



Doing Business in Ethiopia: 2013 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Ethiopia

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Market Overview

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- Ethiopia ranks 127th out of 185 countries in the World Bank's Ease of Doing Business report 2013.
- Ethiopia's population of approximately 84 million makes it one of the largest markets in Africa. Gross Domestic Product (GDP) per capita was about \$471 in 2013, but overall GDP growth for the past five years has averaged 10% annually, according to Ethiopian Government figures. The World Bank and the International Monetary Fund estimated FY 2011/2012's growth at 7%, while the Ethiopian government stated it was 8.5%.
- Nominal GDP was \$41.9 billion in 2012. Agriculture accounted for 44% of GDP and employed over 80% of the population. Approximately 80% of Ethiopia's population lives in rural areas.
- Year-on-year inflation reached 40% in August 2011, but has declined consistently to 7.6% in March 2013 following a concerted effort by the Ethiopian government to reduce the inflation rate through strict monetary and fiscal policy.
- Real interest rates are largely negative, as the minimum bank deposit rate of 5%, bond yield of 5.5%, and treasury bills yield of less than 2% are lower than inflation. Only the real average lending rate is positive, standing at 12.25%.
- The National Bank of Ethiopia, the country's central bank, controls the exchange rate and has officially devalued the Birr by over 102% against the U.S. Dollar between November 2007 and February 2013, with the value of a Birr declining from 11.6 U.S. cents to 5.5 U.S. cents during that period. The last major devaluation occurred in 2010, and former Prime Minister Meles Zenawi announced in February 2011 that no major currency devaluations would take place over the next five years. The Birr has continued to follow a steady depreciation of approximately eight birr-cents per month.
- Ethiopia faces a growing trade deficit. In FY 2011/2012, exports totaled \$3.15 billion, while imports totaled \$11.02 billion for a trade deficit of \$7.9 billion, a significant increase over the FY 2010/11 deficit of \$5.5 billion.
- Ethiopia's major exports include coffee, oil seeds, gold, flowers, pulses, and live animals. Coffee is the leading export, constituting 26% of total exports by value in FY 2011/12 followed by gold, which comprised 19% of total exports.
- The country's main imports include petroleum products, machinery, metal products, agricultural and industrial chemicals, fertilizers, medical and pharmaceutical products, and food grains.
- The major sources of Ethiopian imports in FY 2011/12 were: China (16.6%), Saudi Arabia (14%), India (8.4%), Kuwait (4.3%), Japan (4%) and United States (4%). The U.S. was the sixth largest import source, providing mainly grain and aircraft to Ethiopia.

- Ethiopia's top five export destinations in FY 2011/12 were: Switzerland (18%), China (10.4%), Germany (9.7%), Somalia (8%), and the Netherlands (7%). The U.S. was Ethiopia's eight largest export destination (3%), mainly through purchases of coffee, oil seeds, and textiles/garments.
- For calendar year 2012, Ethiopia's imports from the United States totaled \$1287.4 million, with Boeing aircraft accounting for more than 80% of total sales. Ethiopian exports to the United States in 2012 totaled \$183 million for a bilateral trade deficit of \$1104.4 million.
- U.S. businesses in Ethiopia are primarily involved in the following industries: aircraft sales, construction equipment, equity investments, real estate, agricultural machinery, farming, and engineering services.
- Chinese companies are active in Ethiopia's infrastructure sectors, while Indian and Saudi Arabian firms are mainly involved in the agricultural sectors. Dutch companies play a prominent role in the floriculture sector. Turkish companies are increasingly engaged in manufacturing, particularly textiles/garments.
- National elections were held in May 2010 with a landslide victory by the incumbent ruling party that has been in power since 1991.
- Ethiopia's economic development vision is encapsulated in the Ethiopian government's five-year Growth and Transformation Plan (GTP), which covers the 2010-2015 planning period. The GTP envisages 11% annual average GDP growth as a base case scenario and 14.9% annual GDP growth as a high case growth scenario. GTP targets have been widely labeled (including by the International Monetary Fund and the World Bank) as ambitious, with large uncovered financial needs.

Market Challenges

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- The Ethiopian government is engaged in a slow process of economic reform and liberalization; however, the state remains heavily involved in most economic sectors. The government retains control over the utilities sector, as well as telecoms, and prohibits foreign ownership of banking, insurance, and financial services companies. State-owned enterprises and ruling political party owned entities dominate the economic landscape, reducing room for the private sector to flourish, although many of the subsidiaries of these entities themselves seek foreign joint venture and equity partners.
- The state-owned telecommunications company, Ethio Telecom (ETC), offers slow, expensive, and unreliable phone and Internet services. As of June 2012, Ethiopia had 17.3 million mobile phone subscribers, 805,000 fixed telephone subscribers, 221,000 Internet subscribers and 2.4 million EV-DO subscribers. Residential and commercial ADSL (broadband) services were announced in April 2011 and introduced in Q3 2011.
- The prohibition on foreign financial services institutions from operating in Ethiopia and the undeveloped regulatory environment have resulted in a limited and weak financial sector.
- Periodic 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. All land is owned by the state and cannot be purchased or sold, but can be leased for up to 99 years. A land-lease regulation passed in late 2011 places limits on duration of construction projects, allows for revaluation of leases at a government-set benchmark rate, places previously owned land ("old possessions") under leasehold, and restricts transfer of leasehold rights.

Compensation is paid by the state for real property seized upon the termination of a lease, but is not paid for the land on which the property is built.

- Electricity demand continues to outpace supply as new hydropower dams struggle to produce at full capacity and power transmission lines and facilities are insufficient. The Government of Ethiopia is investing significantly in very large-scale hydroelectric project construction (using both external loans and its own resources). If successfully completed, these projects could meet domestic electricity demands and produce a significant surplus for export. The government is open to proposals for IPP agreements utilizing renewable energy resources (geothermal, wind, solar, and biomass).
- Government procedures and paperwork are usually complicated and time-consuming, although improvements have been made in recent years. The customs clearance process can be slow, though improving, and imported goods are sometimes taxed at attributed values instead of invoice values.
- Ethiopia's judicial system is poorly staffed and inexperienced, particularly with respect to commercial disputes. The Government of Ethiopia recently established a new court system dedicated to resolving commercial disputes more efficiently. Under this new system, if a company includes an arbitration clause in its contract, it can apply for services from the Addis Ababa Chamber of Commerce Arbitration Institute and bypass some inefficiency in the judicial system.
- Lack of access to finance is a major constraint for local businesses. Since January 2011, the National Bank of Ethiopia requires banks to purchase five-year central bank bills, at three percent interest, in an amount equal to 27% of all new loans. As a result, commercial bank liquidity and capacity to supply credit has been seriously threatened. The central bank recently reduced reserve and liquidity requirements of commercial banks from 15% and 25% to 5% and 20% respectively.
- A largely illiterate and semi-skilled workforce suffers from low productivity levels. Ethiopia's adult literacy rate is estimated at 36%.
- The Ethiopian government requires that multi-modal shipments be transported by the state-owned Ethiopian Shipping and Logistics Enterprise (ESLE). In 2012, new ESLE directives and procedures caused extensive delivery delays and high transportation costs for importers. While these policies are still in effect, ELSE has facilitated several "workarounds" that have helped reduce delays and costs.
- Ethiopian fuel stations experience sporadic, short-lived shortages of gasoline and diesel fuel, and are heavily regulated by the Government of Ethiopia. The government sets wholesale and retail price controls based off of a fixed profit margin, generally considered significantly lower than most other countries. While the government generally does an effective job of ensuring the flow of fuel, an unstable ethanol supply and price speculation (hoarding) by retail gas stations create sporadic supply gaps that translate to occasional retail shortages. These shortages typically occur at the end of the Ethiopian calendar month, just before the next month's price takes effect.

Market Opportunities

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- Ethiopia is endowed with abundant agricultural resources and has diverse ecological zones. In 2009, the Government of Ethiopia shifted its agricultural policy focus towards encouraging private investment (both domestic and foreign) in larger-scale commercial farms (defined as farms of 5,000 hectares or more). The Ministry of Agriculture (MoA) created a new Agricultural Investment Support Directorate and charged the new office with negotiating long-term leases on over seven million acres of land for these

commercial farms. The Directorate's goal is to boost productivity, employment, technology transfer, and foreign exchange reserves by offering incentives to private investors.

- Energy is one of the most significant sectors for Ethiopia's economic growth and development. Ethiopia possesses a bounty of renewable energy potential, especially hydroelectric, and seeks to exploit these resources by increasing installed capacity of renewable energy sources from around 2,100mw to over 10,000mw. Wind, geothermal, and solar power are also major areas for investment opportunities.
- The Ethiopian government seeks to attract investors through incentives for priority export sectors - textiles/garments, leather, horticulture/floriculture and agro-processing.
- Thousands of Ethiopian goods are eligible for duty-free access to the U.S. market under the African Growth and Opportunity Act (AGOA).
- The Government of Ethiopia actively seeks foreign direct investment in local manufacturing as a means of import substitution and eventual reduction of its trade deficit, as a national development priority.
- Leading non-agricultural sectors for U.S. trade and investment include: renewable energy, information technology and communications (ICT), construction, tourism and aviation.
- Main U.S. exports to Ethiopia include: aircraft, trucks/vehicles, vehicle and machinery car parts, medical equipment, and pharmaceuticals.
- The Government of Ethiopia has developed a list of approximately 200 eServices or electronic services needed to be developed in the next several years.
- Nearly all tenders issued by the Ethiopian government's Privatization and Public Enterprises Supervising Agency (PPESA) are open to foreign participation. Most of the 280 public enterprises sold since 1994 have been small enterprises in the trade and service sectors. There are several examples of big privatized enterprises such as four breweries which were acquired by foreign enterprises including Heineken (Holland) and Diageo (UK). Less than fifty public enterprises remain under PPESA control.

Market Entry Strategy

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- Getting a firsthand look at the Ethiopian market, conducting extensive due diligence, and developing personal relationships are important first steps.
- U.S. firms should consider appointing experienced local agents to represent their products and services in Ethiopia. Ethiopian Americans living in the United States, or in Ethiopia, often serve as resources in establishing U.S.-Ethiopian partnerships.
- Hiring a local lawyer to review documents and contracts is recommended for any investor.
- The Government of Ethiopia requires that all imports be channeled through Ethiopian nationals registered as official import or distribution agents with the Ministry of Trade (MOT).
- A significant portion of Ethiopia's imports are solicited through government tenders. The tender announcements are made public to all interested potential bidders, regardless of the nationality of the supplier or origin of the products/services. Tender procedures are not fully transparent or adhered to in many cases.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

Ethiopia country background notes can be found at <http://www.state.gov/r/pa/ei/bgn/2859.htm>

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Using an Agent or Distributor

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To conduct business effectively and participate in local tenders, it is strongly advised that U.S. firms appoint local agents to represent their products and services in Ethiopia. U.S. firms could begin by consulting with local chambers of commerce and the U.S. Embassy's Economic/Commercial Section for initial points of contact.

Establishing an Office

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The Ethiopian Investment Agency (EIA) should be one of the first stops for an investor wishing to apply for a business license and receive information on any pertinent incentives. In addition, all importers and exporters who establish a local office must be registered with the Ministry of Trade to seek project approval and the Ethiopian Revenue and Customs Authority (ERCA) to obtain a tax identification number.

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

- A notarized copy of the registration of a parent company in the U.S..
- A copy of a 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: <http://www.doingbusiness.org/data/exploreeconomies/ethiopia/#starting-a-business>

Franchising

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Difficulties in product quality control, banking regulations, and continuing foreign exchange convertibility issues make franchising difficult. Currently, there is only one U.S. franchise operating in Ethiopia.

Direct Marketing

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Direct marketing of U.S. products in Ethiopia is limited as the use of local agents is required for most types of businesses.

Joint Ventures/Licensing

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Foreign investment inflows through joint ventures (especially with the government) are promoted and encouraged in Ethiopia. The following are the major criteria for Ethiopian government approval of joint venture proposals:

- Transfer and adaptation of needed technology into the country.
- Improvement of the country's foreign exchange position.
- Utilization and development of the country's resources, including the generation of local employment.
- Development of forward and backward linkages, and increased added value in various economic sectors.

Selling to the Government

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Government procurement is conducted by a competitive bidding process and bidding company authorization is required to be eligible for participation. In 2010, the Ministry of Finance and Economic Development (MOFED) established a central procurement agency to coordinate all government procurements. Bureaucratic procedures and delays in the decision-making process sometimes impede participation in tenders and expose bidding companies to unnecessary costs and delays. Political factors also influence tender decisions. It is advisable to work with local agents or representatives in order to participate effectively in local tenders.

Though the Ethiopian government has privatized many of its state-owned enterprises (SOEs), certain sectors are dominated by SOE market leaders. These include energy (a partial monopoly), fabrication and heavy engineering, large-scale construction, defense contracting, telecom (monopoly) and certain aspects of agribusiness (particularly sugar). Businesses operating in these sectors may be required (either by law, or by sheer market share) to partner with these entities. When negotiating with Ethiopian SOEs or government entities, U.S. companies are recommended to find linkages between their products and long-term Ethiopian government targets under the GTP. GTP-oriented activities are much more likely to find a positive reception from government leaders.

Distribution and Sales Channels

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As a landlocked country, Ethiopia relies heavily on the Port of Djibouti for the import and export of goods. Port Sudan and Berbera Port in Somaliland are used to a smaller degree. Dry ports, notably the dry port in Modjo town, near 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 ruling party-owned companies dominate the truck transportation market, though the overall number of trucks is presently insufficient to meet demand. Plans to revamp Ethiopia's rail systems are underway (via Chinese contractors), but rail systems are not currently operational. Cut flowers and fresh fruits and vegetables are transported via air from Addis Ababa's Bole International Airport.

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

Ethiopia requires that all imports be channeled through Ethiopian nationals registered with the government as official import or distribution agents. The importer or agent is required to apply for an import license, and register with Ministry of Trade as well as the National Bank of Ethiopia for a foreign exchange permit.

Selling Factors/Techniques

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Methods used by successful competitors in the Ethiopian marketplace include active contact with key Ethiopian Government officials responsible for major programs and projects, personal visits by representatives for initial market surveys, and contact with local representatives knowledgeable about future plans and market potential. Sales materials in the official local language, Amharic, in addition to English, is an effective way to reach a broader customer base; however, the use of English is prevalent in the business community.

Electronic Commerce

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Electronic Commerce is still in its infancy in Ethiopia and is rarely used. The Government of Ethiopia is preparing a national draft law to govern e-Commerce. Most Ethiopians do not have credit cards and Internet connections are slow and unreliable; however, Internet service is improving as a result of Ethiopia's connection to Seacom's underground/sea fiber optic cable through Djibouti.

Advertising and trade promotion are important in the Ethiopian market. Government-owned mass media outlets (radio, television, and newspapers) and privately-owned magazines, newspapers, radio stations and billboards are the major means of advertising. The Addis Ababa Chamber of Commerce organizes several international trade fairs in Ethiopia each year, events that attract many foreign and local exhibitors.

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.

Chambers of Commerce

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

251 Communications
Addis Ababa, Ethiopia
Tel +251-911-522-584
Email: addis@251communications.com
<http://www.251communications.com>

I Print Digital Advertising Plc
Addis Ababa, Ethiopia
Tel +251-11-554-5777
Fax +251-554-5778
Mobile +251-911-62-5779/+251-911-52-3398
Email: info@iprintadvert.com
<http://www.iprintadvert.com>

B.T. Digital Advert
Addis Ababa, Ethiopia
Tel: +251-11-663-1717

Fax: +251-11-662-6545
Email: btta@ethionet.et

Cactus Advertising
P.O. Box 5790
Addis Ababa, Ethiopia
Tel: +251-11-554-4901
Fax: +251-11-554-4907
Email: cactusplc@ethionet.et

Horizon Ethiopia
P.O. Box 26782/1000
Addis Ababa, Ethiopia
Tel: +251-11-618-4045
Email: advertising@addisconnexion.com
<http://www.addisconnexion.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 Advertizing 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
P.O. Box: 17629
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

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: +251-11-662-5455
Fax: +251-11-156-9862
Email: et.press@ethionet.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
Fax: +251-11-618-5206
Email: syscom@ethionet.et
<http://www.capitalethiopia.com>

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 news paper)
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>

Sub Saharan Informer (weekly)
P.O. Box 22178 Code 1000
Addis Ababa, Ethiopia
Tel: +251-11-515-1800
Fax: +251-11-552-6722
E-mail: info@subsaharaninformer.com
<http://www.ssinformer.com>

The Daily Monitor
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
P.O. Box 30701
Addis Ababa, Ethiopia
Tel: +251-11-662-5457
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.erta.gov.et>

Radio Fana
Addis Ababa, Ethiopia
Tel: +251-11-551-6777
Fax: +251-11-551-5039
E-mail: rfana@radiofana.com
<http://www.radiofana.com>

Walta Information and Public Relation Center S.C
P.O. Box 12918
Addis Ababa, Ethiopia
Tel: + +251-11-661 12 65

Fax: +251-11-661 25 79
E-mail: feedback@waltainfo.com
<http://www.waltainfo.com>

Pricing

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Local transportation fares, petroleum, and fertilizer prices continue to be set by the Ethiopian Government, but are revised periodically. The general pricing structure for imports is on the basis of a customs duty (Harmonized System (HS) code is applicable), 15% Value-Added Tax (VAT), 2% withholding tax, and 10% surtax or excise tax (depending on product type). Withholding tax may be offset against qualified business income taxes, and excise tax is only applied to 19 specified item classes outlined by the Ethiopian Customs and Revenue Authority.

Prices of locally produced products have increased significantly in recent years. Prices of imported goods are also high, due to customs duties, transportation costs, and devaluation of the local currency (Birr) against the U.S. Dollar.

Sales Service/Customer Support

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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 currently operate in Ethiopia with weak capacity and authority. Ethiopia has a consumer protection law.

Protecting Your Intellectual Property

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The Ethiopian Intellectual Property Office (EIPO) administers trademark, copyrights, and intellectual property issues, and is focused on protecting Ethiopian copyrighted materials. EIPO has weak capacity in terms of manpower and law enforcement. In addition, a number of businesses, particularly in the tourism and service industries, operate freely in Ethiopia using well-known trademarked names or symbols without legal permission.

Ethiopia has yet to sign a number of major international intellectual property rights (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; and the Patent Cooperation Treaty. Ethiopia is currently in the process of acceding to the WTO; upon accession several IPR agreements will come into force.

Ethiopia's Trade Practice and Consumer Protection Proclamation (No. 685/2010) called for the establishment of a Trade Practice and Consumers Protection Authority. This Authority is charged with reviewing, investigating, and resolving instances of intellectual Property Right abuses in addition to addressing unethical business activities. U.S. companies are encouraged to secure local legal counsel to bring cases to the Authority.

Protecting Your Intellectual Property in Ethiopia

Several general principles are important for effective management of intellectual property (“IP”) rights in Ethiopia. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Ethiopia than in the U.S. Third, rights must be registered and enforced in Ethiopia, under local laws. Your U.S. trademark and patent registrations will not protect you in Ethiopia.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Ethiopian market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. Government generally cannot enforce rights for private individuals in Ethiopia. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Ethiopia law. Please see the following link for a list of local lawyers:
http://ethiopia.usembassy.gov/attorney_information.html.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Ethiopia require constant attention. Work with legal counsel familiar with Ethiopian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Ethiopia- and U.S.-based.

These include:

- The U.S. Chamber of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, and Russia. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

Due Diligence

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Due diligence and project analysis are highly recommended for every sector. The U.S. Embassy offers the following fee-based services to assist in these efforts:

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

Please see 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 U.S. Embassy can recommend local consultancy firms.

Local Professional Services

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

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

Banking and Finance

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, Zemen Bank

Hotels and Meeting Facilities

Ghion Hotel, Harmony Hotel, Hilton Addis Ababa, Jupiter Hotel, Radisson Blu, Sheraton Addis Ababa

Tour Operators

Abyssinian Tours, Altour-Ethiopia, Ethiopia Travel, Ethiopian Rift Valley Safaris, Experience Ethiopia Travel, GETTS Travel, Travel Ethiopia

Others

Association of Ethiopian Microfinance Institutions, Construction Contractors Association of Ethiopia, Encore Employment Training Services, Ernst & Young, Ethio-Jobs, Ethiopian Bar Association, Ethiopian Business Development Services Network, Ethiopian Economics Association, Ethiopian Horticulture Producer Exporters Association, Ethiopian Information Technology Professional Association, Ethiopian Information Technology Professionals Association, Ethiopian Leather Industries Association, Ethiopian Medical Association, HST Consulting, Precise Consult International

Web Resources

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Electronic Commerce

Ethiopian Commodity Exchange
<http://www.ecx.com.et>

Beam IT Solutions PLC: <http://www.ethiotender.com/>

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

2 merkato.com
<http://www.2merkato.com/>

Zemen Bank
<http://www.zemenbank.com>

Chambers of Commerce

Addis Ababa Chamber of Commerce and Sectoral Association
<http://www.addischamber.com>

Ethiopian Chamber of Commerce and Sectoral Association
<http://www.ethiopianchamber.com>

Advertising Agencies

251 Communications
www.251communications.com

Addis Business
<http://www.addischamber.com>

Afro link Studio
<http://www.afrolinkstudio.com>

B.T. Digital Advert
Email: bta@ethionet.et

Cactus Advertising
Email: cactusplc@ethionet.et

Horizon Ethiopia
<http://www.addisconnexion.com>

Lion Advertising and Public Relations Organizations
Email: lionadpr@ethionet.et

Mono 2000 PLC
Email: monopl@yaho.com

Zeleman Production
www.zelemanproductions.com

Newspapers

Addis Zemen (Daily Amharic newspaper)
<http://www.ethpress.gov.et>

Capital (weekly)
<http://www.capitalethiopia.com>

Fortune (weekly)
<http://www.addisfortune.com>

New Business Ethiopia
<http://newbusinessethiopia.com>

Press Digest (weekly)
<http://www.Press-digest.info>

Sub Saharan Informer (weekly)

<http://www.ssinformer.com>

The Daily Monitor

<http://www.theafricamonitor.com>

The Ethiopian Herald

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

The Reporter (weekly)

<http://www.ethiopianreporter.com>

Ethiopian Government Media

Ethiopian News Agency

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

Ethiopian Radio and Television Agency

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

Radio Fana

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

Walta Information Centre

<http://www.waltainfo.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>

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.hibretbank.com>

Wegagen Bank
<http://www.wegagenbank.com.et>

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>

Jupiter Hotel
<http://www.Jupiterinternationalhotel.com>

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

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.ethiopatransel.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://www.aemfiethiopia.org>

Ethiopian Bar Association
<http://www.ethiopian-bar.org>

Ethiopian Business Development Services Network
<http://www.bds-ethiopia.net>

Ethiopian Economics Association
<http://www.eeaecon.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://www.ethiopiainvestor.com>

Construction Contractors Association of Ethiopia
<http://www.ethiopianconstruction.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>

U.S. Government websites
http://www.export.gov/ethiopia/eg_et_019644.asp and
http://ethiopia.usembassy.gov/commercial_office.html

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- Renewable Energy
- Road Construction
- Tourism
- Telecommunications
- Aviation

Renewable Energy

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Ethiopia is endowed with substantial renewable energy resources. Rough estimates place Ethiopia's total renewable energy generation at about 60,000 MW. At the forefront is hydropower, which has been recognized for decades as the most valuable resource with an estimated generation capacity of over 45,000 MW or 75% of renewable energy potentials (See Table 1 below).

Despite the available potential, Ethiopia is experiencing energy shortages as it struggles to meet growing electricity demand of 20-25% per annum. In the fiscal year 2011/12, Ethiopian Electric Power Corporation (EEPCCO), a government-owned company responsible for power generation, transmission, distribution, and sales of electricity, supplied approximately 2,167 MW of electricity to consumers, of which 90% came from hydropower.

Table 1: Energy Resource Potential of Ethiopia

Resource	Unit	Exploitable Reserve	Exploited Percent
Hydropower	MW	45, 000	<3%
Solar/day	kWh/m ²	4 - 6	<1%
Wind: Power Speed	GW m/s	100 >7	<1%
Geothermal	MW	5000	<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%

Sources: GTZ and EREDPC, EEPCCO; MME, and EIGS

In its five year plan (2010-15), the Government of Ethiopia plans to expand Ethiopia's electric generation capacity to 10,000 MW and, apart from satisfying its domestic demand, become an exporter of electricity to neighboring countries such as Djibouti, Kenya, Sudan, and South

Sudan. To this end, the Government of Ethiopia has started a number of hydropower, wind, and geothermal projects. Most notable projects include the Gilgel Gibe III dam, with 1870 MW generation capacity (expected completion date in 2014), and the Great Ethiopian Renaissance Dam (GERD), with 6,000 MW generation capacity (expected completion date in 2017, early power generation in 2014). Ethiopia has already started exporting 35 MW of electricity to Djibouti and 100MW of electricity to Sudan and has also concluded power export deals with Kenya and South Sudan. The construction of Ethio-Kenya 500kv transmission line is expected to be completed in 2016. Ethiopia has planned to export 400MW of electricity to Kenya. The Government of Ethiopia somewhat liberalized the energy sector for private sector participation, specifically to generate significant financial resources and stimulate investment in power generation and power transmission. As of early 2013, Ethiopia was still finalizing its long overdue feed-in tariff bill, which should offer independent power producers the option to sell renewable energy power to the national grid at specified rates.

Sub-Sector Best Prospects

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- Engineering services to supply more renewable energy sources, such as wind, solar, geothermal, biomass (municipal landfills, organic waste) as well as hydropower.
- Supply and/or manufacturing of drilling rigs and associated equipment, electric and electrical cables, transformers, and electric meters.

Opportunities

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

Web Resources

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Ethiopian Electric Agency (EEA)
<http://ethioelectricagency.org/>

Ethiopian Electric and Power Corporation (EEPCO)
<http://www.eepco.gov.et>

Metals and Engineering Corporation (METEC)
www.metec.gov.et

Ministry of Mines
<http://www.mome.gov.et/index.html>

Ministry of Water and Energy
<http://www.mowr.gov.et>

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

Road Construction

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Ethiopia has one of the lowest road densities in Africa. As of 2012, Ethiopia had 56,190 kilometers of all-weather roads, of which only 17.6% were asphalt. Currently, the Government of Ethiopia is vigorously engaged in road construction and expanding the existing road network through implementing a series of what it called Ethiopia's Road Sector Development Programs (RSDP). The World Bank and donor agencies are participating heavily in these programs. In 2011, the Government of Ethiopia embarked upon RSDP Phase IV, the largest and biggest program undertaken in the sector. RSDP-IV is considered a strategic pillar of government's Growth and Transformation Plan (GTP), which plans to increase the road network from 49,000 kilometers (33,000 miles) to 136,000 kilometers (91,000 miles) in five years.

Unlike earlier phases of the RSDP, Phase IV places a high emphasis on improved access, specifically the construction of feeder/linking roads and lower volume roads. Although U.S. firms have bid on tenders for road design services and supervise construction in the past, 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 Government of Ethiopia or major international financial institutions, such as the International Development Association (IDA) of the World Bank and the African Development Bank (AFDB).

Sub-Sector Best Prospects

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- U.S. exports of construction machinery, chemicals, and building materials to Ethiopia.
- U.S. firms could be involved in the road construction sector and may also offer consultancy and supervision services.

Opportunities

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

Web Resources

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

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

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

Tourism

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Ethiopia's tourism potential is largely untapped and should be of enormous interest to foreign and local visitors on historic, cultural, or eco-tourism expeditions. Ethiopia has a diversity of wildlife (with many unique indigenous plant, bird, and mammal species), exotic landscapes, prehistoric sites, and architectural ruins of historical and religious significance. Many tourist sites are completely undeveloped and the infrastructure (hotels, restaurants, tour facilities) is underdeveloped as well. With a high volume of transit passengers transferring through Bole International Airport to global and regional destinations, there is a need for increased international standard accommodation near the airport for transit passengers. In addition, as the seat of the African Union and United Nations Economic Commission for Africa (UNECA), Addis Ababa serves as a frequent venue for international conferences and events.

Sub-Sector Best Prospects

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- Privatizing Government of Ethiopia-owned property
- Providing equipment to new hotels and travel agencies
- Building modern tourist hotels and recreation facilities
- Hospitality services and supply

Opportunities

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Lodging facilities, camping gear, hotel furniture and equipment, vehicles for tour operators.

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

Web Resources

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Ministry of Culture and Tourism
<http://www.tourismethiopia.org>

Official Portal of Tourism in Ethiopia
<http://www.tourismethiopia.gov.et/English/Pages/Home.aspx>

Information and Communications Technology

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Ethiopia's information and communications technology (ICT) landscape is rapidly evolving. The current contribution of the communications sector to GDP is 2% versus the 4% average in the East Africa region. Ethiopian wireless penetration stands at about 6% versus the sub-Saharan average of 40%. Fixed line teledensity in Ethiopia is 1.2% compared to the world average at 18%. Most service sectors are Government of Ethiopia-owned and/or operated, such as mobile, fixed, IP, VoIP, and VSAT services. The only two sectors fully open for competition are equipment provision and downstream services such as call centers, messaging, and applications.

The Government of Ethiopia is placing a large emphasis on deploying and using ICT as a tool to reach goals and targets outlined in the Growth and Transformation Plan (GTP) and other key initiatives. For example, the 2014/15 GTP target for rural telecom services access is set at 100% (up from 62% in 2009/10).

The state-owned Ethio Telecom (ET, formerly known as the Ethiopian Telecommunications Corporation) maintains a monopoly on wire and wireless telecommunications and Internet service, though private investors are allowed to enter into joint ventures with the government. The company's management team was outsourced to France Telecom (Orange) in December 2010 under a two-year contract which was renewed in December 2012 for up to one year. Ethiopia continues to invest in expanding and upgrading its telecommunications network, but currently has the lowest telephone line density in Africa, with less than 2% coverage among potential fixed line customers. At present, there are 17.3 million mobile phone users, 805 thousand fixed lines and 221 thousand Internet service subscribers in a country with 84 million people. ET has reached the final phases of its infrastructure build-out under contract with China's ZTE Corporation. This expansion is focused on providing telecom services in all of Ethiopia's 15,000 rural villages, with dedicated lines for agriculture, education, health, and consumer use.

In attempting to boost its international connectivity, ET connected to the Seacom fiber optic cable in 2010. Seacom's fiber optic cable connects Ethiopia via Djibouti to the global network

spanning down the Eastern coast of Africa as well as to India and Europe. This development reduced Ethiopia's reliance on expensive satellite connections. The Government of Ethiopia appears to have no immediate plans to liberalize the telecom sector in the areas of service provision; however, opportunities exist in the area of value-added services. The government has developed a list of approximately 200 eServices or electronic services needed to be developed in the next several years. In addition, the government has started to put infrastructure in place for an "IT Park" aimed at attracting IT service companies such as those involved in outsourcing.

Sub-Sector Best Prospects

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- Mobile banking services and outsourcing services
- International Financial Reporting Standards (IFRS) and related financial standards implementation in the financial services industry
- Website software and technologies
- 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

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As Ethiopia's broadband capacity expands, e-Services as well as mobile services are expected to grow significantly in the next period.

Web Resources

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

Ethiopian Information Technology Professional Association
<http://www.eitpa.org>

Aviation

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Ethiopian Airlines (EAL) continues to expand its routes throughout Africa, Europe, Asia, and North America. Ethiopian serves 72 international destinations with 210 weekly international departures from Addis Ababa and over 800 weekly international departures worldwide. EAL has been an important client for U.S. aviation companies with an all-Boeing international fleet equipped with both Pratt and Whitney and General Electric (GE) engines. In 2005, EAL signed a deal with Boeing to buy ten Boeing 787 Dreamliner jets, of which four have already been delivered. In January 2009, EAL purchased an MD-11 freighter aircraft from Boeing and in July 2009, EAL placed an order for five Boeing 777-200LRs and 12 Airbus A350-900s (2017 delivery). EAL has already taken delivery of all five of the 777s. EAL also signed an agreement with Boeing to purchase ten additional 737-800s aircraft in January 2010, of which one has been delivered. The remaining 737-800s are expected to be delivered within the next four years. Furthermore, EAL ordered four Boeing Freighters in October 2011. In 2013, Ethiopian ordered an additional three Boeing 787 Dreamliners as well as an additional ultra-long range Boeing 777.

EAL is a state-owned enterprise and holds the exclusive right to domestic air service for aircraft with 50 or more seats. EAL recently became a full member of the Star Alliance network, broadening its worldwide reach. The Star Alliance network offers more than 21,555 daily flights to 1,356 airports in 193 countries. Smaller charter airlines have offered opportunities for the export of U.S. planes and helicopters.

Sub-Sector Best Prospects

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Aircraft, engine sales and leasing to both EAL and smaller charter companies; replacement parts; airport equipment.

Opportunities

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Addis Ababa Bole International Airport has plans to renovate and expand its terminals. These new facilities will need equipment, machinery, and structures related to indoor and outdoor facilities, including new headquarters, baggage handling, shopping, a new cargo terminal, transfers, a new catering facility, and parking. Other domestic airports will also require communication, safety, and security equipment as planned upgrades occur in the near future.

Web Resources

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

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

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

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

Agricultural Sectors

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Ethiopia is endowed with abundant agricultural resources and has diverse ecological zones. Agriculture is the mainstay of the economy. The Government of Ethiopia has identified increasing productivity of small holder farms and expanding large-scale commercial farms as its two priority areas. The Ministry of Agriculture (MoA) has created an Agricultural Investment Support Directorate 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. The directorate is initially charged with negotiating deals for 7.4 million acres of land in the sparsely populated regions of Benishangul Gumuz, Gambella, and Southern Nations, Nationalities, and People's Region. The Government of Ethiopia established an Agricultural Transformation Agency (ATA) to address systemic bottlenecks in the agriculture sector by supporting and enhancing the capability of the Ministry of Agriculture and other public, private, and non-governmental implementing partners.

Given the primary focus of the economy on agriculture and the diversity of crops and products, the large-scale agro-processing sector offers numerous opportunities. With increased commercialization of this sector, there are growing demands for agricultural inputs and the supply and maintenance of tractors, harvesters, and other equipment such as grain silos, cold storage, and transport vehicles. Ethiopia imports all of its fertilizer, about 700 thousand tons a year, costing close to \$250 million.

Ethiopia's cash crop production has potential for growth, especially in coffee, cut flowers, tea, sugar, spices, and tobacco. Domestically produced cotton is also in high demand by the growing textile and garment factories that seek to source locally. Ethiopia already produces beeswax, oilseeds, fruits, and vegetables for export, but growth potential exists in these areas as well.

The Government of Ethiopia is advising the use of water-harvesting methodologies and irrigation in rural areas as a means of reducing farmer 'vulnerability to the recurring droughts that affect millions of families. Demand is anticipated for the supply of machinery and equipment as well as technical services in several areas, including hand farming implements and hand-powered tools and farming equipment, small-scale rural infrastructure equipment, and water supply and sewage system machinery such as irrigation pumps and well or bore-hole digging equipment.

Sub-Sector Best Prospects

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- Supply of agricultural machinery, irrigation equipment, fertilizer, and improved seeds.
- Large commercial farm development
- Food processing
- Biodiesel crops and processing
- Agribusiness consulting and value chain services

Opportunities

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- Establishing a large-scale commercial farm or agro-processing operation in undeveloped ("virgin") regions of rural Ethiopia.

Web Resources

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Ethiopian Agricultural Transformation Agency
<http://www.ata.gov.et/>

Ministry of Agriculture
<http://www.moard.gov.et>

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Chapter 5: Trade Regulations, Customs and Standards

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- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
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- [Temporary Entry](#)
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Import Tariffs

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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 10% tariff preference. Tariff duties range from 0% to 35%, with an average rate of 17%. Ethiopia has reduced customs duties on a wide range of imports in recent years, but duties still remain exorbitantly high on certain items such as vehicles. The Ethiopian Government offers duty-free import incentives for investors in certain sectors, especially those planning to export goods and generate foreign currency.

Both Value-Added Tax (VAT) and excise taxes are imposed on imports. The VAT rate is 15% for all goods and services. Excise tax is assessed on nineteen classes of goods, applied equally to domestically produced and imported goods, and range from 10% for textiles and most other goods, to as high as 200% for alcoholic beverages.

Trade Barriers

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There are no special barriers to U.S. trade and investment, though a number of sectors remain closed to foreign investment (namely telecom and financial services) and U.S. companies have complained about the unexplained cancellation of several government tenders. Constraints to increased trade and investment are poor infrastructure, bureaucratic procedures, and high transportation and transaction costs.

Importers face difficulty in obtaining foreign exchange, particularly those importing goods or inputs destined for domestic sale. Ethiopia's central bank administers a strict foreign currency control regime and must approve all foreign currency transactions. While larger firms, state-owned enterprises, and enterprises owned by the ruling party have not typically faced major

problems 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. In 2009, the Ethiopian Government enacted Proclamation No. 655/2009, establishing a regulatory framework for biosafety in Ethiopia. The stated objective of the proclamation is to protect biodiversity, as well as human and animal health, from the "adverse effects of modified organisms." This law ostensibly places a significant regulatory burden on those who seek to import food commodities containing "modified organisms" and is more onerous than internationally accepted norms on biosafety outlined in the Cartagena Protocol on Biosafety. For example, it makes no distinction between viable (i.e., able to reproduce in the environment) and non-viable organisms. Enforcement has been minimal to date. The proclamation, however, may potentially result in a significant barrier to trade in both processed and raw food products, as well as a variety of agricultural products. Corn, soy, and cotton derivative products are among the potentially affected products.

Import Requirements and Documentation

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Most imports to Ethiopia require: (1) three certified copies of the commercial invoice; (2) two detailed copies of the manufacturers invoice; (3) a bill of lading or airway bill; (4) pro-forma invoices; (5) a trade license for commercial imports; (6) an insurance certificate; and (7) a bank permit. Medicines, medical supplies, and medical equipment must be registered with the Food, Medicine and Health Care Administration & Control Authority of Ethiopia (FMHCA). Any plant or plant product, 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.

U.S. Export Controls

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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).

BIS is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of most commercial items. Items that BIS regulates are often referred to as "dual-use"--items that have both commercial and military or proliferation applications--but purely commercial items without an obvious military use are also subject to the EAR.

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 the object of 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, which is available on the Government Printing Office website.

Temporary Entry

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Bonded warehouse storage facilities are available for periods of up to ninety days.

Labeling and Marking Requirements

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Shipping markings and labeling are required on all imported goods and should be identical on all documents. The Ethiopian Standards Agency oversees these requirements (see contact information in the Standards section).

Prohibited and Restricted Imports

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

Prohibited imports:

- Importing used clothes is prohibited.
- The import of arms and ammunitions, except by the Ministry of Defense, is prohibited.
- Goods of a commercial nature and quantity that are not imported through formal bank payment mechanisms are not allowed to enter Ethiopia and may be subject to confiscation.

Customs Regulations and Contact Information

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Customs clearance time has been reduced to less than 21 days, down from over 40 days in recent years. Contact information: Ethiopian Revenues and Customs Authority: P.O. Box 2559, Addis Ababa, Ethiopia; Tel: +251-11-662-9887; Fax: +251-11-662-9818; Email: erca@ethionet.et.

Standards

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The Ethiopian standards regulating body has undergone several structural and name changes since its creation in 1972. The Ethiopian Standards Agency (ESA) was established by the splitting of the former Quality and Standards Authority of Ethiopia (QSAE) into four

organizations: the Ethiopian Standards Agency (ESA), Ethiopian Conformity Assessment Enterprise, Ethiopian Metrology Institute and Ethiopian Accreditation Bureau.

Nationally, the ESA collaborates with a wide range of institutions including government bodies and national higher education institutes. Internationally, ESA represents Ethiopia in international organizations such as the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and the Codex Alimentarius Commission (CODEX). ESA also contributes to the regional standards harmonization activities of COMESA, and is a member of African Regional Organizations for Standardization (ARSO).

Standards Organizations

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The Ethiopian Standards Agency (ESA) is the national standards body of Ethiopia.

Conformity Assessment

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The Ethiopian Conformity Assessment Enterprise (ECAE) was established in February 2011 as a federally owned Public Enterprise, governed by the Ministry of Science 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

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With a few exceptions, there are no specific product certification requirements. The imports that are required to have product certification are food stuffs, construction materials, chemicals, textiles, and pharmaceuticals. ESA is working on requirements to certify additional products in areas where there is strong consumer interest and a competitive market environment.

Accreditation

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The 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 test, 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.

Publication of Technical Regulations

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Proposed technical regulations are regularly published by the ESA. U.S. companies should contact the ESA with comments on any proposed regulations. Final regulations are published in the national gazette, the Negarit Gazetta, after they are passed into law.

Labeling and Marking

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Various requirements exist for labeling and marking based on the Ethiopian Standards (ES). U.S. companies can contact ESA for detailed product specific information.

Contacts

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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
<http://www.ethiostandards.org>

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
<http://www.eca-e.com>

Ethiopian National Accreditation Office
Tel: +251-11-618-8440/+251-11-830-2469
Fax: +251-11-618-4154
<http://ena0-eth.org>

U.S. Embassy Addis Ababa
Economic/Commercial Section
Entoto Road
P.O. Box 1014
Addis Ababa, Ethiopia
Tel: +251-11-130-6177 or 6274
Email: hussenam@state.gov

Ethiopia originally signed a Treaty of Amity and Economic Relations with the U.S. in Addis Ababa 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).

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)

Ethiopia's World Trade Organization (WTO) accession process has been underway since 2003. Ethiopia has held three working party meetings with the WTO Secretariat, submitted its goods offer in early 2012 and is working on its services offer.

Web Resources

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African Growth and Opportunity Act
<http://www.agoa.gov>

Common Market for Eastern and Southern Africa
<http://www.comesa.int>

Ethiopian Standards Agency
<http://www.ethiostandards.org>

Ethiopian Conformity Assessment Enterprise
<http://www.eca-e.com>

Ethiopian National Accreditation Office
<http://ena0-eth.org>

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Ethiopia's openness to foreign investment is largely driven by the implementation of its five-year Growth and Transformation Plan (GTP), which was approved by the Ethiopian Parliament in November 2010 and is currently in its third year. The GTP projects significant investment contributing to a per annum Gross Domestic Product (GDP) growth rate of at least 11%. Improving the quality of social services and infrastructure, ensuring macroeconomic stability, and enhancing productivity in agriculture and manufacturing are major objectives of the plan. The GTP also puts a significant emphasis on developing local production to lessen Ethiopia's dependency on imported goods, and encourage investment in the export-oriented sectors of textiles/garments, leather/leather products, cut flowers, fruits and vegetables, and agro-processing. Given the scale of public investment needed to meet GTP targets, Ethiopia will need significant inflows of foreign direct investment. Strong growth was registered in the first two years of the plan period, with the government of Ethiopia (GOE) estimating growth at an average of 11.2% annually. International Monetary Fund (IMF) estimates drop the growth to a still impressive 7-7.5%. While the Ethiopian government projects growth to remain above 11% annually, the IMF expects the annual growth to decelerate to 6.5% in the medium term due to limited opportunities for the private sector to leverage the large public investment, crowding out of private sector credit, and entrenched inflation expectations.

The World Bank's Doing Business report for 2013 ranked Ethiopia at 127 out of 185 countries, losing ground from the 2012 ranking of 125. Contributing to the drop were declines in scores for investor protections, tax payments, contract enforcement, and resolution of insolvency.

Foreign investors generally do not face unfavorable tax treatment, denial of licenses, discriminatory import or export policies, or inequitable tariff and non-tariff barriers. Although bureaucratic hurdles continue to affect project implementation, the Ethiopian Investment Agency (EIA) has proposed an expedited "one-stop shop" service that it hopes will significantly cut the time and cost of acquiring investment and business licenses, though U.S. investors report that the EIA still lacks capacity to meet its own stringent deadlines. A business license can be obtained in one day if all requirements are met, though in practice this is uncommon. A foreign investor intending to buy an existing private enterprise or buy shares in an existing enterprise needs to obtain prior approval from the EIA.

Ethiopia's World Trade Organization (WTO) accession process has been underway since 2003. Ethiopia submitted a Memorandum of Foreign Trade Regime to the WTO Secretariat in December 2006, sent replies to the first round of WTO member questions in January 2007, and held its first working party meeting in May 2008. Ethiopia's goods market access offer was submitted in February 2012 and the third working party meeting was held in March 2012. Ethiopian Government officials have stated that WTO accession by 2014 is a priority.

In 2009, the Ethiopian government broadened its agricultural policy focus from increasing smallholder productivity, adding encouragement of private investment (both domestic and foreign) in larger-scale commercial farms to the existing priorities. The Ministry of Agriculture (MOA) created a new Agricultural Investment Support Directorate that is tasked with negotiating long-term leases (all land is owned by the government) on over 7 million acres of land for these commercial farms. The Directorate's goal is to boost productivity, employment, technology transfer, and foreign exchange reserves by offering incentives to private investors. The program, even in its early stages, has encountered some protests from individuals and groups claiming interests in land to be made available to new investors. In 2010 the government established an Agricultural Transformation Agency (ATA) with a mandate to help streamline agricultural investments and more generally to improve the enabling environment for both smallholder and commercial agricultural development in the country.

According to a number of studies, Ethiopia is rich in renewable energy resources. While the total endowment of hydropower is estimated to be up to 45,000 MW per annum, only 3% of the country's hydropower potential is currently being exploited. Ethiopia is a country on the brink of an energy revolution, but requires significant assistance to realize its potential, particularly in the areas of geothermal, wind and solar and biomass resources as long-term options for power generation for both local industrialization and as a potential source of FX earnings. In accordance with targets outlined in the GTP, the Ethiopian Electric Power Corporation (EEPCo) has set concrete plans to achieve 75% energy access by 2015 and aspires to become a regional power exporter and green energy hub for East Africa.

Power generation improved by around 230% between 2008 and 2012, with six hydroelectric and wind power projects coming online: Tekeze (2009, hydroelectric, 300 MW), Gibe II (2010, hydroelectric, 420 MW), Tana Beles (2010, hydroelectric, 460 MW), Amerti Nesha (2011, hydroelectric, 97 MW), Ashegoda (2012, wind, 30 MW), and Adama I (2012, wind, 51 MW). Additionally, four more projects (Gibe III, Ashegoda expansion, Adama II, and the Grand Ethiopian Renaissance Dam) are under construction. Their combined output would be nearly 8,150 MW. However, an inadequate power transmission system means that Ethiopia's increased

energy supply is not yet being utilized efficiently. The Ministry of Water and Energy (MOWE) is actively seeking additional investment in Ethiopia's energy sector, to meet rapidly growing domestic needs and to fulfill ambitious plans to export electricity to neighboring countries. In October 2011, Ethiopia began 35 MW of power exports to Djibouti estimated to generate USD \$1.5 million per month and is finalizing plans to begin exporting 100 MW of power to Sudan in early 2013. Financing is in place for construction of a transmission link to Kenya as part of a larger East African Electricity Highway project funded by the World Bank and African Development Bank. Development of renewable energy sources is a basic principle of the government's energy policy and the government is looking to private investment to help drive development of non-hydro renewable power resources. MOWE has introduced feed-in tariff legislation which will establish the rates and conditions for independent power producers to sell electricity to the national grid, however the bill has gone through several revisions and it is not clear when it will become law.

The revised Investment Code of 1996, as well as the Investment Proclamation provide incentives for development-related investments, and have gradually removed most of the sectoral restrictions on investment. The remaining state-controlled sectors include telecommunications, power transmission and distribution, and postal services with the exception of courier services. Manufacturing of weapons and ammunition can only be undertaken as joint ventures with the government.

Ethiopia's investment code prohibits foreign investment in banking, insurance, and financial services. Other areas of investment reserved for Ethiopian nationals include: broadcasting; air transport services; travel agency services, forwarding and shipping agencies; retail trade and brokerage; wholesale trade (excluding supply of petroleum and its by-products as well as wholesale by foreign investors of their locally-produced products); most import trade; capital goods rentals; export trade of raw coffee, chat, oilseeds, pulses, hides and skins bought from the market; live sheep, goats and cattle not raised or fattened by the investor; construction companies excluding those designated as grade 1; tanning of hides and skins up to crust level; hotels (excluding star-designated hotels); restaurants and bars (excluding international and specialized restaurants); trade auxiliary and ticket selling services; transport services; bakery products and pastries for the domestic market; grinding mills; hair salons; clothing workshops (except garment factories); building and vehicle maintenance; saw milling and timber production; custom clearance services; museums, theaters and cinema hall operations; and printing industries. However, the Government of Ethiopia has indicated an interest in bringing foreign private sector expertise to some of the above sectors. Ethiopian-Americans can obtain a local resident card from the Ministry of Foreign Affairs that allows them to invest in many sectors closed to foreigners. Foreign firms can supply goods and services to Ethiopian firms in the closed sectors. The 2012 amendment to Ethiopia's investment proclamation introduced provisions for the establishment of industrial development zones, both state-run and private, with favorable investment, tax, and infrastructure incentives. The amendment also raised the minimum capital requirement to \$200,000 per project for wholly-owned foreign investments and \$150,000 for joint investments with domestic investors (or \$100,000/\$50,000 respectively in the areas of engineering, architectural, accounting and auditing services, business and management consultancy services, and publishing). A foreign investor reinvesting profits/dividends may not be required to allocate minimum capital.

Inflation rates, while still high, stabilized over 2012. The Government of Ethiopia has taken an active role in managing inflation through a series of measures including strict monetary and fiscal policies limiting the growth of broad money, resulting in year-on-year inflation undergoing a steady series of declines and stabilization periods, dropping from 39.3% in November 2011 to 15.6% in November 2012. The Government of Ethiopia remains vigilant about combating inflation; however, structural inefficiencies such as a state monopolized multi-modal logistics system and an oligopolistic wholesale sector will likely continue to keep Ethiopia's inflation rate in double digits.

Ethiopia does not have discriminatory or excessively onerous visa, residence, or work permit requirements for foreign investors; however, investors may face bureaucratic delays in obtaining these documents.

Ethiopia's ranking on various indices:

Measure	Year	Index/Ranking
TI Corruption Index	2012	33/113 out of 176 countries
Heritage Economic Freedom	2012	52/134 th out of 179 countries
World Bank Doing Business	2013	127 th out of 185 countries
MCC Gov't Effectiveness	2013	0.47/91 th percentile
MCC Rule of Law	2013	0.19/69 th percentile
MCC Control of Corruption	2013	0.18/60 th percentile
MCC Fiscal Policy	2013	-1.3/81 th percentile
MCC Trade Policy	2013	64/38 th percentile
MCC Regulatory Quality	2013	-0.23/36 th percentile
MCC Business Start Up	2013	0.754/18 th percentile
MCC Land Rights Access	2013	0.70/86 th percentile
MCC Natural Resource Mgmt	2013	98.8/80 th percentile

Conversion and Transfer Policies

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All foreign currency transactions must be approved by Ethiopia's central bank, the National Bank of Ethiopia (NBE). The local currency (Birr) is not freely convertible. A 2004 NBE directive allows non-resident Ethiopians and non-resident foreign nationals of Ethiopian origin to establish and operate foreign currency accounts up to \$50,000.

Ethiopia's Investment Proclamation allows all registered foreign investors, whether or not they receive incentives, to remit freely profits and dividends, principal and interest on foreign loans, and fees related to technology transfer. Foreign investors may also remit proceeds from the sale or liquidation of assets, from the transfer of shares or of partial ownership of an enterprise, and funds required for debt service or other international payments. The right of expatriate employees to remit their salaries is granted in accordance with NBE foreign exchange regulations.

Ethiopia's forex reserves fell from an average level of 3 months import coverage in 2010-2011 to 1.8 months coverage in April 2012. Forex reserves have been heavily depleted, but showed

signs of stabilizing towards the end of 2012. According to the IMF, the use of forex sales as a means of sterilizing local currency liquidity is the main cause of the shortfall; though it has been further exacerbated by weaker than expected exports of coffee, Ethiopia's main export crop.

The birr has depreciated approximately 100% against the U.S. Dollar between November 2006 and November 2012, through a series of controlled step-downs, including 20% devaluation in September 2010. As of December 2012, the exchange rate was approximately 18.15 birr per dollar. The illegal parallel market exchange rate was approximately 19.06 birr per dollar, a premium of 5% over the official rate.

Ethiopia's Financial Intelligence Unit monitors suspicious currency transfers, including large transactions exceeding 200,000 birr (roughly equivalent to U.S. reporting requirements for currency transfers exceeding \$10,000).

Expropriation and Compensation

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Per Ethiopia's 1996 Investment Proclamation and subsequent amendments, assets of a domestic investor or a foreign investor, enterprise or expansion cannot be nationalized wholly or partly, except when required by public interest and in compliance with the laws and with payment of adequate compensation. Such assets may not be seized, impounded, or disposed of except under a court order.

The Derg military regime nationalized many properties in the 1970s. The current government's position is that property seized "lawfully" by the Derg (i.e., by court order or government proclamation published in the official gazette) remains the property of the state. In most cases, property seized by oral order or other informal means is gradually being returned to lawful owners or their heirs through a lengthy bureaucratic process. Claimants are required to pay for improvements made by the government during the time of its control over the property.

Ethiopia's Privatization and Public Enterprises Supervising Agency (PPESA) stopped accepting requests from owners for return of these formerly expropriated properties in July 2008.

Dispute Settlement

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According to the Investment Proclamation, disputes arising out of foreign investment that involve a foreign investor or the state may be settled by means agreeable to both parties. A dispute that cannot be settled amicably may be submitted to a competent Ethiopian court or to international arbitration within the framework of any bilateral or multilateral agreement to which the government and the investor's state of origin are contracting parties.

Both foreign and domestic investors involved in disputes have expressed a lack of confidence in the judiciary to objectively assess and resolve disputes. Ethiopia's judicial system is overburdened, poorly staffed and inexperienced in commercial matters, although efforts are underway to strengthen its capacity. While property and contractual rights are recognized and there are commercial and bankruptcy laws, judges often lack understanding of commercial matters and case scheduling suffers from extended delays. The Addis Ababa Chamber of Commerce has an Arbitration Center dedicated to assist those with the arbitration process. There is no guarantee that the award of an international arbitral tribunal will be fully accepted and implemented by Ethiopian authorities. Ethiopia has neither signed nor ratified the 1958

Convention on the Recognition and Enforcement of Foreign Arbitral Awards, commonly known as the “New York Convention.”

Ethiopia’s Trade Practice and Consumers Protection Authority (TPCPA), is accountable to the Ministry of Trade, and is tasked with promoting a competitive business environment by regulating anti-competitive, unethical, and unfair trade practices to enhance economic efficiency and social welfare. Some of the Commission's powers include: investigating complaints by aggrieved parties; compelling witnesses to appear and testify at hearings; and searching the premises of accused parties. Since 2011, the TPCPA has conducted 15 workshops for over 5000 government and private sector attendees. However, since its inception, the TPCPA has been primarily focused on self-organization and administrative work, and had not conducted any significant enforcement activities as of January 2013.

Performance Requirements and Incentives

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The 2003 amendment to the Investment Proclamation outlines investment incentives for investors in specific areas. New investors engaged in manufacturing, agro-processing activities, or the production of certain agricultural products, who export at least 50% of their products or supply at least 75% of their product to an exporter as production inputs, are exempt from income tax for five years. An investor who exports less than 50% of his product or supplies his product only to the domestic market is income tax exempt for two years. Investors who expand or upgrade existing enterprises and export at least 50% of their output or increase production by 25% are eligible for income tax exemption for two years. An investor who invests in the “developing regions” of Gambella, Benishangul Gumuz, South Omo, Afar or Somali Region will be eligible for an additional one-year income tax exemption. An investor who exports hides and skins after processing only up to crust level will not be entitled to the income tax incentive.

A special loan fund through the Development Bank of Ethiopia (DBE) provides land at low lease rates for priority export areas such as floriculture, leather goods, textiles and garments, and agro-processing related products. An investor can borrow up to 70% of the cost of the project from this special fund without collateral upon presenting a viable business plan and 30% personal equity.

Investors are allowed to import duty-free capital goods and construction materials necessary for the establishment of a new enterprise or for the expansion of an existing enterprise. In addition, spare parts worth 15% of the value of the capital goods can be imported duty-free. This privilege may not be granted if comparable capital goods or construction materials can be produced locally and have competitive prices, quality, and quantity. Imported duty free capital goods can no longer be used as loan collateral. Travel agencies/tour companies have increased duty-free privileges for the importation of goods such as vehicles, provided they are used solely in tourism activities.

The Ministry of Agriculture's (MOA) Agricultural Investment Support Directorate offers grace periods of up to seven years on land rents. The Directorate is currently focused on land deals in the remote regions of Gambella, Benishangul Gumuz, Southern Nations, and Afar.

Right to Private Ownership and Establishment

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Both foreign and domestic private entities have the right to establish, acquire, own and dispose of most forms of business enterprises. There is no right of private ownership of land. All land is owned by the state and can be leased for up to 99 years. In November 2011, the government enacted a controversial urban land lease proclamation that allows the government to determine the value of land in transfers of leasehold rights, in an attempt to curb speculation by investors.

Protection of Property Rights

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Secured interests in property are protected and enforced, although all land ownership remains in the hands of the state. Certain residents have been relocated (and usually compensated) when the government decides that the land they are living on should be used for a road or other public use. Land leasehold regulations vary in form and practice by region. Mortgages are uncommon as loan terms are generally quite short.

Ethiopia has yet to sign a number of major international intellectual property rights (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 of Ethiopia has expressed its intention to accede to the Berne convention and Madrid protocol by 2015. The Ethiopian Intellectual Property Rights Office (EIPO) has been tasked primarily to protect Ethiopian copyrighted materials and pirated software. Generally, EIPO has weak capacity in terms of manpower and none in terms of law enforcement. In addition, a number of businesses, particularly in the tourism and service industries, operate in Ethiopia freely using well-known trademarked names or symbols without permission.

Transparency of Regulatory System

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Ethiopia's regulatory system is generally considered fair, though there are instances in which burdensome regulatory or licensing requirements have prevented the local sale of U.S. exports, particularly health-related products. Government ministries often pass decisions and associated paperwork to various ministries before any decision is finalized. In many cases, this paperwork gets stuck in one ministry and no decision is made.

In 2011, the central bank issued a directive for all banks and insurance companies to adhere to International Financial Reporting Standards (IFRS).

Foreign investors have complained about the abrupt cancellation of some government tenders, a perception of favoritism toward vendors who provide concessional financing, and a general lack of transparency in the procurement system. In September 2009, the government established a new public procurement and property administration agency. This agency is an autonomous government organ, has its own judicial arm, and is accountable to the Ministry of Finance and Economic Development.

Efficient Capital Markets and Portfolio Investment

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Access to finance is an impediment to increased Ethiopian domestic private investment. While credit is available to investors on market terms, a 100% collateral requirement limits the ability of some investors to take advantage of business opportunities. Additionally, an April 2011 measure forcing non-government banks to invest the equivalent of 27% of each loan made in National Bank of Ethiopia (NBE) bonds has contributed to liquidity shortages that have reduced the ability of banks to lend to the private sector.

Ethiopia currently has nineteen banks--three state-owned, one party owned, and fifteen privately-owned. In September 2011, the NBE raised the minimum paid up capital required to establish a new bank from Birr 75 million to 500 million which effectively stopped the entry of most new banks into the market. Foreign banks are not permitted to provide financial services in Ethiopia. The state-owned Commercial Bank of Ethiopia mobilized 65.1% of the total bank deposits and provided more than 50% of total bank loans in the fiscal year 2011/12. The commercial banks' non-performing loan ratio has declined to less than 5%.

Ethiopia does not have a securities market, and sales/purchases of debt are heavily regulated. The Government of Ethiopia is drafting legislation to regulate the over-the-counter market for private share companies.

The NBE controls the bank minimum deposit rate, which now stands at 5%, while loan interest rates are allowed to float. Real interest rates have been negative in recent years mainly due to high inflation. The government offers a limited number of 28 days, 3-month, and 6-month Treasury bills, but prohibits the interest rate from exceeding the bank deposit rate. The government began to offer a one year Treasury bill in November 2011. The yields on these T-bills are below 2%. This market remains unattractive to the private sector and over 95% of the T-bills are held by the state-owned Commercial Bank of Ethiopia and public enterprises.

The Ethiopia Commodity Exchange (ECX), launched in 2008, trades commodities such as coffee, sesame seeds, maize, wheat, and haricot beans. The Government of Ethiopia launched ECX to increase transparency in commodity pricing, alleviate food shortages, and encourage the commercialization of agriculture. However, critics allege that ECX policies and pricing structures are inefficient compared to direct sales at prevailing international rates.

Competition from State Owned Enterprises

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State-owned enterprises and ruling party-owned entities dominate major sectors of the economy. There is state monopoly or state dominance in sectors such as telecommunications, power, banking, insurance, air transport, shipping, and sugar. Ruling party-affiliated "endowment" companies have a strong presence in the ground transport, fertilizer, and textile sectors. Both state-owned enterprises and "endowment" companies dominate the cement sector.

State-owned enterprises have considerable advantages over private firms, particularly in the realm of Ethiopia's regulatory and bureaucratic environment, including ease of access to credit and speedier customs clearance. Local business owners as well as foreign investors complain of the lack of a level playing field when it comes to state-owned and party-owned businesses. While there are no conclusive reports of credit preference for to these entities, there are indications that they receive incentives such as priority foreign exchange allocation, preferences in government tenders, and marketing assistance. Ethiopia publishes aggregate financial data of state-owned enterprises, but detailed information is not included in the national budget, and few state-owned enterprises outside of Ethiopian Airlines publicly release detailed financial statements.

Corporate governance of state-owned enterprises is structured and monitored by a board of directors composed of senior government officials and politically-affiliated individuals. In 2010, the Ethiopian government "corporatized" state-owned enterprise Ethiopian Telecommunications Corporation (ETC) by turning over its management to France-Telecom per a two-year contract. As part of this process, a new company, Ethio Telecom (ET), was formed to replace ETC. In January 2013, France-Telecom handed back the management of Ethio Telecom after completion of the contract. Similar to the "corporatization" of ETC, a tender for the management of Ethiopian Electric Power Company (EEPCO) was advertised in 2011, though no winner has been announced.

The Public-Private Dialogue Forum (PPDF), a joint consultative forum between the private sector and the government, held its second meeting in February 2012, focusing on customs, logistics and transport issues, especially those involving the inefficiency of state-owned enterprises. The private sector was represented by the Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA) and the government by the Ministry of Trade (MOT). Additionally, Prime Minister Hailemariam Desalegn met with representatives of the private sector in October 2012 to discuss their commercial concerns, continuing a series of direct private sector engagements started by former Prime Minister Meles Zenawi.

Nearly all tenders issued by the Ethiopian government's Privatization and Public Enterprises Supervising Agency (PPESA) are open to foreign participation. In some instances, the government prefers to engage in joint ventures with private companies rather than sell an entire entity. The government has sold over 300 public enterprises since 1994. Most of these enterprises were small enterprises in the trade and service sectors. Approximately 20 enterprises were privatized in 2011, including two major breweries, and around 60 public enterprises remain under PPESA control.

Corporate Social Responsibility

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Some larger international companies have introduced corporate social responsibility (CSR) programs; however, most local companies do not practice CSR. There is a movement to develop CSR programs by the Ministry of Industry in collaboration with the World Bank, U.S. Agency for International Development, and others.

Political Violence

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Ethiopia has been relatively stable and secure for investors. Insurgents operating in parts of the Somali Region of Ethiopia have warned investors against exploring for oil or natural gas resources in this area. Some elements of the outlawed Ogaden National Liberation Front continue to operate in parts of the Somali Region and there are reports of sporadic clashes with security forces.

Beginning in 2008, the government enacted a series of laws that effectively constrained opposition parties, the media, and civil society. The Ethiopian People's Revolutionary Democratic Front (EPRDF), which is the ruling party coalition, and its allied parties subsequently took close to 90 percent of the popular vote and won 545 out of 547 parliamentary seats in the 2010 national elections, which were judged to have lacked anything close to a level playing field. Regional-level elections (including for seats in the Addis Ababa and Dire Dawa city councils) will be held in 2013, followed by national parliamentary elections in 2015.

In 2009, the Ethiopian government passed an Antiterrorism Proclamation granting executive branch-controlled security services virtually unlimited authority to take unilateral action to disrupt suspected terrorist activities. Terrorist activities are broadly defined in the legislation. As of December 31, 2012, the law has been cited in the convictions of nine journalists, five political opposition leaders, and an Ethiopian employee of the UN. Two Swedish journalists were found guilty of "providing support for terrorists" and illegally entering the country in 2011 and were sentenced to eleven years in prison, but received a pardon in September 2012.

Five European tourists were killed and two were kidnapped in January 2012 by the Afar Revolutionary Democratic Unit Front (ARDUF), an extremist group backed by Eritrea. In retaliation, the Ethiopian military made incursions into Eritrea in March targeting the ARDUF and the Eritrean military. An attack on a farm operated by Saudi Star Development in the Gambella Region in April left five people dead, and was blamed on the Gambella Nilotic Union. The Ethiopian government regards these incidents as terrorist attacks.

In February 2012, the Ethiopian government announced that it had arrested eight al-Qaida operatives with links to Kenya, Sudan, Philippines, Saudi Arabia, and South Africa in the Bale area of Oromia Region in December 2011.

Corruption

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Ethiopia ratified the United Nations (UN) Anticorruption Convention in 2007. The UN Investment Guide to Ethiopia (2004) asserted that routine bureaucratic corruption is virtually nonexistent in Ethiopia. The guide added that bureaucratic delays certainly exist, but are not devices by which officials seek bribes. It is a criminal offense to give or receive bribes, and bribes are not tax deductible.

Transparency International's 2011 Corruption Perceptions Index, which measures perceived levels of public sector corruption ranked Ethiopia as 33 out of 100 (with 0 indicating "highly corrupt" and 100 indicating "very clean"). Ethiopia's rank on the corruption perception index was 113 out of 176 countries in 2012 and 120 out of 182 rated countries in 2011.

The Ministry of Justice and the Federal Ethics and Anti-Corruption Commission (FEACC) are charged with combating corruption. Since its establishment, the Commission has arrested many officials on charges of corruption, including managers of the Privatization Agency, Ethiopian Telecommunications Corporation, National Bank of Ethiopia, Ethiopian Geological Survey, the state-owned Commercial Bank of Ethiopia, and private businessmen.

Bilateral Investment Agreements

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Ethiopia has bilateral investment and protection agreements with China, Denmark, Italy, Kuwait, Malaysia, Netherlands, Russia, Sudan, Switzerland, Tunisia, Turkey, Yemen, Spain, Algeria, Austria, UK, Belgium/Luxemburg, Libya, Egypt, Germany, Finland, India, and Equatorial Guinea and a protection of investment and property acquisition agreement with Djibouti. A Treaty of Amity and Economic Relations, which entered into force in 1953, governs economic and consular relations with the United States. Ethiopia also has avoidance of double taxation treaties with fourteen countries, including Italy, Kuwait, Romania, Russia, Tunisia, Yemen, Israel, South Africa, Sudan and the UK. There is no avoidance of double taxation treaty between the U.S. and Ethiopia.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) has offered risk insurance and loans to U.S. investors in Ethiopia in the past, but has not originated any significant investment in Ethiopia in recent years.

Labor

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Approximately 85% of Ethiopia's 84 million people worked in agriculture in 2011. The Ethiopian government is the most important sector of employment outside of agriculture. According to the Central Statistical Agency's urban employment and unemployment survey result, urban unemployment was estimated to be 17.5 % as of 2012. (24.9% of people ages 15-24 are unemployed).

Ethiopia has ratified all eight core ILO conventions, including most recently, the Palermo Convention. The Ethiopian Penal Code outlaws work specified as hazardous by ILO conventions. The Ethiopian Parliament ratified ILO Convention 182 on the Worst Forms of Child Labor in May 2003. The U.S. Government produces an annual report on labor conditions in Ethiopia, including an assessment of child labor.

According to the 2012 Index of Economic Freedom (produced by the Heritage Foundation), Ethiopia scored a 55.5 out of 100 for labor freedom, 1.6 points below the previous year and 6 points below 2010. The index rating states that "the formal labor market has not been developed. Outmoded employment regulations remain a barrier to business, although enforcement is not stringent." The Confederation of Ethiopian Trade Unions has been expanding its membership and, along with the Ethiopian Employers' Federation, actively supports foreign direct investment.

Ethiopia generally enjoys labor peace. The right to form labor associations and engage in collective bargaining is constitutionally guaranteed for many workers, but excludes managerial employees, teachers, and civil servants. Although the constitution and law provide workers with the right to strike to protect their interests, detailed provisions make legal strike actions difficult to carry out. In practice, labor strikes are rare.

Child labor is widespread in Ethiopia. While not a pressing issue in the formal economy, child labor is common in rural agrarian areas and the informal economy in urban areas. Both NGO and Ethiopian government sources concluded that goods produced (in the agricultural sector and traditional weaving industry in particular) via child labor are largely intended for domestic consumption, and not slated for export. Employers are statutorily prohibited from hiring children under the age of 14. There are strict labor laws defining what sectors may hire "young workers," defined as workers aged 14 to 18, but these laws are infrequently enforced. Labor remains readily available and inexpensive in Ethiopia. Skilled manpower, however, is scarce in many fields. Approximately 60% of Ethiopians over the age of 15 are illiterate (defined by UNESCO as "[in]ability to identify, understand, interpret, create, communicate and compute, using printed and written materials associated with varying contexts"). There is no national minimum wage standard.

Foreign-Trade Zones

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There are no areas designated as foreign trade zones and/or free ports in Ethiopia. Because of the 1998-2000 Ethiopian-Eritrean war, Ethiopian exports and imports through the Eritrean port of Assab are prohibited. As a result, Ethiopia conducts almost all of its trade through the port of Djibouti with some trade via the Somaliland port of Berbera and Sudan's Port Sudan. Despite Ethiopia's efforts to clamp down on small-scale trade of contraband, unregulated exports of coffee, live animals, chat (a mildly narcotic amphetamine-like leaf), fruit and vegetables, and imports of cigarettes, alcohol, textiles, electronics and other consumer goods continues.

Foreign Direct Investment Statistics

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Foreign direct investment (FDI) flows into Ethiopia have gradually increased in the last few years. According to estimates by the World Bank (August 2012), the annual inflow of FDI increased from US \$0.5 billion in 2007 to US \$1.2 billion in 2011. Floriculture, horticulture, textile, and leather are the sectors that have attracted the most FDI. Recently, commercial farming has attracted Indian, Saudi, European, and U.S. investors. According to the Ethiopian Investment Agency, the stock of U.S. foreign direct investment since 1993 in Ethiopia reached nearly \$1.4 billion as of December 2011, which includes both projects under implementation and in operation.

U.S. companies with a presence and participation in Ethiopia's economy include (either through direct presence or licensing/distribution agreement): Boeing, Coca-Cola, Pepsi-Cola, Caterpillar, John Deere, Proctor & Gamble, Johnson & Johnson, Ford, Mack Trucks, General Motors, Ernst & Young, Radisson, Sheraton, Hilton, Motorola, Microsoft, IBM, Cessna, Bell Helicopters, Perkins, Massey Ferguson, Case III, 3M, Lucent Technologies, Cisco, Federal Express, United Parcel Service, Rank/Xerox Corporation, HP, Cargill, Navistar, Hughes Network, DuPont, Oracle, and General Electric.

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Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
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How Do I Get Paid (Methods of Payment)

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There are different basic 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 his 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.

How Does the Banking System Operate

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The Ethiopian Government allowed the establishment of private banks and insurance companies in 1994, but continues to prohibit foreign ownership in this sector. The Ethiopian banking sector is currently comprised of a central bank (National Bank of Ethiopia or NBE), three government-owned banks, sixteen private banks, and fifteen insurance companies. After the increase in the minimum paid up capital required to establish a new bank from 75 million birr to 500 million birr in September 2011, all banks under formation which didn't meet all the necessary application requirements were either dissolved or diverted to other investments.

The state-owned Commercial Bank of Ethiopia (CBE) dominates the market in terms of assets, deposits, bank branches, and total banking workforce. CBE operated 677 branches as of May 2013 and held \$8.7 billion in assets as of June 30th 2012. The two government-owned specialized banks are the Development Bank of Ethiopia (DBE) and the Construction and Business Bank (CBB). DBE extends short, medium, and long-term loans for viable development projects, including industrial and agricultural projects. DBE also provides other banking services such as checking and saving accounts to its clients. The CBB provides long-term loans for construction, acquisition or maintenance of dwellings, community facilities, and real estate development. In addition, it offers all other commercial banking services to business.

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 maturities of not more than 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 are customarily employed in international payments or transfers of funds. Lack of access to finance is a significant constraint for local businesses. A January 2011 National Bank directive forces banks to purchase central bank bills to the tune of 27% of their loans and advances at an interest of 3% (lower than the cost of funds at 5%) and a maturity of five years. As a result, banks' liquidity and capacity to supply businesses with needed finance is constrained. To address these problems, the central bank reduced reserve and liquidity requirements of banks from 15% and 25% to 10% and 20%, respectively in January 2012 and further reduced the reserve requirement from 10% to 5% in March 2013.

Foreign Exchange Controls

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All payments abroad require permits and all transactions in foreign exchange must be carried out through authorized dealers supervised by the NBE. The NBE has delegated most of the foreign exchange transaction functions to the commercial banks but strictly dictates margins. Importers and exporters can now obtain import/export permits through the commercial banks. In addition, exporters can retain indefinitely 10% of their foreign exchange proceeds, but must sell the remaining 90% to commercial banks within four weeks. Foreign investors may repatriate all of their profits abroad.

Periodic 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. Given the poor performance of exports in 2012/13, foreign exchange availability will continue to challenge businesses in the future.

U.S. Banks and Local Correspondent Banks

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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.awash-international-bank.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/>

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

Construction and Business Bank
P.O. Box 3480
Addis Ababa, Ethiopia
Tel: +251-11-551-51-2300
Fax: + +251-11-551-5103
E-mail: cbbsics@ethionet.et
<http://www.cbb.com.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/>

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.wegagenbank.com.et/>

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/>

Project Financing

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Access to finance is challenging on the local market. Local private banks often require a large percentage of loans as collateral, which must usually consist of cash or durable capital physically located in Ethiopia. The NBE 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. In 2012, the World Bank released roughly \$500 million for the implementation of development projects, while the African Development Bank granted Ethiopia \$200 million for the same purpose.

A list of some ongoing projects funded by the World Bank/International Development Association (IDA) is below:

Table 1: Ethiopian Health Millennium Development Goal Support Operation

Project Name (ID):	P123531
Country:	Ethiopia
Board Approval Date:	February 28, 2013
Closing Date:	June 30, 2018

Commitment Amount	US \$100 million
Sector:	Health
Project development objective(s):	Improve the delivery and use of a comprehensive package of maternal and child health services

Table 2: Ethiopian-Transport Sector Project In support of RSDP4

Project Name (ID):	P117731
Country:	Ethiopia
Board Approval Date:	September 25, 2012
Closing Date:	April 30, 2019
Commitment Amount	US \$461.11 million
Sector:	Road and Transport
Project development objective(s):	Improve the condition of Priority regional trade corridors and upgrade link roads

Table 3: Ethiopian Sustainable Land Management

Project Name (ID):	ET-Sustainable Land Management SIL (FY08) (P107139)
Country:	Ethiopia
Board Approval Date:	29-Apr-2008
Closing Date:	30-Sep-2013
Sector:	General Water, Sanitation and Flood Protection sector (32%); General Agriculture, Fishing and Forestry sector (30%); Central Government Administration (26%); Sub-national Government Administration (9%); Law and Justice (3%)
Project development objective(s):	The development objectives of the project are to reduce land degradation in agricultural landscapes and improve the agricultural productivity of smallholder farmers. The global environment objective is also to reduce land degradation and enhance the protection and/or restoration of ecosystem functions and diversity

	in agricultural landscapes
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Table 4: Urban Water Supply and Sanitation Project, Additional Financing

Project Name (ID): P129174

Country: Ethiopia

Board Approval Date: May 31, 2012

Closing Date: N/A

Commitment Amount	US \$150 million
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Sector: Water and sanitation

Project development objective(s): Increase access to sustainable water supply and sanitation services in Addis Ababa and four secondary cities

Table 5: Ethiopian Tourism Development

Project Name (ID):	ET-Tourism Development Project SIL (P098132))
Country:	Ethiopia
Board Approval Date:	30-Jun-2009
Closing Date:	30-Dec-2014
Sector:	Other industry (45%); Other domestic and international trade (41%); Public 9%); General Education Sector (5%)
Project development objective(s):	The project development objective is to enhance the quality and variety of tourism products and services in targeted destinations so as to increase the volume of tourism, foreign exchange earnings, and jobs.

Table 6: Irrigation and Drainage

Project Name (ID):	ET-Irrigation & Drainage SIL (FY07) (P092353)
Country:	Ethiopia
Board Approval Date:	21-Jun-2007
Closing Date:	31-Oct-2015

Sector:	Irrigation and drainage (65%), Central Government Administration (18%), Agricultural Marketing and Trade (10%), Agricultural Extension and Research (5%), Sub-national Government Administration (2%)
Project development objective(s):	The development objective of the project is to sustainably increase agricultural output and productivity in project areas. The expected overall project results include: (a) increase in value added per worker; and (b) increase in value added per hectare.

Table 7: Agricultural Growth Project - Additional Financing

Project Name (ID):	Additional Financing for the Ethiopia – Agricultural Growth Program (AGP) (P127507)
Country:	Ethiopia
Board Approval Date:	30-NOV-2011
Closing Date:	N/A
Sector:	General Agriculture, Fishing and Forestry sector (45%) Irrigation and Drainage (35%) Agricultural Extension and Research (20%)
Project development objective(s):	To increase agricultural productivity and market access for key crop and livestock products in targeted <i>woredas</i> with increased participation of women and youth.

Table 8: Ethiopia Promoting Basic Services Program Phase III Project

Project Name (ID):	P128891
Country:	Ethiopia
Board Approval Date:	September 25, 2012
Closing Date:	January 7, 2018
Commitment Amount	US \$4,887.09 million
Sector:	Various
Project development objective(s):	Contribute to the higher-level of expanding access and improving the quality of basic services by funding block grants that ensure adequate staffing and operations, and by strengthening the capacity, transparency, accountability and financial management of government at regional and local authorities.

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Table 9: Electricity Network reinforcement and expansion project

Project Name (ID):	P119893
Country:	Ethiopia
Board Approval Date:	May 29, 2012
Closing Date:	December 31, 2017
Commitment Amount	US \$275 million
Sector:	Energy and Power
Project development objective(s):	Improve reliability of the electricity network and increase access to electricity services in Ethiopia through grid upgrading and extension.

World Bank project source:

<http://siteresources.worldbank.org/EXTSOPE/Resources/5929620-1254491038321/6460830-1254525284835/Ethiopia.pdf>

<http://web.worldbank.org/external/projects/main?pagePK=217672&piPK=95916&theSitePK=40941&menuPK=223661&category=regcountries®ioncode=1&countrycode=ET&pagenumber=1&pagesize=10&sortby=BOARDSORTDATE&sortorder=DESC>

Web Resources

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U.S. Agencies

Export-Import Bank of the United States:

<http://www.exim.gov/>

EXIM Bank's Country Limitation Schedule

http://www.exim.gov/tools/country/country_limits.html

Overseas Private Investment Corporation (OPIC):

<http://www.opic.gov/>

Trade and Development Agency:

<http://www.tda.gov/>

SBA's Office of International Trade:

<http://www.sba.gov/oit/>

U.S. Agency for International Development:

<http://www.usaid.gov/>

U.S. Department of Agriculture (USDA) Commodity Credit Corporation
<http://www.fsa.usda.gov/ccc/default.htm>

USDA Commodity Credit Corporation:
<http://www.fsa.usda.gov/ccc/default.htm>

Other resources

Access Capital
<http://www.accesscapitalsc.com/>

Commercial Bank of Ethiopia
<http://www.combanketh.com/>

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

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

Development Bank of Ethiopia
<http://www.dbe.com.et/>

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Chapter 8: Business Travel

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Business Customs

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Business hours are usually from 8:30 or 9:00 a.m. to 5:00 or 5:30 p.m. Most businesses close for lunch for an hour anytime from 12:00 to 2:00 p.m. Most businesspersons wear standard business suits and the exchange of business cards is a standard practice. In some instances, small gifts are exchanged. U.S. firms should maintain close contact with distributors and customers to exchange information and ideas. The understanding developed through periodic personal visits is the best way to keep distributors apprised of new developments and to resolve problems quickly. Ethiopians tend to be fairly 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 handful of ATMs, many of which are often out of service due to telecom problems.

Travel Advisory

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Please visit the following websites for travel information and advisories:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1113.html

http://ethiopia.usembassy.gov/information_for_travelers.html

Visa Requirements

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Visas are required for all visitors to Ethiopia (with the exception of nationals of Djibouti and Kenya) and are readily available from Ethiopian embassies abroad. Citizens of the United States and nationals of some other countries are eligible to obtain and purchase visas at Bole

International Airport upon arrival (\$20, paid in U.S. dollars), but it is advised to get a visa prior to arrival to avoid any 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 (included in the airfare). Evidence of immunization against yellow fever is required upon entry.

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

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy visa Website: <http://ethiopia.usembassy.gov/visas.html>

Telecommunications

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There is only one telecom 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 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. Additional fiber optic connections are in the pipeline via the Kenyan border. As a matter of policy, Blackberry service does not currently work in the country. 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 (though fees can be high) and at numerous Internet cafes throughout the capital and in some larger regional cities. Free WiFi internet access is generally not available.

Transportation

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Many major airlines service Addis Ababa's Bole International Airport including Lufthansa, Ethiopian Airlines, Turkish Airways, Egyptair, and more recently Gulf Air. Ethiopian Airlines, which is a member of the Star Alliance, operates domestically to reach major regional hubs within the country. Private charter plane services are also available for domestic travel. Few hotels operate reliable airport shuttles. In addition, individual taxis are widely available. Official airport taxis are yellow, while basic taxis are painted blue. Visitors are not advised to use public buses or collective taxies (minibuses) due to safety concerns.

Language

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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

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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

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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 Holiday Schedule 2013

January	7	Christmas
January	19	Epiphany
January	24*	Birthday of the Prophet Mohammed (MOULID)
March	2	Victory of Adwa
May	1	May Day (International Labor Day)
May	3	Good Friday
May	5	Ethiopian Easter
May	28	Downfall of the Dergue
August	8*	Id Al Fetir (Ramadan)
September	11	Ethiopian New Year
September	27	Meskel Ethiopian
October	17*	Id Al Adaha (Arefa)

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

Temporary Entry of Materials and Personal Belongings

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Duty-free import is permitted for up to:

- 20 packets of cigarettes or 250 grams of cigars or 1/3 kilo of tobacco
- 2 liters of alcoholic beverages or wine

- 1/2 liter or two bottles of perfume
- 1 radio
- Personal hygienic and cosmetic articles (6)
- Recorded video and tape cassette (6)
- 1 laptop computer with accessories (to be taken out of country up on departure)
- 1 non-professional camera
- Articles of personal use for taking care of daily necessities of life

Visitors may export souvenirs, although some articles (such as animal skins and antiques) require an export permit.

Web Resources

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Ethiopian Ministry of Foreign Affairs

http://www.mfa.gov.et/Consular_Affair_Diplomatic/Consular_Affair.php

Ministry of Culture and Tourism

<http://www.tourismethiopia.org/>

State Department Travel/visa websites

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1113.html

U.S. Embassy Addis Ababa

<http://ethiopia.usembassy.gov>

U.S. Embassy Addis Ababa Consular Section (U.S. citizen information)

http://ethiopia.usembassy.gov/information_for_travelers.html

U.S. Embassy Economic/Commercial Section

http://ethiopia.usembassy.gov/commercial_office.html

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Contacts

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U.S. Government Contacts

Export-Import Bank (EXIM)
811 Vermont Avenue, N.W
Washington, D.C. 20571
Tel: (202) 565-3946 or 1-800-565-EXIM
Fax: (202) 565-3380
Africa team email: eximAfrica@exim.gov
<http://www.exim.gov/>

U.S. Embassy Addis Ababa
Economic/Commercial Section
Entoto Road
P.O. Box 1014
Addis Ababa, Ethiopia
Tel: +251-11-130-6177 or 6274
Fax: +251-11-130-7570
Email: hussenam@state.gov
http://ethiopia.usembassy.gov/commercial_office.html

U.S. Embassy Addis Ababa
Foreign Agricultural Service
Entoto Road
P.O. Box 1014
Addis Ababa, Ethiopia
Tel: +251-11-130-6349
Email: GrayWQ@fas.usda.gov
<http://www.fas.usda.gov/>

U.S. Department of Commerce
Market Access and Compliance – Office of Africa
14th & Constitution Avenues NW, Room 2329
Washington, D.C. 20230
Phone: 202-482-4651
Fax: 202-501-0224
<http://trade.gov/mac/index.asp>

U.S. Foreign Commercial Service
Commercial Service Eastern Africa

U.S. Embassy Nairobi, United Nations Avenue
P.O. Box 606, Village Market 00621
Nairobi, Kenya
Tel: +254-20-363-6000 (x6424)
Fax: +254-20-363-6065
Email: camille.richardson@trade.gov
<http://www.buyusa.gov/kenya>

Chambers of Commerce Contacts

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/>

Ethiopian Government Contacts

Addis Ababa City Administration Municipality
P.O. Box 9137
Addis Ababa, Ethiopia
Tel: +251-011-156-3336
Fax: +251-11-155-1295

Addis Ababa City Administration Transport Authority
P.O. Box 8639
Addis Ababa, Ethiopia
Tel: +251-011-371-2221
Fax: +251-11-371-2218

Addis Ababa City Finance and Economic Development Bureau
P.O. Box 205
Addis Ababa, Ethiopia
Tel: +251-11-1579812
Fax: +251-11-155-1685
Email: aa.cgfb@ethionet.et

Email: info@aarevenue.et

Ethiopian Agricultural Research Organization
P.O. Box 2003
Addis Ababa, Ethiopia
Tel: +251-11-646-2633

Fax: +251-11-646-1294
Email: dg@eiar.gov.et
<http://www.eiar.gov.et/>

Ethiopian Airlines
P.O. Box 1755
Addis Ababa, Ethiopia
Tel: +251-11-665-2222
Fax: +251-11-661-1474
Email: publicrelations@ethiopianairlines.com
<http://www.ethiopianairlines.com/>

Ethiopian Electric Power Corporation (EEPCO)
P.O. Box 1233 or 3474
Addis Ababa, Ethiopia
Tel: +251-11-156-0041 / 156-0041
Fax +251-11-155-2345
Email: eelpa@telecom.net.et
<http://www.eepco.gov.et/>

Ethiopian Insurance Corporation
P.O. Box 2545
Addis Ababa, Ethiopia
Tel: +251-11-551-2400
Fax: +251-11-551-7499
Email: eic.md@ethionet.et
<http://www.eic.com.et>

Ethiopian Investment Agency (EIA)
P.O. Box 2313
Addis Ababa, Ethiopia
Tel: +251-11-553-9474 / 551-0033
Fax: +251-11-551-4396
Email: ethiopian.invest@ethionet.et
<http://www.ethioinvest.org/>

Ethiopian Mapping Agency
P.O. Box 597
Addis Ababa, Ethiopia
Tel: +251-11-551-8445
Fax: +251-11-551-5189
Email: ema@ethionet.et
<http://www.telecom.net.et/~ema>

Ethiopian Revenues and Customs Authority
P.O. Box 2559
Addis Ababa, Ethiopia
Tel: +251-662-9887
Fax: +251-11-662-9818
Email: erca@ethionet.et
<http://www.erca.gov.et/>

Ethiopian Shipping and Logistics Service Enterprise
P.O. Box 2572
Addis Ababa, Ethiopia
Tel: +251-11-551-8280
Fax: +251-11-551-5263
Email: esl@ethionet.et
www.ethiopiashippinglines.com.et/

Ethio Telecom (ET)
P.O. Box 1047
Addis Ababa, Ethiopia
Tel: +251-11-663-2597
Fax: +251-11-663-2674
<http://www.ethionet.et/>

Ministry of Agriculture
P.O. Box 63247
Addis Ababa, Ethiopia
Tel: +251-11-646-2238
Fax: +251-11-554-6804

Ministry of Communication and Information Technology
P.O. Box 1028
Addis Ababa, Ethiopia
Tel: +251-11-550-3973
Fax: +251-11-550-3974
Email: eictda@mcit.gov.et
<http://www.mcit.gov.et/>

Ministry of Culture and Tourism
P.O. Box 1907
Addis Ababa, Ethiopia
Tel: +251-11-551-9399/+251-11-550-9728
Fax: +251-11-551-2889
Email: info@tourismethiopia.org
Email: tour-com@ethionet.et
<http://www.tourismethiopia.org/>

Ministry of Finance and Economic Development
P.O. Box 1037
Addis Ababa, Ethiopia
Tel: +251-11-122-6698
Fax: +251-11-155-3844
E-mail: medac2@telecom.net.et
<http://www.mofed.gov.et/>

Ministry of Foreign Affairs of Ethiopia
P.O. Box 393
Addis Ababa

Tel: +251-11-551-7345
Fax: +251-11-551-4300
Email: MFA.Addis@ethionet.et
<http://www.mfa.gov.et/>

Ministry of Health
P.O. Box 486
Addis Ababa, Ethiopia
Tel: +251-11-551-7011
Fax: +251-11-551-9366
Email: moh@ethionet.et
<http://www.moh.gov.et/>

Ministry of Industry
P.O. Box 5641
Addis Ababa, Ethiopia
Tel: +251-11-515-8054
Fax: +251-11-553-4969

Ministry of Mines
P.O. Box 486
Addis Ababa, Ethiopia
Tel: +251-11-646-3166
Fax: +251-11-661-0885
<http://www.mom.gov.et/>

Ministry of Science and Technology
P.O. Box 2490
Addis Ababa, Ethiopia
Tel: +251-11-551-1344
Fax: +251-11-552-4400
<http://www.most.gov.et/>

Ministry of Trade
P.O. Box 704
Addis Ababa, Ethiopia
Tel: +251-11-551-8025
Fax: +251-11-151-4288
Email: moti@moti.gov.et
<http://www.ethiopia.gov.et/English/MOTI>

Ministry of Transport P.O. Box 1238
Addis Ababa, Ethiopia
Tel: +251-11-551-6166 /+251-11-551-8292
Fax: +251-11-155-15665

Ministry of Urban Development and Construction
P.O. Box 24134 Code 1000
Addis Ababa, Ethiopia
Tel: +251-11-551-6166
<http://www.mwud.gov.et/>

Ministry of Water and Energy
P.O. Box 5744
Addis Ababa, Ethiopia
Tel: +251-11-661-1111
Fax: +251-11-661-0885
Email: info@mowr.gov.et
<http://www.mowr.gov.et/>

National Bank of Ethiopia
P.O. Box 5550
Addis Ababa, Ethiopia
Tel: +251-11-551-7430
Fax: +251-11-551-4588
Email: nbe.edpc@ethionet.et
<http://www.nbe.gov.et/>

Privatization and Public Enterprises Supervising Agency
P.O. Box 11835
Addis Ababa, Ethiopia
Tel: +251-11-552-7322
Fax: +251-11-553-6629

Market Research

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To view market research reports produced by the U.S. Commercial Service, please visit to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Free registration required to use this service.

Trade Events

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Please click on the link below for information on upcoming trade events:

<http://www.export.gov/tradeevents/index.asp>

<http://www.export.gov/ethiopia/>

<http://www.addischamber.com/aaccsa/tradefair/>

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.**

The Economic/Commercial Section of the U.S. Embassy Addis Ababa is the operational arm of the U.S. Department of Commerce in Ethiopia. The Economic/Commercial Section is prepared to assist you with:

- Networking and linkage opportunities for financial, operational and technological needs;
- Business climate guidance for market entry and importation/exportation activities;
- Developing your business advocacy strategies for Ethiopian Government relationships;
- Matches with agents and potential business partners for your sector; and
- Information on Ethiopian business requirements and restrictions.

Services offered by our Commercial Team:

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

Gold Key

The Gold Key matching program provides visiting American firms with pre-qualified and pre-screened meetings with potential overseas agents, distributors, sales representatives and strategic business partners. This program features:

- Appointments with pre-screened and pre-qualified Ethiopian firms
- Background and contact information on each potential partner, such as: the size of the company; number of years in business; product or service lines; and capability to provide after-sales service.
- Customized market briefing with Commercial Specialists.
- Available market research on the relevant industry sector.

International Company Profile

The International Company Profile (ICP) helps U.S. companies evaluate potential business partners by providing a detailed report on those companies which have been personally visited by a U.S. Embassy Commercial Section representative in Ethiopia.

Clients can request answers to detailed questions about Ethiopian companies on a variety of issues and receive expert advice from our Commercial Specialists about the relative strength of the firm in its market and its reliability.

The International Partner Search

The International Partner Search (IPS) will help you to find the most suitable licensees, distributors, agents and strategic partners. You provide your marketing materials and background on your company and using our extensive contacts in the target market we will

identify potential partners and provide you with a detailed description of up to five pre-qualified prospects. You will:

- Save valuable time and money by working only with pre-qualified international partners that best meet your needs.
- Obtain valuable information on the marketability and sales potential of your products and services.

Other services provided by the Economic/Commercial Section include:

- U.S. investment promotion and facilitation
- Promotion and advocacy for U.S. products and services
- Reporting, coordination and support

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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