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Introducing Ethiopia

Ethiopia at a glance

<table>
<thead>
<tr>
<th>Official name</th>
<th>Federal Democratic Republic of Ethiopia (FDRE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political system</td>
<td>Federal system with multi-party system.</td>
</tr>
<tr>
<td>Head of state</td>
<td>President Girma Woldegiorgis</td>
</tr>
<tr>
<td>Head of government</td>
<td>Prime Minister Hailemariam Desalegn</td>
</tr>
<tr>
<td>Capital city</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>Area</td>
<td>1.14 million square kilometres.</td>
</tr>
<tr>
<td>Arable land</td>
<td>513,000 square kilometres (45%)</td>
</tr>
<tr>
<td>Irrigated land</td>
<td>34,200 square kilometres (3%)</td>
</tr>
<tr>
<td>Population</td>
<td>Over 80.9 million (2010/11)</td>
</tr>
<tr>
<td>Population density</td>
<td>70.96 per sq km (2010/11)</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>USD 382.20 (2010/11)</td>
</tr>
</tbody>
</table>

Location

Ethiopia is situated in the north-eastern part of Africa. It is bordered by the Sudan and South Sudan to the west, Eritrea to the north, Djibouti and Somalia to the east and Kenya to the south, extending 3° to 15° north of the equator and 33° to 48° east of the Greenwich Meridian.

Government

The Ethiopian constitution was adopted in 1995. The constitution provides for federal system, which is structurally based on the federal government with nine autonomous regional states and two chartered city administrations.

The FDRE has a parliamentary form of government with a bicameral parliament which comprises the House of the Peoples’ Representatives and the House of the Federation. The House of the Peoples’ Representatives is the highest authority of the Federal Government.

Climate

There are two major seasons encompassing dry and wet seasons. The dry season prevails from October through May. The wet season runs from June to September. Much of Ethiopia has a surprisingly temperate climate by African standards, because of its elevation.

Topography

Ethiopia has an elevated central plateau varying in height from 2,000 to 3,000 meters above sea level. In the north and centre of the country, there are some 25 mountains whose peaks reach over 4,000 meters.

The most famous Ethiopian river is the Blue Nile or Abbay, which flows a distance of 1,450 kilometres from its source to join the White Nile at Khartoum.

Religion

Major religions in the country are Christianity and Islam. But there are a number of traditional religions as well. One prominent feature of Ethiopia is religious tolerance that exists among different groups.

Language

Ethiopia is a multi-ethnic state with a great variety of languages spoken; out of which 83 have over 200 dialects. Amharic is the working language of the Federal Government. Oromiffa and Tigrigna are other major languages widely spoken in the country. English is a medium of instruction at junior and secondary schools, and higher educational institutions; and widely spoken particularly in business transactions.

Calendar

Ethiopia uses the Julian calendar which divides the year into 12 months of 30 days each. The remaining five or six days in a leap year constitute the short 13th month of “Pagume”. The calendar is seven years behind the Western or Gregorian Calendar, with the Ethiopian New Year falling in the month of September.

Working hours

Ethiopia is in the GMT+3 time zone. The government working hours are from 8:30 am to 12:30 am and 1:30 pm to 5:30 pm from Monday through Thursday. Working hours on Fridays are 8:30 am to 11:30 am and 1:30 pm to 5:30 pm.

Currency

The currency of Ethiopia is based on the decimal system. The units of currency are the Birr and cents. The Birr is divided into 100 cents.
II The Operating Environment

Ethiopian Investment Guide 2013

Political Environment

- Ethiopia is considered as one of the most stable countries in Africa;
- The Constitution of the country, adopted in 1995, provides for a multi-party political system;
- Elections for power are held by universal adult suffrage every five years;
- Power of government is assumed by the political party or a coalition of political parties that constitutes a majority in the House of the Peoples’ Representatives (HPR);
- Executive power is vested in the Prime Minister, elected from among the members of the HPR for a five-year term;
- The FDRE has a parliamentarian form of government with a bicameral parliament which comprises the House of the Peoples’ Representatives (HPR) and the House of the Federation (HoF). The House of the Peoples’ Representatives is the highest authority of the Federal Government;
- Crime is uncommon in the country and the level of security of person and property is high and;
- Among least developed countries, Ethiopia may well be the country with the lowest levels of corruption.

Economic Environment

Enormous efforts have been implemented in major key sectors to achieve Millennium Development Goals (MDGs). As the result, Ethiopian economy witnessed sustainable double digit broad based growth. In 2010/11, real GDP growth was 11.4 percent moderately higher than the year earlier.

Ethiopia’s economy is based on agriculture, which accounts, in 2010/11, for about 41.10 percent of the gross domestic product (GDP), 90 percent of foreign currency earnings, and 85% of employment. Generally, the overall economic growth of the country has been highly associated with the performance of the agriculture sector.

Coffee is critical to the Ethiopian economy. It earned US$ 841.8 million in exports in 2010/11. Other important export products (2010/11) include gold, oil seeds, chat, flowers, live animals, pulses, leather and leather products, meat and meat products, fruits and vegetables.

The industrial sector, which mainly comprises small and medium enterprises accounts for about 13 percent of GDP. Similarly, the service sector comprised of social services, trade, hotels and restaurants, finance, real estate, and transport and communication etc. accounts for about 46 percent of GDP.

Real GDP grew by an average of 10.4 percent in year 2010/11, which places Ethiopia among the top performing economies in Sub-Saharan Africa despite world economic melt down and global financial crisis. All sectors contributed to this relatively high economic growth. Accordingly, agriculture, industry and services grew by an annual average of 9, 15 and 12.5 percent, respectively during the indicated period. The absolute growth and contributions of the three sectors to the GDP in 2010/11 are shown below.

During, 2008/09, 2009/10 and 2010/11, the general annual inflation was 36.4, 2.8, and 18.1 percent respectively. It was predominantly due to the hike in price of food items.

At the end of 2010/11, the average marginal exchange rate in the inter-bank foreign exchange market was Birr 16.53 to US$ 1 as compared to Birr 13.68 to US$ 1 in 2009/10.

Figure II.1 : Absolute Growth and Sectorial Contribution (2010/11)

Source: NBE, Annual Report 2010/11
Trade and Investment

Trade

In order to enhance the export sector, the Government has established the Ethiopia Commodity Exchange (ECX). ECX is a marketplace where buyers and sellers come together to trade, assured of quality, delivery and payment. ECX assures all commodity market players the security they need in the market through providing a secure and reliable end-to-end system for handling, grading, and storing commodities, matching offers and bids for commodity transactions, and a risk-free payment and goods delivery system to settle transactions, while serving all fairly and efficiently.

During 2010/11, total export earnings amounted US$ 2.75 billion which is an increase of US$ 744 million (37.1 percent) compared to 2009/10. The increase in earnings over the period was due to both increase in value and volume of coffee, gold, live animals, leather and leather products, meat and meat products, chat, pulses and flower. The significant growth in total exports was driven by the rise in global commodity prices and expansion in volume of exports.

The coffee-dominated export sector of the country has exhibited high price variations from season to season. These variations are a combined effect of the factors affecting domestic supply and the periodic trends of the global coffee demand and supply situations. Also, the variation can be seen between different varieties and grades of coffee. Some varieties like the Yeirgachefe and Sidama command considerable premium in the international market. Export receipts were US$ 841.8 million in 2010/11.

Figure II.2: Value of major export items in 2010/11 (million USD)

Export earnings from gold, the second largest export commodity went up from US$ 281.4 million in 2009/10 to US$ 461.7 million in 2010/11 due to the increase in volume of export and the international market gold price.

In 2010/11, the receipts from the export oil seeds, chat, and flower were US$ 326.6 million, US$ 238.3 million and US$ 175.3 million respectively.

Earnings from live animals’ exports rose to US$ 147.9 million in 2010/11 from US$ 90.7 million in 2009/10 due to higher exports to the Middle East. There was also an increase in earnings from the export of pulses, which reached US$ 137.9 million in 2010/11 due to better international prices. Similarly, the receipt obtained from the export of leather and leather products, meat and meat products and fruits and vegetables were US$ 103.8 million, US$ 63.3 million and US$ 31.5 million in 2010/11 respectively. The value of major exports in 2010/11 is shown in the following figure.

Foreign Direct Investment

It is an undeniable fact that Ethiopia has made considerable progress in economic and social development since 1992 as a result of the implementation of favourable policies and strategies that are instrumental in improving the national economy. The Rural Development Policy and Strategy, the Industrial Development Strategy, and other sectoral policies and strategies have initiated a new push towards creating frameworks conducive to economic and social development.

The Rural Development Policy and Strategy, which is under implementation in the country, underlines that agriculture-centered development will bring about fast economic growth, enable its people become beneficiary of economic growth, and lay solid foundation for industrial development.

The Industrial Development Strategy focuses on export manufacturing with priority given to textile and garments, leather and leather products, agro-processing, and small and micro-enterprises.

The Government of Ethiopia in recognition of the role of the private sector in the economy has revised over four times the Investment Code over the last twenty one years (1992-2013) to make it more transparent, attractive and competitive. Major positive changes regarding foreign investments have been introduced through Investment Proclamation No.769/2012.

As a result of the implementation of the above mentioned policies and strategies, agricultural and industrial production, investment and export trade are growing steadily from year to year both in terms of variety and volume. Export earnings from gold (64.1 percent), fruits and vegetables (0.1 percent), live animals (63.0 percent), chat (13.7 percent), pulses (6.0 percent), coffee (59.3 percent), flower (3.0 percent), meat (86.2 percent), oil seeds (4.9 percent), leather and leather products (84.1 percent) and other (94.7 percent) have been increased in 2010/11. The World Bank has also witnessed the double-digit economic growth registered in the last several years. This achievement is the highest among the non-oil producing economies of Africa.

Due to the investment-friendly environment brought created in the country, the inflow of foreign direct investment (FDI) has been increasing over the last twenty one years. Accordingly, out of the total investment projects licensed between 1992-2012, FDI’s share is about 15.80 percent. However, the overall trend of investment in 2012 both the total number of projects and capital invested have shown slight increase.

Ethiopia remains an untapped and unexploited market for investors. China, India, Sudan, Germany, Italy, Turkey, Saudi Arabia, Yemen, the United Kingdom, Israel, Canada and the United States are the major sources of FDI.

The Ethiopian government has formulated the five year Growth and Transformation Plan (GTP) to carry forward the important strategic directions in maintaining a fast growing economy in all sectors. Accordingly, Ethiopia’s economy is projected to grow at an average growth rate of 11.2 percent.

Figure II.3: FDI Projects Approved in Ethiopia between 1992-2012

Source: Ethiopian Investment Agency
Ethiopia has enormous potential for hydropower and geothermal energy generation. Several studies have so far been carried out to identify Ethiopia’s energy potential and to develop short, medium and long-term investment plans for the power sector.

The country’s hydropower potential is estimated at 45,000 MW and the potential for generating electricity from geothermal is about 5,000 MW. The country is also endowed with enormous potentials of other renewable energy sources like solar and wind, particularly in rural areas. Despite such huge resources, the country has so far managed to utilize merely 2,000 MW of its power generating potential and only about 33 percent of the population has access to electricity. Since the formulation of the last comprehensive power system expansion master plan, the fundamental and unprecedented structural change that have taken place in the economy are now finding their driving force in the power sector.

Currently, Ethiopia has around 2,000 MW of installed power generating capacity, out of which 1,980 MW (99%) is generated from hydropower plants. The remaining 12 MW (0.6%) and 8 MW (0.4%) comes from thermal and geothermal sources respectively. According to the five year Growth and Transformation Plan (GTP), the country's installed electricity generating capacity is expected to reach 10,000 MW by the end of 2014/15 from the current level of 2000 MW. In the same year, the electricity coverage of the country will be 75 percent.

Water supply

Ethiopia has huge run-off and ground water potential. However, it utilizes a small portion of these resources. Access to safe potable water in urban areas was 92.5 percent in 2010/11. Access to safe potable water in rural areas was about 71.3 percent in the same year. The overall national average of access to potable water supply was 73.3 percent.

A huge project deemed to satisfy safe water demand in the towns and rural areas was launched by the country's first five year development plan. Accordingly, the national access to potable water supply is expected to be 98.5 percent by the end of 2014/15.

Road transport

Road plays a vital role in transporting people and goods in Ethiopia. Cognizant of its cardinal role, the Government has identified the road sector as top priority for public investment and remarkable progress has been made in the expansion of the road network in the country.

Addis Ababa, the capital city, is an important regional and international transport hub. The road network radiates from Addis Ababa to regions linking it with important cities, towns, and other economically active centres of the country. International highways also link Addis Ababa and other cities and towns with neighbouring countries such as Kenya, Djibouti, Eritrea, Somalia and the Sudan.

In 2010/11, the total road network, excluding community roads, had reached 53,143 km, out of which 42.2 percent are Federal roads and the remaining 57.8 percent are rural roads with annual growth rate of 10.7 percent.

Based on the classification of the road network, about 22,431km are in the Federal network, asphalt road constituted 37 percent and gravel road 63 percent.

In line with the five year Growth and Transformation Plan (GTP), the Government has targeted to increase the total road network to 64,500 km in 2014/15.

Railway transport

The rapid and sustainable economic growth in the country requires construction of a national railway network. Therefore, the Ethiopian Government has formulated a strategic plan to construct a total of 2,395 km of national railway network. One of the rail corridors, creating a crucial trade route, is to neighboring Red Seaport of Djibouti and, the old railway that connects Addis Ababa, the capital, to such port is now being replaced by an electrified railway, a project expected to boost Ethiopia’s import-export trade.
Air Transport

Air transport is an important part of Ethiopia’s transport network. Ethiopian Airlines, Africa’s World Class Airline, which has gained a very good reputation internationally in its 68 years of active services, provides both domestic and international air transport services. It has an outstanding safety records and is one of the few profitable African airlines.

Ethiopian, a star alliance member, services include both passenger and cargo transport in its international flights and domestic routes. It also provides training and maintenance services to more than a dozen other African and Middle Eastern airlines. Domestic flight services are provided through 17 destinations across the country.

Ethiopian links the country with over 63 destinations worldwide including Brussels, Frankfurt, London, Paris, Rome, Stockholm, Washington DC, Bahrain, Bangkok, Beijing, Beirut, Dubai, Guangzhou, Hong Kong, Jeddah, Kuwait, Mumbai, Delhi, Riyadh, Sana’a, Tel Aviv, Johannesburg, Nairobi, Lagos, Lusaka, Accra, Dakar and many more big cities in Africa. It is also expanding its international services.

Regarding Ethiopian cargo services, it operates over 40 cargo destinations spread across Africa, Europe, Asia and the Middle East via its hub - Addis Ababa, and another cargo hub at Liege.

In addition to Ethiopian, other airlines have flight schedules from and to Addis Ababa and these include such airlines as Emirates, KLM, Lufthansa, Varig, Kenya Airways, and others.

The passenger terminal at Bole International Airport in Addis Ababa has new and modern facilities providing efficient services to passengers. Ultra-modern cargo terminal catering to fresh products and a maintenance hangar have also become operational since 2006. This new and modern terminal has the capacity to handle 350,000 tons of cargo per annum. Anticipating the future growth of perishable cargo, Ethiopian has proactively launched an expansion project to construct a new perishable cargo terminal that will be operational within the foreseeable future.

The Ethiopian Government has taken the policy initiative for the development of the aviation sector in the country. The most significant initiative undertaken by the government is the opening up of air cargo service to foreign investors without any capacity limit and allowing Ethiopian nationals to provide chartered services using aircraft with a seating capacity of up to 50 passengers.

Seaport

In order to ensure efficient, cost effective and reliable import and export movement of cargo to and from the sea ports of neighbouring countries, the government has established the Ethiopian Shipping and Logistics Services Enterprise. The Enterprise is currently operating two dry ports which are located at Modjo and Semera, 73 km and 588 km, from the capital respectively.

Addis Ababa, the capital city, is linked by road to the port of Djibouti, 910 km at the Gulf of Aden. The port of Baraka, 964 km in Somaliiland and Port Sudan, 1881 km, in Sudan are other external trade routes that provide services for export-import trades of the country. Another potential port accessible to Ethiopia is Mombassa, 2677 km in Kenya.

Financial Services

The National Bank of Ethiopia (NBE) is the central bank of the country. Commercial banking functions are performed by the state-owned Commercial Bank of Ethiopia (CBE) and a number of private banks. The CBE and private commercial banks offer savings and checking accounts, short-term loans, foreign-exchange transactions and mail and cable money transfer services. They also participate in equity investments, provide guarantees and perform other commercial banking activities.

The number of banks operating in the country reached nineteen (three of them government-owned and the rest private) in 2010/11. These include the two specialized state-owned banks, i.e. the Development Bank of Ethiopia (DBE) and the Construction and Business Bank (CBB).

The DBIE, with its 32 branches, extends short-, medium- and long-term loans to viable development projects including industrial and agricultural projects.

The CBB, with its 34 branches, provides long-term loans for the construction of plants producing housing construction materials and the construction of private schools, clinics, hospitals, and real estate development. Private Banks operating in the capital and other major cities are: Awash, Dashen, Abyssinaya, Wegagen, United, Nib, Cooperative Bank of Oromiya, Lion, Oromiya International, Buna, Zemen, Birhan, Abay, Addis, Dehgb Global and Enat.

The number of insurance companies is fourteen (one is government-owned and the rest private). Private insurance companies existing in the country are: Africa, Awash, Nice, United, Global, Nile, Nyala, Nib, Lion, National, Ethio-Life, Oromiya and Abay.

In addition to banks and insurance companies, micro-finance institutions play an important role in providing credit and saving facilities for micro-enterprises.
Taxation

The Ethiopian tax law outlines regulations for the imposition of direct and indirect taxes. The direct taxes are divided into five categories: personal income tax, rental tax, business tax, profit tax and others. The main types of indirect taxes applicable are VAT, custom duty, excise and turn over taxes.

Direct Taxes

Incomes taxable under Income Tax Proclamation No. 286/2002 (Article 6) include: incomes from employment, business activities, personal activities, entrepreneurial activities by non-residents, movable property, immovable property, Alienation property, dividends distributed by resident company, profit shares paid by registered partnerships, interest paid by the national, regional or local governments, and license fees. Personal income tax rates applicable at present are given in Box II.1.

Box II.1. Personal Income Tax Rates

<table>
<thead>
<tr>
<th>No.</th>
<th>Employment Income per Month</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Over Birr</td>
<td>To Birr</td>
</tr>
<tr>
<td>1</td>
<td>0</td>
<td>150</td>
</tr>
<tr>
<td>2</td>
<td>151</td>
<td>650</td>
</tr>
<tr>
<td>3</td>
<td>651</td>
<td>1400</td>
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<td>4</td>
<td>1401</td>
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<tr>
<td>5</td>
<td>2351</td>
<td>3550</td>
</tr>
<tr>
<td>6</td>
<td>3551</td>
<td>5000</td>
</tr>
<tr>
<td>7</td>
<td>Over 5000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Income Tax Proclamation No. 286/2002

Taxable business income of companies is taxed at the rate of 30%. Other business taxpayers with business income ranging from ETB 1,801 to ETB 60,000 pay between 10 and 30%. Capital gains tax under Income Tax Proclamation No. 286/2002 (Article 37) is payable on gains obtained from the transfer of buildings used for business, factory, or office purposes at 15 percent and shares of companies at 30 percent.

An individual foreigner, who lives in Ethiopia for more than 183 days in a period of twelve calendar months, whether continuously or intermittently, is regarded as being resident for the entire tax period and is taxed in accordance with the provisions of Income Tax Proclamation No. 286/2002 (Article 5.2).

However, the following are excluded from the computation of taxable income in accordance with Article 13 of the Income Tax Proclamation No. 286/2002 and Article 13 of the Regulations No. 78/2002:

- medical treatment;
- transportation allowance;
- hardship allowance;
- reimbursement of travelling expenses incurring on duty;
- per diem and travelling expenses on joining and completion of employment, provided that such payments are made pursuant to specific provisions of the contract;
- board members' and board secretaries' allowances, the income of persons employed for domestic duties;
- the contribution of the employer and the employee to the retirement or provident fund and all forms of benefits contributed by employers that do not exceed 15% of monthly salary; and
- payments made to a person as compensation in relation to injuries suffered by that person or the death of another person.

Other direct taxes applicable are royalties (5%), income paid for services rendered outside of Ethiopia (10%), income from games of chance (15%), dividends (10%), income from rental of property (15%), and interest income (5%) and are payable at flat rates in accordance with Article 31-3 of the Income Tax Proclamation.

Indirect Taxes

The value added tax (VAT) system, which came into effect on 4th July 2002, largely replaced the old business tax system of commodity and service taxes including the sales tax and the withholding tax. The VAT rate is 15% of the value of every taxable transaction by a registered person and all imports of goods and services other than those exempted.

Taxable transactions which shall be charged with zero percent are export of goods or services to the extent provided in the regulations. The rendering of transportation or other services directly connected with international transport of goods or passengers as well as the supply of lubricants and other consumable technical supplies taken on board for consumption during international flights. Excise tax is payable on a range of consumer goods, whether locally produced or imported, e.g., alcohol, tobacco, salt, fuel, television sets, cars, carpets and toys. Its rates vary from 10% on receivers, garments and textiles of any type and fabrics to 100% on perfumes, vehicles above 1,800 cc and alcoholic drinks. It is payable in addition to VAT.

Turn over tax, under the total value of 500,000 Birr, is applicable to pay 2 or 10 percent from annual taxable transactions on goods sold or service rendered locally.

All income from domestic or foreign sources is taxed whether it is obtained as remuneration, profit or gains, from employment, business activities or any activity which brings income to the beneficiary.

For depreciation allowance, assets are categorized into different classes. The categories and rates of depreciation are:

1. Buildings and structures 5%;
2. Intangible assets 10%;
3. Computers, information systems, soft ware products and data storage equipment 25%; and
4. All other business assets including automobiles, bases and minibuses 20%.

Every investor has a tax obligation and is required to obtain a tax payer identification number ("TIN"). An investor that will involve in taxable activity has also an obligation to register for VAT.
**Human Resource**

In conformity with the international conventions and other legal commitments, Ethiopia has issued its labour law to ensure the worker-employer relations be governed by the basic principles of rights and obligations with a view to enabling workers and employers maintain industrial peace and work in spirit of harmony and cooperation.

The labor law is believed to be consistent with the investment policy of the country. Foreign investors obtain work permits for their expatriate employees directly from the Ethiopian Investment Agency (EIA). The EIA processes applications of work permits in two hours. (Appendix 7)

The labor law has fixed nominal hours of work as eight hours a day and thirty-nine hours a week. Work done in excess of these hours is deemed to be overtime. The maximum number of office closure days in a year is 12. (Appendix 6)

The government has strategic intervention to ensure linkage between economic growth and employment. Accordingly, most of the urban dwellers benefited from the economic growth achieved in the past years.

Ethiopia has abundant supply of skilled workers in various fields at internationally competitive rates. Wages and salaries vary depending on the size of enterprise, type of profession and level of skill required. They are determined by agreement between the employer and the employee. Generally, the cost of labor in Ethiopia is low by African standard.

Labor disputes in Ethiopia are resolved through the application of the law, collective agreements, work rules, and employment contracts.

**Market**

Ethiopia has a large population and thus potentially one of the largest domestic markets in Africa. Beyond the domestic market, by virtue of its membership of the Common Market for Eastern and Southern Africa (COMESA) embracing 19 countries with a population of 400 million, Ethiopia enjoys preferential market access to these countries. Ethiopia's proximity to the Middle East also offers potential market opportunities.

The country also qualifies for preferential access to European Union market under the EU's Everything-But-Arms (EBA) initiative and to USA markets under the African Growth and Opportunities Act (AGOA) and the Generalized System of Preference (GSP). Thus, most Ethiopian products can enter into these markets quota and duty free. Furthermore, a broad range of manufactured goods from Ethiopia are entitled to preferential access under the Generalized System of Preference (GSP) in USA, most countries of the EU and other developed countries. No quota restrictions are placed on Ethiopian exports falling under the 4800 products currently eligible for GSP treatment.
III Areas of Opportunity
Ethiopia’s economy is still young with a vast untapped resources and a range of investment opportunities. The country has comparative advantages in agriculture, agro-processing, leather and other products and textiles and garments. The Council of Ministers Regulations No.270/2012 specifies the areas of investment open for foreign investors. (Appendix 2)

The areas, with most promising potential for investment in the country today are agriculture, agro-processing, textile and garment, leather and leather products, sugar, cement, chemical and pharmaceutical industry, tourism, mining and hydropower. The ongoing privatization program also presents enormous investment opportunities to private investors particularly in the agricultural, manufacturing, hotel and tourism sectors.

Thus, this chapter briefly describes the main areas of investment opportunities in the country.

Agriculture

Ethiopia is endowed with abundant agricul- tural resources. With altitudes ranging from 148 meters below sea level to 4,620 meters above it, the country has 18 major and 49 sub agro-ecological zones, each with its own agricultural and biological potential. Thus the country possesses one of the largest and most diverse genetic resources in the world.

Ethiopia has the soils and climate required for the production of a variety of food crops. The major food crops grown are cereals, pulses and oil seeds. A broad range of fruits and vegetables and cut flowers are fast-growing exports. Coffee, cotton, tobacco, sugar cane, tea and spices are the main commercial cash crops grown in Ethiopia.

Coffee Farming

Ethiopia is one of Africa’s leading producers of Coffee Arabica. The word “coffee” is said to come from Kaffa, a region where coffee has long been a wild crop. The country produces some of the best Arabica coffee in the world.

Coffee remains the most important export crop, utilizing over 608,000 hectares under cultivation. In 2010, the country could produce 341,000 tons of coffee which was 81.3 percent of the target. The largest of these areas lie in south and western highlands of the country. Ethiopia has more genetic diversity among its coffee varieties than any other country.

In Ethiopia, coffee grows in almost all regional states. The suitable climatic condition varies from the semi-savanna climate of the Gambela plain (500 m.a.s.l) to the continuously wet highland forest zone of the south west (2200 m.a.s.l). Coffee grows in the Ethiopian highlands ranging from 1500 to 2100 meters above sea level. The ideal soil for the crop is slightly acidic with a PH of 4.5-6.5. It requires annual rainfall ranging from 1500-2500mm with balanced distribution.

Tea Farming

Ethiopian tea is some of the best quality tea in the world. In fact, tea from Ethiopia has won acclaim for its taste and aroma. The total area covered by tea plantation in Ethiopia is 2700 ha. Ethiopia produces only black tea type. But it has a potential to grow for all types of tea. Currently, it has a capacity to produce 7000 tons of black tea per annum. The annual tea consumption of the country is about 5000 tons.

The quality of tea mainly depends on climatic conditions, the type of soil upon which the plant grows and the method of processing. In Ethiopia, tea is mostly grown in the highland dense forest regions.

Maize Farming

Maize is an important crop in Ethiopia. It is grown in the mid highland areas of the country. There are huge tracts of land in all regions suitable for maize farming. Maize is mainly produced in SNNPR and Oromia regions where there are about 1.77 million hectares under cultivation.

Wheat and Barley Farming

Wheat and barley are mostly grown in the highlands and mid highland areas of the country mainly in Oromia (Bale and Arsi Zones) and some parts of Amhara (North Gondar and North Shewa) Regions.

Wheat and barley are the main cereal crops in the country with about 1,095,436 and 1,398,215 hectares under cultivation, respectively. This land is owned by small holder farmers. The potential for the private sector in agro-processing and out growers’ scheme of development is significant. It offers excellent opportunities for production of wheat under irrigation in the Afar, Gembella, SNNPR and Somali Regions.

Rice Farming

Rice could suitably grow in many parts of the country. The predominant potential areas are:-

• West central highlands of Amhara Region (Fogera, Gonder Zuria,Domba, Takusa and Achefer);
• North West lowland areas of Amhara and Bemhanguel Regions (Jawi, Pawi, Metema and Dangar);
• Gembella regional state (Abobo and Etang Woredas);
• South and South West Lowlands of SNNPR (Beralee, Weyito, Omorete, Gua Ferda and Menelit);
• Somali Region (Gode); and
• South Western Highlands of Oromia Region (Bibaabahora, East and West Wellega and Jimma Zones).

Oil Seeds Farming

A variety of oil seeds are grown in Ethiopia. The oil seeds produced are supplied both for the local and international markets. Rapeseed, linseed, groundnut, sunflower, Niger seed and cotton seed serve as raw materials for the domestic edible oil industry. Some oil seeds, including peanuts and sesame, are important export crops. Favourable agro-ecological
conditions exist for the production and processing of oil seeds in Humera, Metema, Jawi, Chequa and Mankuru.

**Horticulture Farming**

With diverse agro-climatic zones, the long growing season and the availability of water for irrigation, most fruits and vegetables can grow well in Ethiopia. The Ethiopian Government encourages companies with experience in agro-processing to invest in this sector.

Currently, fruits and vegetables cultivation is carried on about 152,600 hectares. The country could only produce 12.8 million quintals. Among the major fruits mango, banana, papaya, avocado, citrus, grape, and pineapple are the most common tropical and sub-tropical types cultivated. While pear and plum are emerging temperate fruits in the country.

Commercial floriculture is still a relatively new industry in Ethiopia but it has emerged as a major non-traditional export sector. The rose industry has undergone successful development over the period 1998–2009.

Ethiopia is now the second largest flower exporting country in Africa. It is also an ideal location for highland and low land world class flowers. The flower industry is one of the fastest growing sub sectors in the country.

Currently, a total of about 1,280 hectares of land in Ethiopia is covered by more than 80 flower growers who came from Netherlands, India and Israel including local investors. Ethiopia exports its cut flower to New Zealand, France, Germany, Italy, Canada, Norway, Sweden, UK, Middle East, and other EU countries.

**Spices Farming**

The major spices cultivated in Ethiopia are ginger, hot pepper, fenugreek, turmeric, coriander, cummings, cardamoms, coriander and black pepper. Currently, there are nearly 122,700 ha under spice farming. Spice production reached 244,000 tonnes per year. The potential areas for the cultivation of spice are Amhara, Oromiya, SNNP and Gambella regions. The total potential for low land spice farming is estimated to be 200,000 ha.

**Cotton Farming**

Cotton is an important crop in Ethiopia. There is a huge potential for cotton cultivation in the country especially in Awash valley where large-scale cultivation under irrigation is found. Other potential areas for cotton cultivation are found in South Omo (Omorate), north western part of the country (Humera, Metema, Quara, Belles Valley), Gambella, Tikeze valley, Dabus Valley and Wabeshelle watershed area. Cotton production is well integrated into the rest of the economy with a large number of textile and garment factories relying on domestically produced cotton. Opportunities for the production and processing of cotton in Ethiopia are thus significant.

Ethiopia has the potential for the production of rubber and palm oil.

Rubber is grown under large scale commercial production in hot tropical and sub tropical humid climatic zones. Moderate acidic or acidic soil is suitable to grow rubber. Therefore, these agro-climatic conditions exist for the production of rubber at commercial scale in south-western part of Ethiopia.

Palm tree is a perennial tree. It gives a higher yield of oil per unit area than any other oil seed crops. The plant can be grown in tropical and sub-tropical hot and humid climatic conditions. It can also grow in a wide range of tropical soils. But many of the soils used for the crop should have a pH of 4-6.

Cultivation of palm tree can either be carried out under irrigation or using natural rainfall. Many areas in the south-western part of Ethiopia have both the required soil and climatic conditions to grow palm oil in large scale.

The estimated potential areas for the cultivation of the above mentioned agricultural products in all regional states of the country are presented in the following table.

<table>
<thead>
<tr>
<th>Box III.1. Potential Areas for Farming</th>
<th>No.</th>
<th>Type of Farming</th>
<th>Area (ha)</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rice</td>
<td>280,000</td>
<td>SNNP, Oromiya, Amhara, Benshangul Gumuz, and Somali</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Maize</td>
<td>1,400,000</td>
<td>SNNP, Oromiya, Amhara, Benshangul Gumuz, Gambella and Somali</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Horticulture</td>
<td>763,000</td>
<td>SNNP, Oromiya, Amhara and Dire Dawa</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Coffee</td>
<td>426,000</td>
<td>SNNP, Oromiya, Amhara and Gambella</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Tea</td>
<td>150,000</td>
<td>SNNP, Oromiya, Amhara and Gambella</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Cotton</td>
<td>3,000,810</td>
<td>Tigray, SNNP, Oromiya, Amhara, Benshangul Gumuz, Gambella, Afar and Somali</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Oil crops</td>
<td>1,601,323</td>
<td>Tigray, SNNP, Oromiya, Amhara, Benshangul Gumuz, Gambella, Afar and Somali</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Pulse</td>
<td>3,274,469</td>
<td>Tigray, SNNP, Oromiya, Amhara, and Benshangul Gumuz</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Rubber</td>
<td>200,000</td>
<td>SNNP and Gambella</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Palm oil</td>
<td>450,000</td>
<td>SNNP, Oromiya and Gambella</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>11,545,902</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Agriculture

**Livestock Farming, Fishery and Apiculture**

Considerable opportunities exist for investments in rearing, breeding and fattening of livestock as well as in fresh water fishery development and the production of honey and beewax.

The livestock population of Ethiopia is first in Africa and tenth in the world. The sub-sector has large resources, which include 50.88 million cattle, 25.98 million sheep, 21.80 million goats and 42.05 million poultry. Opportunities are also available in ostrich, civet cat and crocodile farming.

Ethiopia’s potential for fishery development is limited to its freshwaters of most of the lakes that are located close to urban areas. Total fish catch potential from these waters is estimated at 40,000 tonnes per year. However, there is also an opportunity for investment in the construction of aquaculture to produce fresh water fish for local and international markets.

The current annual production of honey and beewax of the country is estimated at 43.7 thousand tonnes and 3,600 tonnes, respectively. This provides a high investment opportunity in all aspects of the development of this untapped sub-sector in the production, collection, processing and marketing of honey and beeswax. In relation to this, the demand for the bee queen is growing rapidly providing an additional opportunity for investment.

**Forestry and Related Activities**

Potential activities for private investors in commercial forestry include the production and marketing of gum and incense, large-scale plantations for timber, the establishment of integrated forest-based industries such as pulp, and paper and chipboard.
Manufacturing

The manufacturing sector contributed about 13.4 percent to GDP growth in 2010/11. The major manufacturing activities are in the production of food, beverages, tobacco, textiles and garments, leather goods, paper, metallic and non-metallic mineral products, cement and chemicals. Under Growth and Transformation Plan (2010/11-2014/15) of the country, production of textile and garments, leather products, cement industry, metal and engineering, chemical, pharmaceuticals and agro-processing are priority areas for investment. Thus, there are ample manufacturing opportunities for prospective investors in the following areas:

Textiles and clothing:
Spinning, weaving and finishing of textile fabrics from the beginning and the production of garments;

Food and beverage products:
Processing and preserving of meat products, fish and fish products, and fruits and vegetables; integrated production and processing of dairy products; manufacture of starch and starch products; processing of animal feed and processing and bottling of mineral water; sugar production; brewing and wine-making, etc.;

Tannery and leather goods:
Tanning of hides and skins up to finished level; manufacture of luggage items, handbags, saddle and harness items, footwear and garments, and integrated tanning and manufacturing;

Glass and ceramic:
Tableware and sanitary ware, sheet glass and containers;

Chemicals and chemical products:
Manufacture of basic chemicals based on local raw materials, including fertilizer, soda ash, rubber, PVC granules from ethyl alcohol; manufacture of caustic soda and chlorine-based chemicals; carbon and activated carbon; precipitated calcium carbonate; ballpoint ink; and tallow for soap;

Drugs and pharmaceuticals:
Manufacture of pharmaceutical, medicinal, chemical and botanical products in the form of tablets, capsules, syrups and injectable;

Paper and paper products:
Pulp from indigenous raw materials, paper and paper products;

Plastic products:
High-pressure pipes, pipe fittings, shower hoods, wash basins, insulating fittings, light fittings, office and school supplies, and fittings for furniture;

Building materials:
Manufacture of lime, gypsum, marble, granite, limestone, ceramics, roofing tiles (not from cement), corrugated sheets, tubes, pipes and fittings.

Tourism

Ethiopia has much to offer to international tourists. It has a unique historical and cultural heritage, magnificent scenery, a surprisingly cool climate, rich flora and fauna, important archaeological sites and hospitable people. The northern tourist circuit known as the “Historic Route” comprises the most important tourist sites in country.

Ethiopia’s wealth of tourism attractions gives it great potential for cultural and educational tourism, photo safaris, hunting safaris, bird watching, water sports including river rafting, desert trekking, mountain climbing and ecotourism. Health tourism, on the account of the cool climate and numerous hot springs, is an additional type of tourism with great potential. Tour operators have shown considerable growth in recent years.

Conference tourism is long aided by the presence of a number of international organizations in Addis Ababa including the African Union(AU) and the Economic Commission for Africa(ECA).

The stock of hotel rooms in the country has increased sharply over the last few years. While some tourist accommodation is already available at all the major attractions, improvement as well as new construction is taking place.

Conference tourism is long aided by the presence of a number of international organizations in Addis Ababa including the African Union(AU) and the Economic Commission for Africa(ECA).

The tourism industry is growing as a result of Government commitment to provide an enabling environment. Enormous opportunities exist for tourism investment in star-designated eco-tourism, specialized international restaurants and tour operation grade one.

Potential foreign investors can take full advantage of these opportunities through direct investments or joint-ventures with Ethiopians. Opportunities also exist in this sector in the construction of star-designated hotels and resort hotels all over the country.

Ethiopia is truly a land of contrasts and extremes; a land of remote and wild places with a wide range of potential tourist attractions, which have not yet been fully exploited.
**Mining**

Ethiopia offers excellent opportunities for mineral prospecting and development. Geological studies have identified a favourable geological environment hosting a wide variety of mineral resources.

According to the Ministry of Mines, Ethiopia has a substantial deposit of gold, tantalum, platinum, nickel, potash and soda ash. Among construction and industrial minerals are marble, granite, limestone, clay, gypsum, gemstone, iron ore, coal, copper, silica, diatomite, etc. Geothermal energy resource also exists in good quantity. With regard to fossil energy resources, there are significant opportunities for oil and natural gas exploration and development in the major sedimentary basins, namely the Ogden, the Gambella, the Blue Nile and the Southern Rift Valley.

Steps are being taken to improve the situation, including the creation of an environment conducive to private, local and foreign investment. While there is no restriction on private investors in developing any type of mineral resource, the greatest potential is in gold and rare metals, petroleum, precious and base metals, industrial minerals and dimension stones (marble and granite). Prospecting, exploration and mining licenses have been issued to foreign mining companies with an aggregate capital of ETB 11.7 billion in 2008/09. Of the total capital, Birr 5.09 billion was injected into the petroleum project alone. Regarding percentage share of exported minerals by type, tantalite concentrate accounts (98%), followed by gold (1.7%) and rough gemstones (0.3%) in 2008/09. The Ministry of Mines is responsible for the processing of license application, regulation of the mineral operations and the promotion of investment opportunities in the mining sector. The Mineral Operations Department is the focal point in the Ministry for the receipt of mining license application of a foreign investor. The regional governments are authorized to issue mining license for local investors.

**Hydropower**

The potential of Ethiopia’s renewable and non-renewable energy resources is large, with the economically feasible hydropower potential estimated at 45,000 MW. It has large potential for geothermal energy generation. Nine of its major rivers are suitable for hydroelectric power generation.

The private sector can participate in electricity generation from any source and without any capacity limit. Transmission and supply of electrical energy through the Integrated National Grid System is, however, exclusively reserved for the Government. But, private investors, both foreign and domestic, are allowed to operate an off-grid transmission and distribution of electricity.

Moreover, private investors are highly encouraged to engage in generating electricity in bulk and reach an agreement of power purchase with the Ethiopian Electric Power Corporation (EEPCO), a public enterprise, for transmission and supply of electricity through the grid system.

**Social Services**

Social services are other potential areas for FDI in Ethiopia. Potential foreign or local investors can take full advantage of these opportunities through direct investments or joint-ventures with Ethiopians.

**Health Services**

Health services are areas where investment opportunities exist for foreign investors. Accordingly, opportunities for investment are in the following areas by constructing own building:
- General hospitals and
- Specialized hospitals.

Health services coverage, which is an indicator of access of the population to health facilities, has increased. However, health service facilities in the country, in general, are not yet adequate as compared to an international standard.

**Educational Services**

Ethiopia aspires to attract internationally reputable educational institutions, universities and training centres. The following areas are some of the opportunities for foreign investors by constructing own building (except vocational and training centers):
IV The Legal Framework

Legal and Juridical System

The constitution is the supreme law, overriding all other legislation in the country. The legal system depends on codified laws, including civil, penal, civil procedure, penal procedure, commercial and maritime codes.

All proclaimed laws are published in official gazettes (Negarit Gazeta). In administering justice, courts are directed by internationally accepted principles of justice as well as by the laws of the FDRE. The practice of law is reserved for Ethiopians. However, foreign nationals have the right to appear in courts as witnesses. In such cases, the foreigner is allowed to communicate through a court-appointed translator.

The Commercial Code of 1960 provides the legal framework for undertaking business activities in Ethiopia. The constitution, in accordance with Article 40, ensures the right of every citizen to the ownership of private property, including the right to acquire, use and dispose of such property. The Investment Proclamation (769/2012) gives also a foreign investor the right to own a dwelling house and other immovable property necessary for his investment.

The government may expropriate property for public interest, strictly according to the law and only after making adequate compensation. The Investment Proclamation (769/2012) guarantees investors against measures of expropriation or nationalization, and specifies advance payment of compensation “corresponding to the prevailing market value” of a private property earmarked for expropriation or nationalization for public interest.

Ethiopia is a member of the World Intellectual Property Organization (WIPO) and the Multilateral Investment Guarantee Agency (MIGA). Furthermore, Ethiopia has concluded bilateral investment treaties (BITs) and double taxation treaties (DTTs) with a number of countries. (Appendix 5)

Institutional Framework

The Investment Proclamation of 2012 and the Regulations on Investment Incentives and Investment Areas Reserved for Domestic Investors of 2012 are the main legal framework for both foreign and domestic investment in Ethiopia.

The Ethiopian Investment Agency (EIA) is an autonomous government institution accountable to the Investment Board. The Board is chaired by the Minister of Industry. The EIA is headed by a director general who is also member of the Board.

The EIA has restructured itself recently with a view to promoting more FDI and improving the services it renders to investors.

The major activities of the EIA and the one-stop shop services it renders to foreign investors are the following:

- promoting the country’s investment opportunities and conditions to foreign and domestic investors;
- issuing tax identification number (TIN), investment permits, business licenses and construction permits;
- notarizing memorandum and articles of association and amendment;
- issuing commercial registration certificates and effecting renewal, amendment, replacement or cancellation;
- effecting registration of trade or firm name and amendment, replacement or cancellation;
- grading construction contractors;
- registering technology transfer agreements and export-oriented non-equity-based foreign enterprise collaborations with domestic investors;
- negotiating and, upon government approval, signing bilateral investment promotion and protection treaties with other countries; and
- advising the Government on policy measures needed to create an attractive investment climate for investors.

The EIA also provides additional services on behalf of investors’ request to process acquisition of land and utilities (water, electrical power and Telecom services), loan, residence permit, approval of Environmental Impact Assessment (EIA) studies for their investment projects.

Registration

The minimum capital required of a foreign investor is US$ 200 thousand per project. However, if a foreign investor invests in partnership with domestic investor(s), the minimum capital required of him is US$ 150 thousand per project.
The minimum entry capital required of a foreign investor investing in areas of architectural, engineering works or related technical consultancy services, technical testing and analysis and publishing work is US$ 100 thousand where the ownership fully foreign owned, and US$ 50 thousand where the investment is made jointly with domestic partner(s). A foreign investor reinvesting his profits or dividends generated from existing enterprise is not required to allocate a minimum capital.

An individual investor may also invest as a sole proprietor, with full equity ownership. Areas open for joint-venture investment with the Government are the manufacture of weapons and ammunition and telecommunication services. Otherwise, the law encourages joint ventures with Ethiopian individuals and companies. Investment can also be effected through business organization incorporated in Ethiopia or locally registered branch companies, public enterprises and cooperatives established in accordance with the relevant laws. (Investment areas reserved for the government and Ethiopian investors are listed in Appendix 1.)

As the requirement, a foreign investor should obtain investment permit first by submitting a properly filled application form with the required documents. (All services of EIA, delivery time and required fee for each service are listed in Appendix 7)

An investment is to be made by an individual person

- An application form signed by an agent;
- A photocopy of agent's power of attorney;
- A photocopy of relevant pages of a valid passport showing his/her identity or a certificate evidencing a domestic investor status;
- Two recent passport size photographs of general manager.

Commercial registration of company

Where the application is to be made as a branch company in Ethiopia, the application is to be submitted in the following documents.

- An application form signed by agent of the company;
- A photocopy of agent’s power of attorney;
- A draft memorandum and articles of association;
- Copy of each share holders valid passport or identity card or photocopy of a certificate evidencing a domestic investor status and two recent passport size photographs of general manager;
- A document evidencing the financial position or identity or profile of investor as required by Ethiopian Investment Agency;
- In case of non share company, a bank statement showing that the company’s capital to be contributed in cash is deposited in a blocked account and proper documents related to contribution in kind (Proclamation No. 686/2010);
- In case of share Company, a bank statement showing that at least one fourth of par value of the subscribed shares of the company is deposited in a blocked account (Proclamation No. 686/2010).

Commercial registration of a branch company

Where the application is to be established as a branch company in Ethiopia, the applicant is required to submit the following documents.

- A photocopy of memorandum and articles of association;
- Copy of each share holders valid passport or identity card or photocopy of a certificate evidencing a domestic investor status;
- A photocopy of its memorandum and articles of association;
- Copy of each share holders valid passport or identity card or photocopy of a certificate evidencing a domestic investor status;
- In case there is a business organization in the country, a photocopy of its memorandum and articles of associations or similar documents of the parent company, legal certificate of incorporation in the country and a minute stating the organization's intent to invest in Ethiopia should be authenticated.

Application for expansion or expanding

Where an applicant to expand or upgrade an existing enterprise, a foreign investor is required to submit the following documents.

- An application form signed by agent;
- A photocopy of agent’s power of attorney;
- Where an applicant is sole proprietor, a photocopy of his valid passport or identity card or a certificate evidencing a domestic investor status and his two recent passport size photographs;
- Where an applicant is a business company, a photocopy of its memorandum and articles of association and his two recent passport size photographs of general manager;
- Copy of each share holders valid passport or identity card or photocopy of a certificate evidencing a domestic investor status;
- Investment incentive

The Ministry of Agriculture has given the responsibility of providing technical support to the investors investing in agriculture. The support ranges from providing land above 5000 ha, information, technical support, and facilitation of other public services.

Urban land is divided into land for industrial use and land for other activities. Industrial land is given much attention by the government and a number of industrial zones with the necessary infrastructural facilities (roads, electricity, water, telephone) are established in the major cities and towns in order to support the country’s drive for rapid industrialization. Industrial land in industrial zones is allocated to investors at fixed prices. Land for export-oriented industries is generally available at concessionary rate.

The Ethiopian Investment Agency (ElA) has the mandate to facilitate the allocation of land for FDl projects throughout the country. Urban land for other activities is available on an auction basis. The auction prices vary, depending on demand.

The lease and rental prices of urban and rural land vary according to location, type of investment and class of land. The land cannot be mortgaged or sold, but the lease or rental value of land and the fixed assets thereon may be mortgaged or transferred to a third party.

Investment incentives

Fiscal

The Council of Ministers Regulations No.270/2012 specifies the areas of investment eligible for investment incentives.

A) Custom Duty

To encourage private investment and promote the inflow of foreign capital and technology into Ethiopia, the following customs duty exemptions are provided for investors (both domestic and foreign) engaged in eligible new enterprises or expansion projects such as manufacturing, agriculture, agro-industries, generation, transmission and supply of electricity.
electrical energy, Information and Communication Technology Development, hotel and tourism, construction contracting, education and training, hotel services, architectural and engineering works, technical testing and analysis, capital goods leasing and importation of LPG and bitumen. (Appendix 3)

- 100% exemption from the payment of customs duties and other taxes levied on imports is granted to all capital goods, such as plant, machinery and equipment and construction materials;
- Spare parts worth up to 15% of the total value of the imported investment capital goods, provided that the goods are also exempt from the payment of customs duties;
- An investor granted with a customs duty exemption will be allowed to import spare parts duty free within five years from the date of commissioning of a project;
- An investor entitled to a duty-free privilege buys capital goods or construction materials from local manufacturing industries shall be refunded customs duty paid for raw materials or components used as inputs for the production of goods; and
- Investment capital goods imported without the payment of custom duties and other taxes levied on imports may be transferred to another investor enjoying similar privileges.

B) Income Tax Exemption

If an investor engaged in new manufacturing, agro-processing, the production of agricultural products, generation, transmission and supply of electrical energy, Information and Communication Technology Development (Appendix 4):

- An investor to establish a new enterprise shall be entitled to income tax exemption as specified in Appendix 4;
- Any investor to establish a new enterprise in:
  1) Gambella;
  2) Benchangul/Gumuz;
  3) Afar (except in areas within 15 kilometer right and left of the Awash River);
  4) Somali;
  5) Guji and Borena Zones (in Oromia);
  or
  6) South Omo Zone, Segen (Derashe, Amaro, Kombo and Borji), Area Peoples Zone, Bench Maji Zone, Sheka Zone, Dawro Zone, Kefla Zone, Konta and Basketo Special Woredas (in Southern Nations, Nationalities and Peoples Region) shall be entitled to an income tax deduction of 30% for three consecutive years after the expiry of the income tax exemption period specified in the in Appendix 4;
- An investor to expand or upgrading his existing enterprise increasing in volume at least by 50 percent of attainable production or service rendering capacity or introducing a new production or service rendering line at least by 100 percent of an existing enterprise is entitled to the income tax exemption period specified in the in Appendix 4 and
- An investor who exports 60 percent his products or services, or supplies to an exporter shall be exempted for additional 2 years.

Non-fiscal

The non-fiscal incentives given to all exporters who invest to produce export products will be allowed to import machinery and equipment necessary for their investment projects through suppliers credit.

Loss carry forward

Business enterprises that suffer losses during the income tax exemption period can carry forward such losses, following the expiry of the exemption period, for half of the tax exemption period. For the purpose of calculating a period of loss carry forward, a half year period shall be considered as a full income tax period. Any loss during income tax exemption period is not allowed to carry forward such loss for more than five income tax periods.

Export Incentives

Fiscal

The fiscal incentives given to all exporters are the following:

- With the exception of few products (e.g., Semi-processed hides and skins-150%), no export tax is levied on export products of Ethiopia;
- Duty Drawback Scheme: It offers investors an exemption from the payment of customs duties and other taxes levied on imported and locally purchased raw materials used in the production of export goods. Duties and other taxes paid are drawn back 100 percent at the time of the export of the finished goods;
- Voucher Scheme: A voucher is a printed document having monetary value which is used in lieu of duties and taxes payable on imported raw materials. The beneficiaries of the voucher scheme are also exporters; and
- Bonded Manufacturing Warehouse Scheme:

Producers not eligible for voucher scheme but having licensed for bonded are entitled to operate such warehouse in importing of raw materials duty free.

Non-fiscal

The non-fiscal incentives given to all exporters are the following:

- Exporters are allowed to retain and deposit in a bank account up to 20 percent of their foreign exchange export earnings for future use in the operation of their enterprises and no export price control is imposed by the National Bank of Ethiopia;
- Franco Valuta import of raw materials are allowed for enterprises engaged in export processing and;
- Exporters can benefit from the export credit guarantee scheme which is presently in place in order to ensure an exporter receives payment for goods shipped overseas in the event the custom defaults, reducing the risk of exporters’ business and allowing it to keep its price competitive.

Remittance of Capital

A foreign investor has the right to make the following remittances out of Ethiopia in convertible foreign currency:

- profits and dividends;
- principals and interest payments on external loans;
- payments related to technology transfer agreements;
- payments related to collaboration agreements; proceeds from the sale or liquidation of an enterprise;
- compensation paid to an investor; and
- proceeds from the sale or transfer of shares or partial ownership of an enterprise to a domestic investor.

Privatization

The privatization program offers enormous opportunities to both private foreign and domestic investors particularly in the agriculture, manufacturing and hotel and tourism sectors. State-owned enterprises are privatized through competitive bidding. The Ethiopian Privatization and Public Enterprises Supervising Agency (EPPESA) is the responsible organ for executing the privatization program of the country. Currently, the Agency applies different modalities such as equity, joint venture, lease and management contract to privatize state-owned enterprises.

All interested investors are invited to participate in a bid through official announcement on radio, television and in newspapers when transferring public enterprises to the private sector. Eligible buyers are required to fill out and submit a tender document to the Agency. The Agency will notify a winner and handover an enterprise to the buyer after signing a sale agreement. With regard to minimum capital requirement and incentives in case of expansion or upgrading, the investment law also applies to enterprises to be privatized.
Appendix I

Restrictions

The following areas are reserved for domestic investors:

1. Areas exclusively reserved for the Government:
   - Postal services except courier services;
   - Transmission and supply of electrical energy through the Integrated National Grid System; and
   - Passenger air transport services using aircraft with a capacity of more than 50 passengers.

2. Areas reserved for joint-venture investment with the government:
   - Production of weapons and ammunition; and
   - Telecommunication services.

3. Areas exclusively reserved for domestic investors:
   - A. Trade
     - Export of raw coffee, tea, oil seeds, pulses, precious minerals, natural forestry products, hides and skins bought from the market, and live sheep, goats, camel, equines and cattle not raised by the investor;
     - Import trade (excluding LPG and bitumen); and
     - Wholesale trade (excluding supply of petroleum and its by-products as well as wholesale trade by foreign investors of their locally produced products).
   - B. Others
     - Manufacturing of ice cream and cakes;
     - Manufacturing of plastic shopping bags;
     - Finishing of fabrics, yarn, warp and weft, apparel and other textile products by bleaching, dyeing, shrinking, sanforizing, mercerizing or dressing;
     - Tanning of hides and skins below finished level;
     - Manufacture of cement;
     - Manufacture of clay and cement products;
     - Tour operation below grade 1;
     - Construction, water well and mining exploration drilling companies below Grade 1;
     - Kindergarten, elementary and junior secondary education by constructing own building;
     - Diagnostic centre service by constructing own building;
     - Clinical service by constructing own building;
     - Capital goods leasing (this does not include leasing of motor vehicles); and
     - Printing industries.

4. Areas exclusively reserved for Ethiopian nationals:
   - Banking, insurance, micro-credit and saving services;
   - Broadcasting and mass media services;
   - Attorney and legal consultancy services;
   - Preparation of indigenous traditional medicines;
   - Advertisement, promotion and translation works;
   - Domestic air transport services using aircraft with a seating capacity of up to 50 passengers; and
   - Packaging, forwarding and shipping agency services.

Appendix II

Investment areas open for foreign investors

The following areas are open for foreign investors:

1. Manufacturing
   - Food industry
   - Beverage industry
   - Textiles and textiles products industry
   - Leather and leather products industry
   - Wood products industry
   - Paper and paper products industry
   - Chemical and chemical products industry
   - Basic pharmaceutical products and pharmaceutical preparations industry
   - Rubber and plastics products industry
   - Other non-metallic mineral products industry
   - Basic metal industry (excluding mining of minerals)
   - Fabricated metal products industry (excluding machinery and equipment)
   - Computer, electronic and optical products industry
   - Electrical products industry
   - Machinery and equipment industry
   - Vehicles, trailers, and semi trailer industry
   - Manufacturing of office and household furniture (excluding those made of ceramic)
   - Manufacturing of other equipment (jewellers and related articles, musical instruments, sports equipment, games and toys and similar products)
   - Integrated manufacturing with agriculture

2. Agriculture
   - Crop production
   - Animal production
   - Mixed (crop and animal) farming
   - Forestry

3. Information Communication Technology (ICT)

4. Generation, transmission and supply of electrical energy

5. Hotel and tourism
   - Star designated hotel and resort, motel, lodges and restaurant
   - Grade one tour operation

6. Construction contracting
   - Construction contracting, water well and mineral exploration drilling grade one

7. Real estate development

8. Education and training
   - Secondary and higher education by constructing own building
   - Technical and vocational training service including sport

9. Health services
   - Hospital service by constructing own building

10. Architectural and engineering works and related technical services, technical testing and analysis

11. Publishing

12. Import trade
   - Importation of LPG and bitumen

13. Export trade
   - Export trade (excluding raw coffee, tea, oil seeds, pulses, precious minerals, natural forestry products, hides and skins bought from the market, and live sheep, goats, camel, equines and cattle not raised by the investor.)

14. Wholesale trade
   - Supply of petroleum and its by-products as well as wholesale sale of own products
### Appendix III

**Areas of investment eligible for exemption of customs duty**

The following areas of investment are eligible for exemption of capital goods and construction materials from customs duty.

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Exemption Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manufacturing</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Food industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>2.</td>
<td>Beverage industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>3.</td>
<td>Textiles and textiles products industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>4.</td>
<td>Leather and leather products industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>5.</td>
<td>Wood products industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>6.</td>
<td>Paper and paper products industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>7.</td>
<td>Chemical and chemical products industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>8.</td>
<td>Basic pharmaceutical and pharmaceutical preparations industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>9.</td>
<td>Rubber and plastics products industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>10.</td>
<td>Other non-metallic mineral products industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>11.</td>
<td>Basic metal industry (excluding mining of minerals)</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>12.</td>
<td>Fabricated metal products industry (excluding machinery and equipment)</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>13.</td>
<td>Computer, electronic and optical products industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>14.</td>
<td>Electrical products industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>15.</td>
<td>Machinery and equipment industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>16.</td>
<td>Vehicles, trailers, and semi-trailer industry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>17.</td>
<td>Manufacturing of office and household furniture</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>18.</td>
<td>Manufacturing of other equipment</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>19.</td>
<td>Integrated manufacturing with agriculture</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>2</td>
<td>Agriculture</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Crop production</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>2.</td>
<td>Animal production</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>3.</td>
<td>Mixed (crop and animal) farming</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>4.</td>
<td>Forestry</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>3</td>
<td>Information Communication Technology (ICT)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Generation, transmission and supply of electrical energy</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Hotel and tourism</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Star designated hotel and resort, motel, lodges and restaurant</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>2.</td>
<td>Tour operation grade one</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>3.</td>
<td>Tour operation below grade one</td>
<td>1 up to 5 years</td>
</tr>
<tr>
<td>6</td>
<td>Construction contracting</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Construction contracting, water well and mineral exploration drilling grade one</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Construction contracting, water well and mineral exploration drilling below grade one</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Education and training</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Kindergarten, elementary and junior secondary education by constructing own building</td>
<td></td>
</tr>
<tr>
<td>2.</td>
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<td></td>
</tr>
<tr>
<td>3.</td>
<td>Technical and vocational training including sport</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Health services</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Clinical service by constructing own building</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Diagnostic service by constructing own building</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Hospital service by constructing own building</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Architectural and engineering works and related technical services, technical testing and analysis</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Capital goods leasing excluding leasing of motor vehicles</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Import trade                                    <strong>Ethiopian Investment Guide 2013</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Appendix IV

**Areas of investment eligible for exemption of income tax**

The following areas of investment are eligible for exemption of income tax.

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Investment Area</th>
<th>Other Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manufacturing</td>
<td>Addis Ababa and Special Zone of Oromia Surrounding Addis Ababa</td>
<td>Other Areas</td>
</tr>
<tr>
<td>1.</td>
<td>Food industry</td>
<td>1 up to 5 years</td>
<td>2 up to 6 years</td>
</tr>
<tr>
<td>2.</td>
<td>Beverage industry</td>
<td>1 up to 5 years</td>
<td>2 up to 4 years</td>
</tr>
<tr>
<td>3.</td>
<td>Textiles and textiles products industry</td>
<td>1 up to 5 years</td>
<td>2 up to 4 years</td>
</tr>
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</tr>
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</tr>
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<td>9.</td>
<td>Rubber and plastics products industry</td>
<td>1 up to 5 years</td>
<td>2 up to 4 years</td>
</tr>
<tr>
<td>10.</td>
<td>Other non-metallic mineral products industry (Except manufacturing of cement in Addis Ababa and its surrounding and manufacturing of clay and cement products both in Addis Ababa and other areas)</td>
<td>1 up to 5 years</td>
<td>2 up to 4 years</td>
</tr>
<tr>
<td>11.</td>
<td>Basic metal industry (excluding mining of minerals)</td>
<td>1 up to 5 years</td>
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<td>Manufacturing of office and household furniture (excluding those made of ceramic)</td>
<td>1 up to 5 years</td>
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</tr>
<tr>
<td>18.</td>
<td>Manufacturing of other equipment (jewellers and related articles, musical instruments, sports equipment, games and toys and similar products)</td>
<td>1 up to 5 years</td>
<td>2 up to 4 years</td>
</tr>
<tr>
<td>19.</td>
<td>Integrated manufacturing with agriculture</td>
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<td>2</td>
<td>Agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Crop production (Except growing of fiber crops, medium-term spices, aromatic or medicinal crops, perennial fruits, beverage crops and other perennial crops in Addis Ababa and its surroundings)</td>
<td>1 up to 5 years</td>
<td>2 up to 4 years</td>
</tr>
<tr>
<td>2.</td>
<td>Animal production (Except growing of wild animals and production of milk, eggs and similar products in Addis Ababa and its surroundings)</td>
<td>1 up to 5 years</td>
<td>2 up to 4 years</td>
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<tr>
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<tr>
<td>11</td>
<td>Import trade                                    <strong>Ethiopian Investment Guide 2013</strong></td>
<td></td>
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</table>
### Ethiopian Investment Guide 2013

#### No. 25

Bilateral investment and double taxation avoidance treaties with the following countries:

<table>
<thead>
<tr>
<th>BITs</th>
<th>BITs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>Kuwait</td>
</tr>
<tr>
<td>Austria</td>
<td>Libya</td>
</tr>
<tr>
<td>Belgium and Luxembourg</td>
<td>Malaysia</td>
</tr>
<tr>
<td>China</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Denmark</td>
<td>Russia</td>
</tr>
<tr>
<td>Egypt</td>
<td>South Africa</td>
</tr>
<tr>
<td>Equatorial Guinea</td>
<td>Spain</td>
</tr>
<tr>
<td>Finland</td>
<td>Sudan</td>
</tr>
<tr>
<td>France</td>
<td>Sweden</td>
</tr>
<tr>
<td>Germany</td>
<td>Switzerland</td>
</tr>
<tr>
<td>India</td>
<td>Tunisia</td>
</tr>
<tr>
<td>Iran</td>
<td>Turkey</td>
</tr>
<tr>
<td>Israel</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Italy</td>
<td>Yemen</td>
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</table>

<table>
<thead>
<tr>
<th>DTTs</th>
<th>DTTs</th>
</tr>
</thead>
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<td>Algeria</td>
<td>Romania</td>
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<tr>
<td>Check Republic</td>
<td>Russia</td>
</tr>
<tr>
<td>China</td>
<td>Seychelles</td>
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<tr>
<td>Egypt</td>
<td>South African</td>
</tr>
<tr>
<td>France</td>
<td>Sudan</td>
</tr>
<tr>
<td>India</td>
<td>Tunisia</td>
</tr>
<tr>
<td>Israel</td>
<td>Turkey</td>
</tr>
<tr>
<td>Italy</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Kuwait</td>
<td>Yemen</td>
</tr>
</tbody>
</table>

Public holidays are celebrated according to the Ethiopian (Julian) calendar which consists of the following: September 2012–September 2013

<table>
<thead>
<tr>
<th>Date</th>
<th>Public holidays</th>
<th>Days</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 11</td>
<td>Ethiopian New Year</td>
<td>1</td>
<td>National holiday</td>
</tr>
<tr>
<td>September 27</td>
<td>The Finding of the True Cross (Meskel)</td>
<td>1</td>
<td>Christian holiday</td>
</tr>
<tr>
<td>October 26</td>
<td>Id Al Adha (Anafa)</td>
<td>1</td>
<td>Muslim holiday</td>
</tr>
<tr>
<td>January 7</td>
<td>Ethiopian Christmas</td>
<td>1</td>
<td>Christian holiday</td>
</tr>
<tr>
<td>January 19</td>
<td>Ethiopian Epiphany</td>
<td>1</td>
<td>Christian holiday</td>
</tr>
<tr>
<td>January 24</td>
<td>Prophet Mohamed’s Birthday (Maulid)</td>
<td>1</td>
<td>Muslim holiday</td>
</tr>
<tr>
<td>March 2</td>
<td>Victory of Adwa</td>
<td>1</td>
<td>National holiday</td>
</tr>
<tr>
<td>May 1</td>
<td>International Labor Day</td>
<td>1</td>
<td>National holiday</td>
</tr>
<tr>
<td>May 3</td>
<td>Ethiopian Good Friday</td>
<td>1</td>
<td>Christian holiday</td>
</tr>
<tr>
<td>May 5</td>
<td>Ethiopian Patriots day</td>
<td>1</td>
<td>National holiday</td>
</tr>
<tr>
<td>May 5</td>
<td>Easter</td>
<td>1</td>
<td>Christian holiday</td>
</tr>
<tr>
<td>May 28</td>
<td>Downfall of the Derg</td>
<td>1</td>
<td>National holiday</td>
</tr>
<tr>
<td>August 8</td>
<td>Id Al Fater (Ramadan)</td>
<td>1</td>
<td>Muslim holiday</td>
</tr>
</tbody>
</table>

The maximum number of office closure days in a year is 12 instead of 13, since Easter always falls on Sunday.

**Tips for foreign investors**

**Health requirements**

Prior to entry, all foreign visitors should be in possession of valid health certificate for yellow fever. Vaccination against cholera is also required for any person who has visited a cholera-infected area within 6 days prior to arrival in Ethiopia.

**Visa and immigration requirements**

Visas are required for all foreign visitors to Ethiopia, with the exception of nationals of Kenya and the Sudan. Visas may be obtained at Ethiopia’s diplomatic missions overseas. However, nationals of 33 countries are now allowed to receive their tourist visas on arrival in Ethiopia. The list includes Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, Greece, Ireland, Israel, Italy, Japan, Republic of Korea, Kuwait, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Russian Federation, South Africa, Spain, Sweden, Switzerland, Taiwan, United Kingdom and United States.

**Public holidays**

**Calendar which consists of the following: September 2012–September 2013**

<table>
<thead>
<tr>
<th>Date</th>
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<th>Days</th>
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</tr>
</tbody>
</table>

The maximum number of office closure days in a year is 12 instead of 13, since Easter always falls on Sunday.

**Normal business hours**

**Government**

Government offices work 39 hours in a week. Office hours extend from 8.30 a.m. to 5.30 p.m. (lunch break from 12.30 p.m. to 1.30 p.m.) Monday through Thursday and from 11.30 a.m. to 1.30 p.m. on Friday.

**Banks**

Most banks are open from 8 a.m. to 4 p.m., including lunch hours, Monday through Friday. Most banks are also open on Saturday from 8 a.m. to 12 noon.

**Shops**

Most shops are open up to 6 p.m., Monday through Saturday. Some shops, particularly supermarkets, are open on Sundays and public holidays.
Appendix VII Client Charter of EIA

<table>
<thead>
<tr>
<th>No.</th>
<th>Trade or Firm Name</th>
<th>Type of Services</th>
<th>Delivery Time</th>
<th>Fee/Birr</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Registration of trade or firm name</td>
<td>4 hours</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Amendment / change of trade or firm name</td>
<td>4 hours</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Replacement or substitution of trade or firm name</td>
<td>1 hour</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Cancellation of trade or firm name</td>
<td>2 hours</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Tax Identification Number (TIN)</td>
<td>2 hours</td>
<td>Free of charge</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Amendment / change of tax identification number</td>
<td>2 hours</td>
<td>Free of charge</td>
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</tr>
<tr>
<td>7.</td>
<td>Replacement or substitution of tax identification number</td>
<td>2 hours</td>
<td>Free of charge</td>
<td></td>
</tr>
</tbody>
</table>

Memorandum and Articles of association

- Notarization of memorandum and articles of association: 3 hours, Fee: 350

Commercial Registration

- Issuance of commercial registration: 3 hours, Fee: 100
- Renewal of commercial registration: 3 hours, Fee: 100
- Amendment / change of commercial registration: 3 hours, Fee: 50
- Replacement or substitution of commercial registration: 1 hour, Fee: 50
- Cancellation of commercial registration: 5 hours, Fee: 50

Investment Permit

- Issuance of investment permit: 3 hours, Fee: 600
- New investment: 3 hours, Fee: 600
- Expansion investment: 18 working days, Fee: 300
- Renewal of investment permit: 2 working days, Fee: 200
- New investment: 2 working days, Fee: 200
- Expansion investment: 2 working days, Fee: 200
- Amendment / change of investment permit: 3 hours, Fee: 100
- Replacement or substitution of investment permit: 1 hour, Fee: 100
- Cancellation of investment permit: 5 working days, Fee: Free of charge

Business License

- Issuance of business license: 10 working days, Fee: 100

Work Permit

- Issuance of work permit: 2 hours, Fee: 300
- Renewal of work permit: 1 hour, Fee: 300
- Replacement or substitution of work permit: 1 hour, Fee: 400
- Cancellation of work permit: 2 hours, Fee: Free of charge

Others

- Issuance of construction permit: 5 working days, Fee: Free of charge
- Registration of technology transfer agreement: 3 hours, Fee: 200
- Registration of domestic investor and foreign investor export-oriented non-equity based collaboration agreements: 2 hours, Fee: 100
- Registration of capital investment brought in to the country by foreign investors: 3 working day, Fee: Free of charge
- Cancellation of construction contractors: 10 working days, Fee: 50
- Allowing exemption of capital goods and construction materials from customs duty: 3 working days, Fee: Free of charge

USD = 18.44 ETB (April, 2013)
Vision
To be a strong institution which will make Ethiopia one of the leading investment destinations in Africa.

Mission
To enhance investment, both foreign and local, in the country by promoting its resource potentials and investment opportunities, initiating policy and implementation measures to create conducive investment climate and providing efficient services to investors so as to bring fast and sustainable economic development in the country.

Core Values
Provision of efficient, effective and fair services which are tailored to the best satisfaction of our customers.
Efficient and effective utilization of our resources.