. The company has more than 3,000 registered retailers and plans to increase its annual turnover to more than \$300 million by 2021.

When negotiating with Ethiopian SOEs or government entities, U.S. companies are recommended to identify linkages between their products and long-term GOE targets under the GTP II. The Ethiopian government may also be receptive to products or services that mitigate the scarcity of foreign exchange, either by supporting exports or meeting a demand that would otherwise be met through imports.

Ethiopia is not a member of the World Trade Organization (WTO) and is not a party to a free trade agreement (FTA) with the United States, which contains commitments on government procurement. In June 2018, Under Secretary of Commerce for International Trade Gil Kaplan led a visit to Ethiopia by members of the President’s Advisory Council on Doing Business in Africa (PAC-DBIA), a private sector group advising the United States government on enhancing the U.S. commercial presence on the continent. During the visit, the Under Secretary signed a memorandum of Understanding (MOU) with the Ethiopian Government to broaden U.S. participation in Ethiopian priority projects, including infrastructure projects.

U.S. companies bidding on tenders may also qualify for U.S. government Advocacy. The Advocacy Center, a unit of the Commerce Department’s International Trade Administration, coordinates U.S. government efforts to assist U.S. exporters bidding on public sector contracts with foreign governments. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

Multilateral Development Banks and Financing Government Sales. Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the Guide to Doing Business with the Multilateral Development Banks. The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting the:

- Commercial Liaison Office to the [Inter-American Development Bank](#)
- Commercial Liaison Office to the [World Bank](#)

Financing of Projects

Access to finance is a challenge for the Ethiopian local market. Local private banks often require a large percentage of loans as collateral, which must usually consist of cash, real estate or durable capital physically located in Ethiopia. The National Bank of Ethiopia must approve loans from overseas institutions that require hard currency debt repayments.

The World Bank's International Finance Corporation provides some equity financing for private sector projects. African Development Bank also provides financing for some projects that are involved in production for export. African Development Bank is working with Power Africa on energy generation, transmission, and distribution projects. They also finance transportation and other infrastructure projects. Other European and Asian Development Finance Institutions are collaborating on the financing of infrastructure projects.

In 2016, the U.S. Export Import Bank (EXIM) Board of Directors approved Ethiopia for long term financing. EXIM Bank financing of long term projects could create significant business opportunities for U.S. companies' engagement in Ethiopia, particularly in upcoming mega infrastructural projects. The Development Finance Corporation (DFC), the successor agency to the Overseas Private Investment Corporation (OPIC), with expanded capacity to support investment in developing countries, has shown focused interest in Ethiopia to finance projects. Equity financing, flexibility with respect to a U.S. nexus, and a doubling of its total lending cap to \$60 billion are among the leading changes of the authorities of the DFC.

In December 2018, Millennium Challenge Corporation (MCC) also approved Ethiopia for a threshold program.

As a part of the Government of Ethiopia initiative to develop the manufacturing sector and export oriented investments, the Development Bank of Ethiopia (DBE) commits to financing 70% of the required capital for projects in selected sectors including commercial farms, agro-processing, export oriented businesses and the manufacturing sector, with the remaining 30% covered by owner's equity.

Web Resources (delete or incorporate in text)

Ethiopian Investment Commission

<http://www.Investethiopia.gov.et>

Ministry of Revenue

<http://www.erca.gov.et>

Ethiopian Commodity Exchange

<http://www.ecx.com.et>

Ethiopian Cotton Producers, Ginners and Exporters Association

<http://www.Ethiopiancotton.org>

Beam IT Solutions PLC:

<http://www.ethiotender.com>

Ethiopian Airlines

<http://www.ethiopianairlines.com>

Banking and Finance

Awash International Bank

<http://www.awash-international-bank.com>

Bank of Abyssinia

<http://www.bankofabyssinia.com>

Berhan International Bank

<http://www.berhan-bank.com>

Bunna International Bank

<http://www.bunnabanksc.com>

Commercial Bank of Ethiopia

<http://www.combanketh.com>

Construction and Business Bank

<http://www.cbb.com.et>

Cooperative Bank of Oromia

<http://www.coopbankoromia.com.et>

Dashen Bank

<http://www.dashenbanksc.com>

Development Bank of Ethiopia

<http://www.dbe.com.et>

Debub Global Bank

<http://www.debubglobalbank.com/>

Enat Bank

<http://www.enatbanksc.com/>

Lion International Bank

<http://www.anbesabank.com>

Nib International Bank

<http://www.nibbank-et.com>

Oromia International Bank

Email: oib@ethionet.et

United Bank

<http://www.unitedbank.com.et/>

Wegagen Bank

<http://www.wegagenbanksc.com/>

Zemen Bank

<http://www.zemenbank.com>

Hotels and Meeting Facilities

Ghion Hotel

<http://www.ghionhotel.com.et>

Harmony Hotel

<http://www.harmonyhotelethiopia.com>

Hilton Addis Ababa

<http://www.hilton.com>

Hyatt Regency Addis Ababa

<https://www.hyatt.com/en-US/hotel/ethiopia/hyatt-regency-addis-ababa/>

Jupiter Hotel

<http://www.Jupiterinternationalhotel.com>

Marriott Executives Apartment

<http://www.marriott.com/hotels/travel/adder-marriott-executive-apartments-addis-ababa/>

Radisson Blu

<http://www.radissonblu.com/hotel-addisababa>

Ramada Hotel

<http://www.ramada.com/hotels/ethiopia/addis-ababa/ramada-addis-ababa/hotel-overview>

Sheraton Addis Ababa

<http://www.luxurycollection.com/addis>

Tour Operators

Abyssinian Tours

<http://www.abyssiniantours.com>

Altour Ethiopia

<http://www.moderneth.com/index.html>

Ethiopia Travel

<http://www.travelethiopia.com/>

Ethiopian Rift Valley Safaris

<http://www.ethiopianriftvalleysafaris.com>

Experience Ethiopia Travel

<http://www.telecom.net.et/~eet>

GETTS Travel

<http://www.getts.com.et>

Travel Ethiopia

<http://www.travelethiopia.com>

Other Web Resources and Links

Association of Ethiopian Microfinance Institutions

<http://aemfi-ethiopia.org/>

Ethiopian Bar Association

<http://www.ethiopian-barassociation.org/about>

Ethiopian Business Development Services Network

<http://www.bds-ethiopia.net>

Ethiopian Economics Association

<http://www.eaecon.org>

Ethiopian Medical Association

<http://www.ethiopianmedicalassociation.com>

Ethiopian Information Technology Professional Association

<http://www.ictet.org>

Ethio-Jobs

<http://www.ethiojobs.net>

Precise Consult International

<http://preciseethiopia.com/>

Construction Contractors Association of Ethiopia

<http://www.ethiopian-construction.org/>

Encore Employment Training Services

<http://www.encore-etcs.com>

Ethiopian Information Technology Professionals Association

<http://www.eitpa.org>

Ethiopian Horticulture Producer Exporters Association

<http://www.ehpea.org.et>

Ethiopian Leather Industries Association

<http://www.elia.org.et>

Ernst & Young

<http://www.ey.com>

HST Consulting

<http://www.hstcon.com>

Deloitte

Email: Sgizaw@deloitte.com

<http://www2.deloitte.com/et/en.html>

Grant Thornton

Email: ron.stott@gtethiopia.com

U.S. government websites

http://www.export.gov/ethiopia/eg_et_019644.asp http://ethiopia.usembassy.gov/commercial_office.html

Business Travel

Business Customs

Business hours are usually from 8:00 a.m. to 5:00 p.m. Most businesses close for lunch for an hour between 12:00 a.m. and 2:00 p.m. On Fridays, most government offices close for lunch from 11:30 a.m. to 1:30 p.m. Business attire is typically standard business suits and exchange of business cards is an expected practice. In some instances, small gifts are exchanged. U.S. firms should maintain close contact with local distributors and customers to exchange information and ideas. Relationships developed through periodic personal visits is the best way to keep distributors apprised of new developments and to resolve problems quickly. Meetings are far more effective than communication via email. Ethiopians tend to be formal during initial meetings and become less so once personal relationships are developed. Individuals are universally addressed by first name rather than by last name (no family name is used; the second name is the person's father's first name). For a man, the common title (comparable to "Mister") is "Ato". Women are generally addressed with "Woizero" (Mrs., if married) and "Woizerit" (Miss, if single). Business is often conducted at the office or during a meal. Business entertaining may be conducted at Ethiopian cultural restaurants, which include traditional dancing and food, international restaurants, or in personal residences. Most services must be paid for in cash (local currency). Credit cards can only be used in a few hotels and high-end shops. Addis Ababa has a limited number of ATMs, many of which are often out of service due to connectivity problems.

Travel Advisory

Please visit the following websites for travel information and advisories:

- http://travel.state.gov/travel/cis_pa_tw/cis/cis_1113.html
- <http://et.usembassy.gov/u.s.citizen.services>

Visa Requirements

Visas are required for all visitors to Ethiopia (with the exception of nationals of Djibouti, Kenya and, as of mid-2018, Eritrea) and can be requested at embassies of Ethiopia abroad or online. Citizens of the United States and nationals of some other countries are eligible to obtain and purchase tourist visas at Addis Ababa Bole International Airport upon arrival (\$50, paid in U.S. dollars), but it is advised to obtain a business visa prior to arrival to avoid problems or delays. Passports must be valid for six months beyond the end of the traveler's stay in Ethiopia. Passengers transiting through Ethiopia holding confirmed onward flight bookings within 72 hours may be able to obtain transit visas on arrival. A departure tax of \$20 is levied on all foreign travelers. The \$20 departure tax is usually included in the airfare.

U.S. companies that require travel of foreign business persons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links:

U.S. Embassy visa Website:

<http://et.usembassy.gov/visas>

Currency

The Ethiopian official currency is the Birr. The Ethiopian Birr is not freely convertible. All local business transactions are conducted using Birr. The local commercial banks usually exchange U.S. dollar for Birr at daily exchange rates set by the government of Ethiopia. Ethiopian commercial banks do not issue credit cards to their customers. Payments of bills via credit card is accepted only in luxury hotels and high-end supermarkets. ATM machines are available at hotels, shopping centers and other recreational centers. ATM machines are sometimes out of service due to connectivity problems or power outages. Some of the ATM machines such as those operated by the Commercial Bank of Ethiopia, Dashen Bank, United Bank and Zemen Bank accept Visa and Master card debit cards but not all ATM

machines accept debit cards. Banks operating the ATM machines usually indicate on the ATM machine which debit cards the machine accepts.

Telecommunications/Electronics

There is only one telecommunication service provider in the country--the state-owned Ethio Telecom (ET) that operates all fixed, mobile, and internet services. Phone and internet services are poor due to the lack of sufficient infrastructure, lack of competition, and frequent power outages, although this capacity has improved with Ethiopia's connection to the undersea/ground fiber optic cable built by Seacom via Djibouti. SIM cards and phone cards (for minutes) are available for sale through retail outlets, supermarkets, and hotels. There are pay phones available both inside the airport and in parts of the city. Internet service is available at major hotels and at numerous internet cafes throughout the capital and in some larger regional cities. Ethio Telecom has also officially launched its fourth generation Long Term Evolution (4G LTE) service in the city of Addis Ababa for internet users. The 4G service has better band width with faster connectivity to the internet.

Transportation

Many international major airlines use Addis Ababa's Bole International Airport including Lufthansa, Ethiopian Airlines, Turkish Airways, Egypt Air, Kenyan Airways and Emirates. Ethiopian Airlines, which is a member of the Star Alliance, operates domestically with service to major cities within the country. Private charter plane services are also available for domestic travel. A few hotels operate reliable airport shuttles. In addition, individual taxis are widely available. Official airport taxis are yellow, while basic taxis are painted blue or yellow with a code at the side. Visitors are not advised to use public buses or collective taxis (minibuses) due to safety concerns. Taxi rates should be agreed upon before making the journey. Some taxis are metered.

Language

There are more than 80 major language groups in Ethiopia. Amharic is the national language and is spoken throughout the country. Oromiffa and Tigrinya are other widely-used Ethiopian languages. English is the second official language and is understood in most towns among the more educated segments of the population.

Health

Addis Ababa is located 8,000 feet above sea level, which may cause health problems, even for otherwise healthy travelers. Individuals may experience shortness of breath on exertion, slow reaction times, fatigue, nausea, headaches, leg cramps, ringing in the ears, and insomnia. These symptoms may be worrisome at first, but adaptation to the altitude occurs in most people within a period of one to four weeks. Drinking large amounts of water sometimes relieves these symptoms. Visitors should only drink bottled water and exercise caution if choosing to eat uncooked vegetables or meat. Travel diarrhea is a common occurrence and it is not a specific disease but describes symptoms of an intestinal infection caused by various bacteria, viruses, or parasites found in contaminated food or water. Health facilities are limited in Addis Ababa and inadequate outside of the capital. Many medications are not available. The central highlands of Ethiopia have very little malaria, due to the altitude. Malaria prophylactic measures are not necessary in Addis Ababa, however, many regions outside of Addis Ababa are in malaria zones. All travelers should possess a valid health certificate for yellow fever vaccination; this is required for travelers coming from yellow fever risk areas. Other recommended vaccinations include: tetanus, hepatitis A, hepatitis B, typhoid, meningitis, poliomyelitis, and rabies.

Local Time, Business Hours and Holidays

Ethiopia is in the GMT +3 hours' time zone. Ethiopia follows the Julian calendar, which consists of twelve months of 30 days each and a 13th month of five or six days. The Ethiopian day starts at 6 a.m. (dawn) instead of 12 a.m.

Ethiopians often quote meeting times that are six hours different than an international clock. Be sure to confirm time and date schedules to avoid confusion.

Ethiopian Holidays 2021

DAY	DATE	HOLIDAY
Tuesday	January 7	Ethiopian Christmas (Genna)
Monday	January 19	Epiphany (Timket)
Monday	March 2	Victory of Adwa
Friday	April 30	Ethiopian Good Friday
Sunday	May 2	Ethiopian Easter (Fasika)
Friday	May 1	May Day
Tuesday	May 5	Patriots' Victory Day
Saturday	May 12 or 13*	Eid-al-Fitr (End of Ramadan)
Thursday	May 28	Downfall of the Derg
Thursday	July 19 or 20*	Eid-al-Adha (Arefa)
Friday	September 11	Ethiopian New Year
Sunday	September 27	Meskel
Thursday	October 18 or 19*	Birthday Prophet Mohammed (Moulid)

* Holiday based on the lunar calendar. Date is subject to change.

Temporary Entry of Materials or Personal Belongings

Duty-free import is permitted for up to:

- 200 cigarettes or 50 cigars or 250g of tobacco
- 1L of wine or spirits.
- 500ml of perfume or eau de toilette.

Visitors may export religious artefacts, antiques and animal hides with the correct export certificates. Those wishing to take animal skins and hides out of the country must apply for a permit from the Ethiopian Wildlife Conservation Authority. For the export of antiques and religious artefacts, it is possible to obtain export certificates at the customs office.

Travel Related Web Resources

[Ethiopian Ministry of Foreign Affairs](#)

[Ministry of Culture and Tourism](#)

[U.S. Embassy Addis Ababa](#)

[U.S. Embassy Addis Ababa Consular Section \(U.S. citizen information\)](#)

[U.S. Foreign Commercial Service](#)

[Ethiopia Investment Commission](#)

Investment Climate Statement

The U.S. Department of State's Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: Market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights.

Visit the U.S. Department of Department of State's [Investment Climate Statement](#) website.

Political Environment

More information about Ethiopia is available at: <https://www.state.gov/r/pa/ei/bgn/2859.htm> and from other Department of State publications and other sources listed at the end of this fact sheet.

[Department of State Ethiopia Page](#)

[Department of State Key Officers List](#)

[CIA World Factbook Ethiopia Page](#)

[U.S. Embassy](#)

[USAID Ethiopia Page](#)

[History of U.S. Relations With Ethiopia](#)

[Human Rights Reports](#)

[International Religious Freedom Reports](#)

[Trafficking in Persons Reports](#)

[Narcotics Control Reports](#)

[Investment Climate Statements](#)

[Office of the U.S. Trade Representative Country Page](#)

[U.S. Census Bureau Foreign Trade Statistics](#)

[Export.gov International Offices Page](#)

[Library of Congress Country Studies](#)

[Travel Information](#)

