

# The Japan Times

# ETHIOPIA

www.global-insight.net

Monday, October 20, 2014

## Changing and transforming at pace

*Ethiopia is experiencing a new dawn, with before previously unimaginable investment and partnerships that are making a real difference to this incredible country.*

In the midst of a sustained double-digit growth surge, Ethiopia is building on its natural resource wealth and services and manufacturing sectors with value-added projects to become a middle-income country by 2020.

Thanks to an ambitious blueprint known as the Growth and Transformation Plan, the government, led by business-minded Prime Minister Hailemariam Desalegn since September 2012, has introduced reforms and economic incentives, including free zones to galvanize investors and help take the country forward.

With untapped resources such as gemstones, gold and a huge potential for oil and hydroelectricity development, the country is full of export opportunities. To complement this is a population that exceeds 91 million, three-quarters of which are under 35, thereby offering a young and cost-effective workforce.

To those over 40 years old, Ethiopia's image is often blighted by the heartrending scenes of starving adults and children affected by drought and famine broadcast around the world during the mid-1980s. Ethiopia it seemed, was on its knees. Today, however, despite still-high levels of poverty, the country is buzzing with change and transformation,



Hailemariam Desalegn  
Prime Minister

and it is becoming increasingly developed and ready for partnership and galvanization.

In business, Ethiopia benefits from many competitive advantages. First, it is the home of Addis Ababa, often hailed Africa's headquarters because of its density of internationally aligned institutions, such as the African Development Bank and the African Union.

It has three international airports with excellent air links and good rail links to the Port of Djibouti. Second, it is both politically and financially stable: The U.N. has recognized Ethiopia as a stable and safe place to do business and it has been held up as "exceptional" by the U.N. and International Chamber of

Commerce for the almost zero level of routine corruption. And third, the economy has been almost universally liberalized, with only banking and energy transmission still closed to foreign players.

### A Galvanizing Visit

In January this year, Japan's Prime Minister Shinzo Abe chose to end his African tour in Addis Ababa, because Ethiopia and Japan enjoy the longest bilateral relations in Africa.

Prime Minister Hailemariam expressed his appreciation for the *kaizen* philosophy, which Japan has been promoting in Ethiopia and means "improvement over time."

He also expressed gratitude for Japan's human resources development support, such as the African Business Education Initiative for Youth, the implementation of the Industrial Policy Dialogue toward Ethiopia's economic structural reform, and assistance in the areas of infrastructure and agriculture.

He was hopeful for further investment by Japanese private companies. Both leaders took the opportunity to amend the bilateral Air Service Agreement, which will enable direct flights between Addis Ababa and Narita

International Airport — a vital direct link that presents endless opportunities and will be available from December.

During an interview for *Global Insight* this summer, the Ethiopian Prime Minister reflected on the country's superb economic performance and its increasingly positive position on the world stage.

"Over the past 10 years, Ethiopia has registered an average 10.9 percent real GDP growth rate, which is the second highest in the world behind China, excluding oil exporting countries. This growth rate and trend has shown us that the country is within a high economic growth trajectory.

"Agricultural production in the first three quarters of the 2013/14 fiscal year increased by 15 percent, up from 8.6 percent during the previous year. Ethiopia's manufacturing and service sectors grew by 2 percent and 10 percent, respectively during the first quarter of 2014 and this is deeply encouraging.

"Our prediction for the current Ethiopian fiscal year is for the country to register an 11.3 percent growth rate. We are relying on agriculture, coffee production, the manufacturing sector and the cut-flower industry. We as a government are com-



Ethiopia offers a huge expanse of untapped opportunities.

mitted to developing all these sectors, but FDI inflows are a key factor in achieving our goals.

"It is also important to maintain our image among international partners, including Japan — a country that we believe is crucial to our continued development."

### Powering renewables

Ethiopia is also looking to accelerate investments in the energy sector after a study showed this Horn of Africa nation has vast wind and solar energy potential. And, while 60 percent of the

country's towns and cities are connected to the national grid, there is ample room for expansion.

Minister of Water, Irrigation and Energy, Alemayehu Tegenu explains the plan:

"Obviously energy is very important for any developing country. If you grow by double digits for 10 consecutive years, the energy demand will increase by 25 to 30 percent per year.

"We have a geothermal drilling and geothermal expansion plan and are seriously looking into renewable energy in order

to build enough electricity to expand into the area. We have a potential of 45,000 megawatts of hydro. We have also good potential for wind power, 1,000 megawatts of geothermal and some solar power, too. Our vision is to become an energy hub for the continent."

Ethiopia has the capacity to generate over 1.3 million megawatts from wind resources and it boasts a yearly total solar energy reserve of over 2 megawatt hours.

Minister Tegenu wants to exploit the very rich wind and solar energy potential in the

coming decades with Japanese investment.

"We are very keen to invest in clean energy resources in line with the Climate-Resilient Green Economy Strategy, which fosters economic development and growth, while slashing greenhouse gas emissions and supporting adaptation to climate change," he says. "This will be implemented over the next two decades at an estimated cost of \$150 billion, and is anchored in the country's ambition to become a low-carbon middle-income economy."

## Powering ahead with renewable energies

*Ethiopia is on course to become an electricity hub for the region with green resources leading the way, and new impetus on harnessing the country's outstanding sustainable potential.*

Responsible for the generation and the transmission of electricity in the country, Ethiopian Electric Power (EEP) is breathing new life into Ethiopia and the region.

CEO Azeb Asnake, mindful that development of reliable energy infrastructure is a cornerstone to the success of the GTP, is looking to promote Ethiopia's exploration of the

wind and solar opportunities to international investors and keen to attract Japanese investment and financing for mega projects that can add infrastructure and capacity to the country.

"We are really looking to increase our energy mix, to include hydropower, biomass, wind and geothermal power and to promote those opportunities to the Japanese investor, thus

raising the capital needed for infrastructure," she says.

"To accomplish this, we are offering financing opportunities to investors looking to increase capacity, competencies, maintenance, manufacturing and profit share in order to have energy transition infrastructure implemented.

"That way, we can export up to 80 percent to neighboring coun-

tries like South Sudan, Kenya and Djibouti."

The utility is keen to harness Japanese expertise as well.

"Hydropower offers the most immediate opportunities, with the government keen to increase the current 200 megawatts to 1,300 megawatts," Asnake says. Ethiopia has 12 different river basins. We already have studies in place that were done with the Ministry of Water, Irrigation and Energy.

"The ministry, headed by Alemayehu Tegenu, looks at the bigger picture; they do the feasibility studies. Based on those

studies, we prioritize which project should be undertaken."

### Master plans

EEP has already prepared master plans for hydropower, solar and wind projects and invites investors to come and choose exactly where they wish to invest.

"Investors can choose the location; they can see if it is feasible for their company's projections, and if there is a grid nearby or not, and we can check with the planning department for the list of the projects we have earmarked," Asnake says. "The big

question and the variable we are looking to bridge is to determine how to finance these projects. I am sure Japanese investors will be attracted to them."

Although Ethiopia is not developed in the same way as other emerging economies, it does have the advantage of learning from other countries that have implemented a successful renewable energy sector.

"It is definitely important we go for green energy," Asnake says. "The government's policy for renewable energy sources is forward-thinking and the government is forward-doing.

Ethiopia is developing at a rapid pace and establishing investor confidence."

### Japanese inspiration

Asnake goes on to explain how the official visit from Japan's Prime Minister Shinzo Abe created a "click in everyone's minds."

"We had a group of top-level Japanese investors here after his visit who came and discussed which areas they can possibly be engaged in. That is good example that there is some activity growing on," she says.

"Now, we are keen to invite them again so they can come and see our newly revised 25-year master plan and we can provide an exclusive summary of that.

"It will help to structure and solidify the vision of what the future of Ethiopia should be. Investors can see our list of projects, our financial requirements and how to implement them and I believe that 'seeing is believing.' We want the global investor to be witness for this plan and they can see what is



Alemayehu Tegenu  
Minister of Water, Irrigation and Energy

going on in Ethiopia. In Addis alone, you can see just how many opportunities are coming up."

Minister of Water, Irrigation and Energy Tegenu has a final word of encouragement investors:

"We will fast track investments in the energy sector to meet rising demand and to become a net exporter of electricity to neighboring countries. Change is of great importance in Ethiopia and the time to act is now."

**STEELY RMI P.L.C**

LEADING AND DYNAMIC STEEL INDUSTRY EQUIPPED WITH ADVANCED TECHNOLOGY

The strong partner for the construction sector

Address  
Tel: +251-11-439 4295, +251-911-23 77 54, Fax: 251-11-439 0651  
P.O.Box: 10742 Addis Ababa, Ethiopia, E-mail: Info@steelyrmi.com

**To Rebar & Wire rod Customers**

**We Produce**

Grade 60 and Grade 40 Deformed Iron Bar and Wire rod

Deformed Iron Bar		Wire rod in coils
∅ 8 mm	∅ 10 mm	∅ 5.5 mm -14mm
∅ 12 mm	∅ 14 mm	
∅ 16 mm	∅ 20 mm	
	∅ 24 mm	

**Our Customers**

- Manufacturers
- Wholesalers
- Retailers
- Contractors
- Individuals

Air Ambulance

Business Flights

Group Travel

VIP flights

Charter Flights

Cargo Charter

**NATIONAL AIRWAYS**  
The spirit of a rising nation!

info@nationalairwaysethiopia.com | www.nationalairwaysethiopia.com

**KSFH, servicing your agricultural needs**

Kaleb Service Farmers House Plc is proudly sowing the seeds of growth in Ethiopia's agricultural sector and economy. The ambitious firm is seeking partnerships with Japanese firms for knowledge and technology transfer and aims to become the exclusive distributor of Japanese farming equipment.

Kaleb Services Farmers House Plc | Ethiopia  
Tel: +251 11 439 1459 | Fax: +251 11 439 3674 | assefa@kalebservice.com  
www.kalebservice.com

**Great business scents**

Having blossomed since establishing its roots almost a decade ago, Dugda Floriculture Development Plc has grown into one of the leading flower farms in Ethiopia. Offering a wide variety of superior roses, the company is seeking distributors and retailers in Japan as well as new technologies.

The 10th year anniversary of growing beautiful roses

Dugda Floriculture | Ethiopia | Tel: +251 911 504 893 | dugdageneral@gmail.com

# Sowing the seeds of growth

*With coffee, meat, cut flowers and other natural produce slated for inward investment, agribusiness is an incredible opportunity for Japanese businesses looking for profitable yields.*

Accounting for 45 percent of Ethiopia's GDP and providing work for 80 percent of the population, agriculture is the mainstay of the economy. Ethiopia is Africa's second-largest maize producer and also boasts the continent's largest livestock population. It also produces coffee — the country's single most important cash crop and foreign exchange earner — as well as sugar, tea, pulses, cut flowers and oil crops.

With only 15 million hectares of the available 73 million hectares of arable land under cultivation, there is huge scope for a highly lucrative agribusiness sector. This under-utilization is of course due to a lack of technological and financial resources.

Most farming is subsistence-based, yet Ethiopia would be an ideal location to become a major food and textile exporter. The government is aggressively seeking private investment that will make their vision of a food production Utopia a reality.

Speaking to *Global Insight* after a business visit to Japan, Minister of Agriculture Tefera Derbew explained the advantages of the Ethiopian landscape.

"Thanks to our highlands and mid-altitude areas, horticulture is now booming and we have become one of the top four producers of cut flowers in the world. This particular sector is ripe for Japanese investment because it is capital intensive and high-tech. We have the land and the labor, but we could benefit from Japanese expertise and finance.



Tefera Derbew  
Minister of Agriculture



Tadesse Kassa  
CEO, Tired Corporate

In return, Japan can reap the rewards from growing flowers, vegetables and fruits and making use of the direct flights we will soon have from Addis to Japan.

"This is a sector that requires good logistics: a cool chain, so that we can send refrigerated cargo and maintain the exceptional quality of the produce."

There is also huge potential in the lowlands, for both crop and livestock production, as Minister Derbew explains:

"We have one of the highest populations of livestock in the world. We currently export live animals and meat to the Middle East, but we would like to have high-quality products being exported all over the world. Given the potential that we have in large-scale farming industries, inputs here in Ethiopia, for example, for the textile, leather and food processing industries are immense.

"There are many European

industries already here looking at malt production. We are trying to link the farms and local cooperatives to these malt factories so malt supplies will be secured.

"We have the best roses being exported now, and will soon have even better logistics with the direct flights to Japan, so we can

**"Thanks to our highlands and mid-altitude areas, horticulture is now booming and we have become one of top-four producers of cut flowers in the world."**

Tefera Derbew, Minister of Agriculture

then export more at better quality as they will have a longer lifespan. All of this potential paints the true picture of the new Ethiopia."

#### Local companies step up

Among the local companies lining up for investment is Ambasel Trading House PLC, which is an Ethiopian private company established in 1995

and operating under its holding company, Tired. Tired is a leading player in exporting agricultural products such as oil seeds, pulses, spices and gum.

In addition to the Ambasel Trading House, Tired also consists of Dashen Brewery, Zeleke Agricultural, Mechanization, Tikur Abbay Transport, Tana Communication and Belesa Logistics and Transit.

A pioneer in agribusiness, Tired has a state-of-the-art, value-addition processing facility for sesame seeds, producing cleaned, hulled and roasted seeds, as well as tahini.

Tired is also engaged in the processing and marketing of gum olibanum and pulses such as red kidney beans, haricot beans, and green mung beans.

"Between 1995 up to 2008, we were mainly working on our resources and loans. We had no relationships with any private domestic or foreign organizations," says Tadesse Kassa, CEO, Tired Corporate.

"In 2008, however, we started working on change, with excel-

attract investors for partnership, expansion, and to increase its market share.

"We are already exporting sesame seeds, haricot beans and tahini to Japan," Kassa says. "We are now keen to develop synergies with innovative practices that can be used to refresh existing partnerships in Japan, and find new ones."

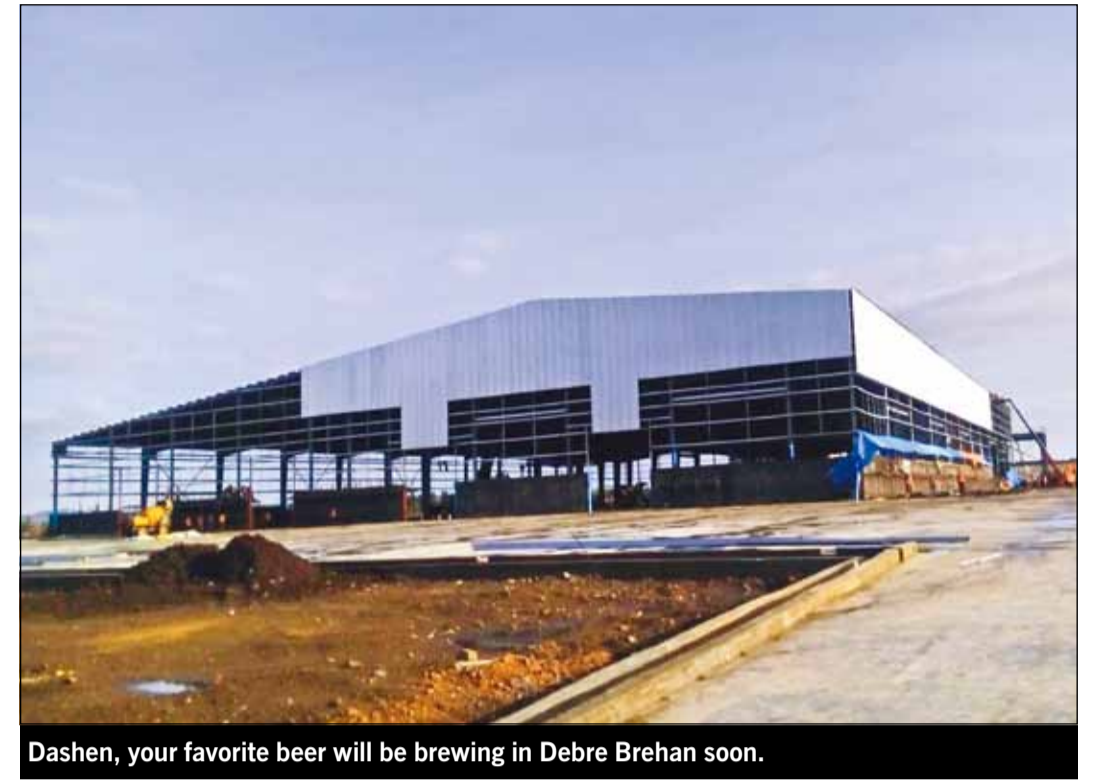
#### Good track record

Tired boasts a good track record with outside partners and are currently working with British investors who have made substantial investments on brewery projects.

Kassa adds, "We have one company in the northern part of Ethiopia (Gondar) and are in the process of establishing the second brewery with the same British investors, with a starting capacity of 2 million hectoliters.

"We are now establishing a company in Debre Brehan, which is 130 kilometers north of Addis Ababa, and by the beginning of 2015 will start operations.

"We have designed a seven-



Dashen, your favorite beer will be brewing in Debre Brehan soon.

Tana Communications, has just set up the country's first printer assembly plant as a result of an agreement between the Ethiopian government and Samsung in June for a technology transfer. "The factory assembles 70 printers a day and has created 200 jobs. It will create 700 jobs as it expands capacity," Kassa explains.

"Overall, Tired is focusing on the development of new products; sesame, for example, is also known to be the basis for several medicines and cosmetics, so that opens up new opportunities there.

"We are also looking to expand the development of sesame oil and tahini, which requires finding local Japanese partners keen to distribute and establish Ethiopian sesame as a top-tier product worthy of premium prices."

#### Floral designs

One entity for which everything is coming up roses is Dugda Floriculture Development PLC, one of the leading flower farms in Ethiopia.

Having put down roots in 2005, Dugda has grown into a quality producer with an increased market share in Europe, Russia, the Middle East and Asia, specifically Japan.

From its 30-hectare rose farm located in Debrezeit, 55 kilometers from the capital, the company produces between 35 and 40 million flowers a year.

General Manager Sayalf Adane is now eager to find new wholesalers and retailers for his unique, high-value flowers, and the technologies that would increase his yield on the land.

"I really enjoy doing business with the Japanese because they are enthusiastic and also

honest," he says. "My aim now lies in conquering the Japanese market as much as possible. Most of the expansion plans we are engaged in now rely on the Japanese demand, and their color preferences.

"At this precise moment, we are producing around 14 varieties of roses. Of those, seven varieties have already been accepted by the Japanese market, and we are hoping to push it to 13. We are also cultivating three exclusive varieties with the Japanese market in mind and are putting every effort into having a good relationship with them."

Dugda is a pioneering company that internationally recognized for its ethics. It assures sustainable cultivation, low impact on the environment and good working conditions in regards to corporate social responsibility for its workers.

## Exporters make head way

*Things are moving at a rapid pace for Ethiopia's export companies, with accolades and investment rolling in. But more is needed.*

Far beyond the borders of Ethiopia, the country's tremendous coffee is known and appreciated for its superb quality and special flavor in coffee chains throughout the world.

Japan is a huge consumer of Ethiopian coffee, and as Minister of Agriculture Tefera Derbew confirms, "When it comes to Japanese buyers, we have the mocha coffee they know and love."

Specializing in coffee and oil seeds, Horra Trading was established in 2005 as an exporting company under the Ethiopian commercial code. However its business goes back two generations when the family started supplying coffee to the local market during the rule of Emperor Haile Selassie, the Ethiopian king who first established diplomatic relations with Japan.

Horra's background in coffee helped to boost up its fast growth



Tesfaye T/Haimanot  
Managing Director, Kaleb Services  
Farmers' House PLC

#### Smelling the coffee

Horra Trading is enjoying the effect its superior-quality green and roasted coffee is having on Japanese palates.

As General Manager Adem Kadir says: "During the last fiscal year, we exported 18,447

tons of coffee with a value of \$57 million, and around half of that was exported to Japan. Horra Trading is the biggest supplier of Ethiopian coffee to Japanese through renowned trade houses.

Kadir says: "With the revival of Japanese demand for Ethiopian coffee, Horra Trading, along with the lead and support given by our government, has achieved a modest capacity of assets of more than \$7.5 million and a credit line of up to \$20 million from all banks in Ethiopia, the Commercial Bank of Ethiopia being the major lender.

preparations in terms of plant expansion, financial and management resource allocations and doing promotion and communication with all stake holders in the supply chain."

The market share of Horra Trading has been seeing a remarkable progress within a relatively short period of its establishment. During the 2012/13 coffee year, the market share of Horra Trading was 9.4 percent against 0.3 percent in 2006/07.

In the meantime, Kaleb Services Farmers' House PLC has its sights set on becoming a technological center for the country and region by supplying, distributing and promoting modified and modern agricultural and construction machinery based on continual development.

Established in September 1993 to provide reliable services for agricultural development and the agroindustrial sector of the Ethiopian economy, the company is focused on creating a joint venture with a Japanese farming equipment company that it can then use to supply small farmers.

#### Of great import

As Managing Director Tesfaye T/Haimanot explains, "We are particularly interested in plows, small-scale rice harvesters and sesame-hulling equipment that are compact and good for all weather.

"At present Kaleb currently has three segments: export, joint ventures and the import of agriculture machinery from Germany and Japan.

"We are the exclusive importer of Man trucks that we distribute all over East Africa. We have a joint venture with a Dutch company and a second joint venture with an Italian company for the import of agricultural machinery.

"But now I want to import and distributes all Japanese machinery. Ethiopia has 90 million people and so much arable land, so it makes sense for both sides to join forces and increase productivity."

Kaleb boasts excellent workshops, storage and training facilities that enable it to render comprehensive support services to its clients and is also a renowned exporter of seeds, organic sesame, coffee and pineapple.



Breathtaking sunset, Ethiopian style

## A magical place for tourists

*Ethiopia is unlike any other country for nature, history and culture. It's an experience not to be missed.*

Often billed "The Origin of Africa," Ethiopia is known throughout the world for its rich history and culture. Not surprisingly, the country's reputation as a must-see tourism destination is growing by the year. As well as the buzzing capital of Addis Ababa, the country's abundance of prehistoric archeological sites, exotic landscapes, national parks and wildlife make tourism a definite winner for investors and tourists alike.

As Minister of Culture and Tourism, Amin Abdulkadir explains: "In Ethiopia, nature, culture and history merge to form a timeless appeal. We have enormous and very impressive tourism potential because we are truly a land of contrasts and extremes. "We have land that is remote

and wild, and we have spectacular alpine terrain including the Simien Mountains National Park with its 4,200-meter peak at Ras Dashen. This is just one of the nine UNESCO World Heritage sites within our country.

"We also have the Danakil depression, 121 meters below sea level, which is among the lowest places on earth and extremely hot. Danakil is like no other place; it is home to fascinating sulphur fumaroles and is a lunar landscape.

"This is one of the locations that will be of the interest to Japanese, because it was the cradle of humankind where humans first began to walk upright, including our celebrated ancestors, who are 3.4 million years old, according to the Ethiopian calendar.

"Ethiopia goes back over 3,000 years. The Akumite Kingdom was one of the great civilizations of the ancient world and has left behind the mystery of the great Axum stele. In the late Middle Ages, a great religious civilization flourished in Lalibela, where churches were made out of massive monolithic rock. This testifies not only to the great faith of that time, but also to great architectural skills.

"We also have the 1,000-year-old Walled City of Harar, which makes it one of the four ancient Islamic cities in the world. We have the 17th-century castles found in Gondar which give reverence to the same legacy. Meanwhile, the Konso cultural landscapes could be one of the few living testimonies of ancient agricultural terracing and environmental protection.

"Together with Tiya stele in the central part of Ethiopia, the lower Omo and the Middle Awash valleys of archaeology make for a fascinating experience."

#### World-Class Attractions

Ethiopia is one of only a few African countries to have its own alphabet. It also has its own time system and unique calendar, which is between seven and eight years behind the Gregorian calendar.

As the minister continues: "Ethiopia's topography consists of a central high plateau bisected by the Ethiopian segment of the Great Rift Valley into the northern and southern highlands and surrounded by lowlands, more extensive on the east and south-east than on the south and west.

"We have numerous national parks to enable visitors to enjoy the country's wildlife and biodiversity, all of which is preserved in natural habitats, with an opportunity for adventure travel, which is unparalleled to any other country. Ethiopia is a land of ethnic diversity. We have more than 80 "nationalities" with their own unique languages, cultures and traditions that live in peace together."

**"During the last fiscal year, we exported 18,447 tons of coffee with a value of \$57 million, and around half of that was exported to Japan."**

Adem Kadir, General Manager, Horra Trading

in coffee export supported by the commitments of the owner and management.

Today the company owns a well-managed coffee storage and cleaning facility with state-of-the-art green coffee cleaning sorting machinery. It boasts a modest capacity of assets of more than \$7.5 million and a credit line of up to \$20 million from all banks in Ethiopia, the Commercial Bank of Ethiopia being the major lender.

tons of coffee with a value of \$57 million, and around half of that was exported to Japan. Horra Trading is the biggest supplier of Ethiopian coffee to Japanese through renowned trade houses.

Kadir says: "With the revival of Japanese demand for Ethiopian coffee, Horra Trading, along with the lead and support given by our government, has achieved a modest capacity of assets of more than \$7.5 million and a credit line of up to \$20 million from all banks in Ethiopia, the Commercial Bank of Ethiopia being the major lender.

# Manufacturing industries take off

Capital-intensive industries are starting to grow in Ethiopia as the country attracts greater investment and adopts the 'kaizen' initiative: slow improvement.

With so much raw material available in the form of coffee, tea, cotton, sugar, seeds and other crops, as well as cattle skins from plentiful livestock, Ethiopia's manufacturing sector should be booming.

However, while some companies are branching out globally, the sector as a whole employs only 2 percent of the population and there is a substantial skills deficit at management level: Ethiopia needs executives, managers, trained production supervisors and engineers before it can really leverage its industrial potential.

With this in mind, the government is calling on private investors to step forward. Minister of Industry, Ahmed Abtew explains more:

"You can see from the data that the majority of growth comes from the agricultural sector and the major export products comes from the rural area, so both in terms of local economic growth and foreign currency earnings, we need to turn the sector to our competitive advantage.

"Over the last 10 years, the government has worked to improve highways and railroads to link Ethiopia from corner to corner. Japan has supported us in that by building the road from Addis Ababa to Debre Markos. When completed it will span 300 kilometers and includes the large and modern Blue Nile Bridge.

"We also have strong partners in the World Bank and China is



Shiferaw Jarso Tedecha  
Director General,  
Ethiopian Sugar Corporation



Ahmed Abtew  
Minister of Industry

also on board. The government funds a minimum of 25 percent of each project and the rest comes from our partners, either through Public-Private Partnerships or aid.

"We have identified four cities for industrial concentration and are also developing the infrastructures for hydropower, telcoms, water and others and are pleased to see local private industries receive indirect investment from the BRIC countries in return for low-cost land.

"Because industrial funding is capital intensive and based on long-term returns, the government has done much to gain investor confidence.

"We have a very predictable inflation rate, a consistent interest rate, and a very stable exchange rate, so we have been able to create a stable macro economy for the industrialists.

"We aim to make working

capital and investment capital cheap for all investors so they are able to get the hardware and machinery from elsewhere, but implement operations here."

Further, the government

**"We aim to make working capital and investment capital cheap for all investors so they are able to get the hardware or machinery from elsewhere, but implement operations here."**

is developing sophisticated irrigation schemes and started building water storage facilities. In doing this, the country's agro-processing industries will grow. The Japanese are already sharing their expertise in this area through the Water Technology Institute.

One industry benefiting from the irrigation schemes is sugarcane. As Shiferaw Jarso Tedecha, director general of The

Federal Democratic Republic of Ethiopia Sugar Corp. says:

"Sugarcane has more advantages than almost any other crop in Ethiopia as not only does it provide sugar, but also valuable by-products. Production by irrigation has its advantages as we have the water potential and human resources."

The government has earmarked 2,000 hectares of land for sugarcane production and at the same time, helped increase animal feed production and multiple other sugarcane by product developments so that local farmers can benefit from the industry.

It also plans to build 10 new sugar factories, seven of which are expected to be finalized by June 2015.

"We have four factories that are under construction but not finalized because they need financing. We will start exporting this year," Jarso Tedecha says. "By the time these 2,000 hectares are developed, we will

have employed more than 9,000 people. The Japanese are now working with us and helping us improve as a partner, especially in the use of *kaizen*, or slow improvement. We are learning from them and our corporation is now leading in implementing the *kaizen* system. Ethiopia has lots of natural resources, so directly exporting from the farm to their country would be advantageous." Meanwhile, demand for

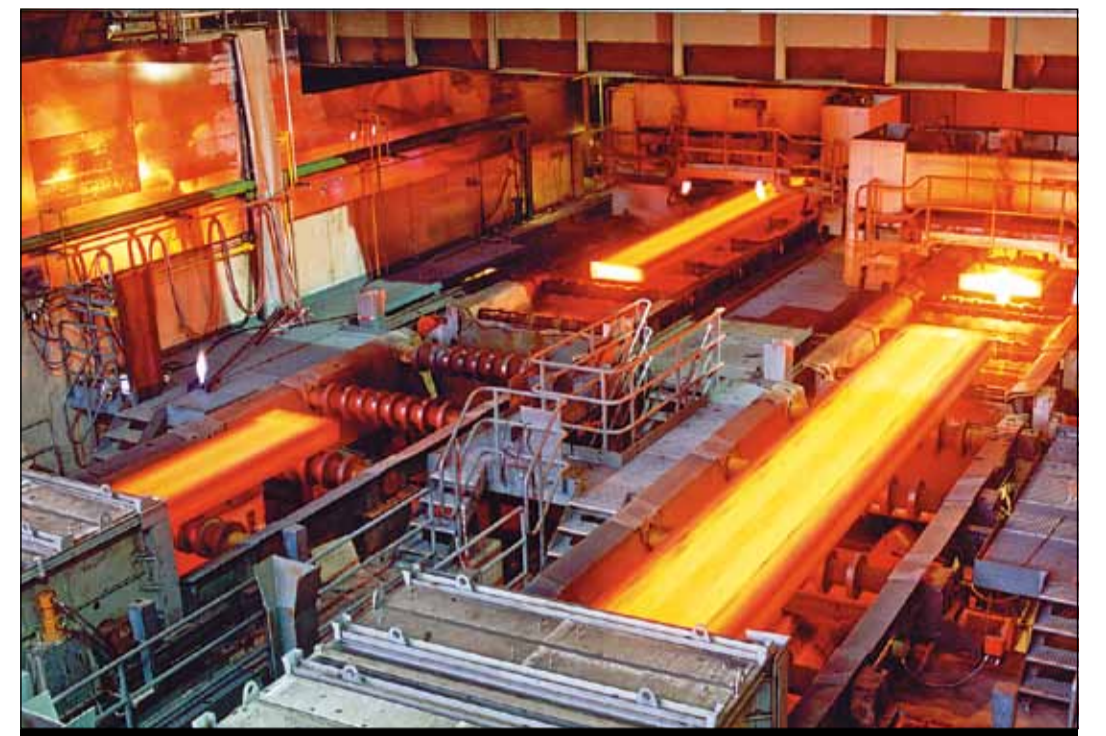
Ethiopia's unique leather has soared in recent years. The country's indigenous hair sheep has much thinner skin than its European counterparts, making it ideal for delicate leather accessories such as ladies' gloves.

## Hand in glove with Japan

At the high-tech Bahirdar Tannery, Managing Director Yizaw Assefa is taking full advantage of the rise in consumer demand for Ethiopian leather.

"No matter how innovative the production process or how modern our machines are and even with an extremely equipped workforce on hand, if what we are using are low-standard raw hides and skins, the end product is not likely to be a quality product.

"First, we are very fortunate to have access to a huge amount of raw materials around us. Second, our belief of using standard raw hides and skins for the production process made



Ethiopia's industrial sector is heating up.

leather and they manufacture high quality jackets. They have also started up a factory here in Ethiopia so we supply them here as well. So Bahirdar Tannery products will soon be present in the Japanese markets in the form of leather jackets as well. We are trying to contact other Japanese buyers, especially large ones producing golf, fashion and racing gloves.

"We export around 100,000 square feet of hide from this company alone. Producing our own leather makes us very competitive, and we can assure Japanese customers that our goods will be delivered quickly and at reasonable rates, thanks to Ethiopian Airlines which has offered all tanneries special freight-rate for exports.

"My message to Japanese investors is clear — we are now ready to supply products right

from the source. So instead of buying through other parties and paying a higher price, it's better to buy directly from Ethiopia."

## Building up Ethiopia

Steeley RMI Pvt. Ltd. Co. is literally helping build a new Ethiopia by supplying steel reinforcement bars, nails and wire rods to the domestic market. The company has also created jobs for more than 2,100 Ethiopians.

"Our production capacity is more than 270,000 tons of steel bars and wire rods per annum and while we are willing to accept any type of partnership, we would prefer joint ventures," says Managing Director, Mesfin Mengesha. "Japan has the capital, while we have the manpower and resources."

Steeley RMI is proud to have bought additional output to the market and jobs.

"We plan to approach the market continuously," says General Manager of Operation and Policy Tefera Lemma. "To achieve that objective, we invest in R & D, new technology, manpower development and work on having a strong management system and disciplined workforce. In the short term, we are planning to substitute the lion's share of different imported wire products to Ethiopia. In the medium term, we have a plan to participate in the mining sector to create a backward linkage with our production chain in the steel industry. In the long run, our vision is to stand as one of the leading and strong steel manufacturing industries in Africa."

Steeley RMI's competitive advantages are the investment in new and modern technology and a highly motivated and skilled workforce.



EEP

## Exporting clean and green energy to the region

Proudly leading the renewable energy revolution in Ethiopia and East Africa, Ethiopian Electric Power (EEP) is seeking international partners from Japan to take advantage of the country's hydro, wind, geothermal and solar power opportunities.

Recognizing that development of a reliable generation and transmission infrastructure is a cornerstone of economic success. Under the ambitious national transformation plan currently being undertaken, and the existence of conducive governmental energy policy, EEP is targeting Japanese investment and financing for mega projects that will boost national and regional energy capacity.

Blessed with wonderful natural resources that make it an ideal destination for investors seeking profitable openings in green energies, Ethiopia boasts vast potential in areas such as hydroelectric, biomass, solar, geothermal and wind energies, with detailed feasibility studies already concluded.

EEP desires Japanese financial and human capital — from private and public sector entities — to maximize these exciting openings that will further fuel the superior transformation of the country, add capacity to the national grid and allow Ethiopia to expand its export of green and clean energy.



Ethiopian Electric Power (EEP)

Tel: +251-11 558 05 29 | Fax: +251-11 558 06 07 | azebasnake@gmail.com | www.eepco.gov.et

**Ambasel Trading House**  
is a reliable and sustainable development partner

Ambitious Ambasel Trading House is a leading player in the export of original Ethiopian agricultural products, including oil seeds, raw, hulled & roasted sesame seeds, Tahini, coffee, pulses, spices and beans to lucrative overseas markets like Japan. The company's strong roots and enviable reputation make it the partner of choice for Japanese investors in East Africa.

**Ambasel Trading House PLC**  
Tel: +251 911 22 8339 +251 114 661 45  
ambaseltrading@ethionet.et  
export@ambaseltrading.com.et  
www.ambaseltrading.com.et

# Transcending standard tourism deals

*With a view to making Ethiopia one of the top five African tourism destinations by 2020, with more than one million visitors, the government is offering tempting incentive packages to investors.*

With its unique history and culture, landscapes, and people, Ethiopia has the potential to become one of the leading African destinations.

Its capital Addis Ababa, with its awe-inspiring mix of culture, religious diversity, iconic monuments, bustling market places and world-class gastronomy was featured within the top ten places to be by Lonely Planet in 2013 and is one of the largest diplomatic capitals of the World.

At present time, Addis Ababa is the headquarters of African Union (AU), the Nile Basin Initiative (NBI), the E.U. and United Nations Economic Commission for Africa (UNECA) as well as having more than 190 diplomatic missions and embassies.

With this in mind, the ministry has announced its plans to turn Ethiopia into one of the top-five destinations in Africa by



Amin Abdulkadir  
Minister of Culture and Tourism

### Upgrades needed

One of the main opportunities lies in hotel accommodations; there is a huge need for more accommodations across country.

In order to address the shortages, the government has started encouraging interested parties in the private sector through the establishment of financial

taking promising and encouraging action associated with the expansion of the economy. Currently, we are looking for partners to expand hotels with impeccable services in places where cultural sites are located.

“The sector is entrusted with the dual missions of creating favorable conditions helpful to ensure the country’s comparative advantages and accelerate sustainable development of the country through poverty-alleviation by extending and developing attractions of the country, which will increase jobs and create benefits for local communities.

“The newly introduced policy for such organizational change and transformation incorporated in the country’s Growth and Transformation Plan (GTP) indicates the specific attention given to the sector geared for long term contribution to bring-

income country by 2025.

“My message to Japanese travelers is that Ethiopia is a land of hospitality with very distinctive characteristics.”

### A personalized stay

Situated on two sites within Addis, the Jupiter International Hotel invites both business and leisure travelers to its top-of-the-range two-hotel concept.

Managing Director Benyam Bisrat says:

“When we came into the business some eight years ago, there were roughly 30 star-rated hotels but now there are more than 120. There are more international brands coming to the city as the country grows — it is at an average of one per month. However, very few of them provide the exceptional type of service we do.

“The number of rooms has greatly increased from 720 up to over seven thousand. The trend is only going to keep on increasing as the economy continues to grow and more and more expatriates come in. Also, the number of diaspora that are investing along with international investors will take the total number of hotels to over 200.

“By 2020, the numbers of hotels should eclipse 500. There are currently three international chains but this number will quadruple by 2020.

“There is a huge opportunity for investors as you can tell because of the number of hotels that are coming here. Addis Ababa as a city is really geared toward attracting exhibitions and attractions as a whole and we are after that segment.”

“Japan is a huge market that we are looking to penetrate so we are creating a product that the



The business traveler’s choice in Addis Ababa

www.jupiterinternationalhotel.com

**“We are looking for partners to expand hotels with impeccable services in places where cultural sites are located.”**

Amin Abdulkadir, Minister of Culture and Tourism

2020 and attract more than one million visitors in 2020.

The Ethiopian Tourism Development Policy will be the framework for the ultimate growth of the sector, putting the necessary infrastructure and policies in place to satisfy the increasing demand. The industry added more than \$633 million to the national coffers in 2013.

institutions and involvement in equity-investment based on loan-arrangements apart from its commitment to establishing hotels.

As Minister of Culture and Tourism Amin Abdulkadir says: “The country now attracts investors in hotel investment and the numbers have increased substantially.

“There are many resorts

ing more foreign reserves for the country.

“Prime Minister Hailemariam, has made favorable conditions in developing the sector and in gearing up operations to increase the human capital and manpower required to grow the sector, attract more investors and ensure job creation happens in the country and that Ethiopia becomes a middle-

Japanese would like to see. Once we begin marketing our products and services, the Japanese will come. We will bring to their attention the quality of our offering to ensure maximum satisfaction.

“We believe a true destination experience will be required that is unique to each guest in each of our hotels. The true style and design of a hotel should carry through in every guest contact point. We believe the direct flights will add substantial exposure of Ethiopia to the Japanese and bring in more business travelers that will invest in Ethiopia.

Additionally, logistically it will be a great way to connect Japan to the rest of Africa. Ethiopia will be the gateway.”

### Niche airline flies high

In the meantime, local airline National Airways is also playing a pivotal role in keeping the country connected.

“We are one of the most reputable domestic airlines and offer chartered flights to many destinations to meet various customers’ needs. Demand for our services is huge because we offer the flexibility other commercial flights can’t. Every day,

for example, the AU dispatches people to different parts of Africa.

“Normal commercial flights might not operate to those destinations, so they charter planes from somewhere else, even aboard,” says Abera Lemi, CEO of National Airways.

“Our strategy is therefore twofold: we want to provide charter flights and an air ambulance service. NGOs and embassies are very interested in signing up with us as a standby airline

in case of emergency because there are not many medical institutions in the country. We could fly them to Nairobi or Johannesburg for example, or wherever they could find better medical facilities.

“We are interested in partnering with foreign investors, especially those from Japan, who would be interested in investing in our air ambulance service.

“There are many areas of potential cooperation so please contact us!”

This report was produced by Global Insight and can also be read online at: [www.japantimes.co.jp/international-reports](http://www.japantimes.co.jp/international-reports)

## Exporting Ethiopia’s Premium Green Coffee to the World

Horra Trading derives its expertise from two generations of coffee business experience. Horra Trading is the NUMBER ONE coffee exporter in Ethiopia. Horra Trading provides a full range of superior green Arabica coffee, both washed and natural (sun dried), to many major international markets such as Japan. Being the first coffee exporting company in Ethiopia to be ISO 9001:2008 - Quality Management Systems Certified, Horra Trading is ready to enter into partnerships with Japan’s leading coffee importers (trading houses) roasters, and distributors to expand its market presence.

**Horra Trading**  
Addis Ababa, Ethiopia | Tel: +251-114-19967/68 | Mobile: +251-911-206174  
horratrade@gmail.com | www.horracoffee.com

## BUY DIRECT FROM ETHIOPIA’S HIGH-TECH HIGH QUALITY TANNERY

The undisputed pioneer in the country’s finished leather goods industry, Bahirdar Tannery Plc is the ideal fit for Japanese consumers seeking premium quality leather for dressing and activities like golf and motoring. With an outstanding reputation built on quality and experience, Bahirdar uses only the finest leather and combines up-to-date design with the latest technology and equipment.

**BAHIRDAR Tannery**  
Tel: +251 115 159 040 / 535 978  
Fax: +251 115 159 050  
yigzawassefa@yahoo.com  
www.bahirdartannery.com

## Promoting Agricultural Excellence in East Africa

The Ethiopian Sugar Corporation is undertaking construction of 10 new sugar factories in the Growth and Transformation Plan (GTP) period which lasts from 2011-2015.

The execution of the sugar development projects is over 50 percent complete at the moment. At the end of June 2015, which is the end of the GTP period, the corporation’s annual sugar production capacity will reach over 1.2 million tons. This production capacity will jump to over four million tons within the next two to three years.

In addition to sugar production, the sugar development sector has huge potential for by-products of great economic and social benefits. Processing animal feed for the nation’s vast livestock is one of the areas where these benefits can be garnered from the sugar production process. Lack of modern animal feed is believed to be one of the reasons Ethiopia has not fully benefited from its livestock resources. Studies have confirmed that the sugar industry can fill this gap through processing animal feed from their by-products.

As a result of due attention given to the sector by the government to fill the gap, the sugar corporation is working on processing animal feed from sugar by-products such as molasses and bagasse, thereby enabling the nation to benefit from its livestock. The fact that there are suitable conditions to process and use bagasse as cattle feed indicates that there is an opportunity for investing in this untapped area of processing animal feed here.

In addition to processing animal feed, studies have proved that there is a huge opportunity to raise animals for various purposes. Practical activities are underway for dairy farming and livestock fattening in order to process high quality standard dairy products and meat for domestic, as well as international markets.

Studies also show that it is possible to secure a wide market for bio-organic fertilizer that can be processed from sugar by-products known as vinasse and filter cake.

Several investors have shown interest to work in these sugar coproduct related investments. It to work on it. For example, if we develop 2,000 hectares, more than 9,000 jobs will be created. Sugar produced in our new factories will not only satisfy local demand, but be exported from this year.”

To achieve its many development goals and fund the \$600 to \$700 million of investment required, the company is establishing partnerships with professional foreign partners from countries, including Japan, with the group seeking commercial loans from Japanese private sector businesses or an institutional investor such as the government pension fund.

“The Japanese are working with us and improving us as a partner. We want to ensure that the Ethiopian Sugar Corporation will be working with the Japanese for a long time.”

Shiferaw Jarso Tedecha, Director General of Ethiopian Sugar Corporation with a rank of Minister

is also in the interest of the government of Ethiopia to encourage and support investors willing to engage in this sector.

Shiferaw Jarso Tedecha, Director General of Ethiopian Sugar Corporation, says: “Sugar has more advantages than almost any other crop in Ethiopia and is a very important source of employment as every hectare requires several people

ships with professional foreign partners from countries, including Japan, with the group seeking commercial loans from Japanese private sector businesses or an institutional investor such as the government pension fund.

“The Japanese are working with us and improving us as a partner. We want to ensure that the Ethiopian Sugar Corporation will

“There are more technologies available to develop sugar by-products and we need other companies to invest in this area,” he adds. “Japan is starting to grow very fast for the first time in over two decades and Ethiopia is also one of the fastest growing economies with lower labor costs. This is a good time for us to learn from Far East countries like Japan.”

**Ethiopian Sugar Corporation**  
Ethiopia | Tel: +251 115 15 10 15 / +251 011 5526653/526896 | Fax: +251 115 15 09 27  
sugar\_Corp@ethionet.et | www.etsugar.gov.et | etsugar@hotmail.com | facebook.com/etsugar

**Sugar Corporation**  
Building Competitive Sugar Industry!