

Newsletter

Ethiopian Embassy in Brussels



17 April 2015
Weekly Issue N° 32



Ostriches in the Mago National Park (Southern Ethiopia)

Content

POLITICAL AFFAIRS	2
Consultancy firms to carry out technical studies on GERD	2
NEBE preparing documents for elections	3
Why Ethiopia Is Africa's Next Hegemon	3
ECONOMY	6
Ethiopian ranked 6th most dependable airlines in the world	6
Ethiopia invests USD 240 million on road construction	7
Ethiopia's leather industry	7
AGENDA & ANNOUNCEMENTS	9
Invitation: Ethiopian students living in the Benelux	9
Meeting: Ethiopian GERD Council members in Belgium	9
Diaspora Housing Scheme Regulations	9



POLITICAL AFFAIRS

Consultancy firms to carry out technical studies on GERD

The Grand Ethiopian Renaissance Dam mega-project is at the centre of Ethiopia's development policy. It will provide Ethiopia, but also other neighboring countries with the cheap and abundant energy required by fast economic development. Upon completion, it is estimated to have the potential to generate 6,000 MW, which is equivalent to the combined power of four nuclear power reactors. Regional commitment around the project was confirmed on 23 March 2015, when Ethiopia, Egypt and Sudan signed an agreement of principle around the fair utilization of the Nile waters.



Construction of the Grand Ethiopian Renaissance Dam, 42 percent completed

In order to study the impact of the dam on the downstream countries, Ethiopia took the initiative to establish an international panel of experts from the three riparian countries and other experts from other countries. The findings of the panel of experts concluded that the dam will not have a significant impact on the downstream countries. Despite these results, Egypt raised concern about its water shares. Tripartite ministerial meetings were therefore organized between Egyptian, Ethiopian

and Sudanese representatives at ministerial level, in order to guarantee a strong and continued dialogue. In this framework, Foreign affairs and Water Resources Ministers of the three countries agreed beginning of March 2015 in Khartoum on a mechanism for operating the Grand Ethiopian Renaissance Dam. They also confirmed that a consultancy firms would be jointly selected to carry out further technical studies to determine the consequences of the project.

It was revealed this week that the French BRL Group will be the main consultancy firm to carry out technical studies needed to determine the impact of the Grand Ethiopian Renaissance Dam, and Dutch Deltares will serve as an assistant. The two firms are tasked with submitting a joint action plan before 4 May, as Egypt, Ethiopia and Sudan are scheduled to sign their contracts with BRL and Deltares in the same month.

The selection process was based on criteria such as experience, a presentation of the studies to be conducted and the mathematical models it would apply, as well as its "neutrality and evenhandedness." BRL and Deltares are now assigned to investigate the hydraulic, financial and social effects of the hydropower dam on the three countries.

The French firm, whose work includes operation and research, was founded in 1966, and specializes in a range of water-related fields, including dams, sewage networks, and water-saving irrigation scheme. In 2014, it yielded 10 percent of its turnover from Africa.

Deltares, based in the Netherlands, is an institute for applied research in the field of water and subsurface with a focus on river basins. As a sign of transparency, Deltares makes its software and models available for free.

NEBE preparing documents for elections

The National Electoral Board of Ethiopia (NEBE) said it is printing 50 types of documents that are necessary for the upcoming May general election. NEBE Senior Logistics and Distribution Head Alemu Negash told WIC the documents being printed include election and report forms, posters and other essential materials. The board has already completed printing of documents for 7,000 polling

stations, he said.

The fifth general elections since the overthrow in 1991 of the Marxist Derg will be conducted on 24 May in more than 45,000 polling stations. Over 35 million electorates have registered to cast vote. General elections are generally held every five years, according to Ethiopia's Constitution.

Why Ethiopia Is Africa's Next Hegemon

Harry Verhoeven, 12 April 2015, Foreign Affairs

In 1991, as the Cold War drew to an end, the only African country that had never been colonized by European imperialists was but a pale reflection of the Great Ethiopia that generations of the kingdom's monarchs had pursued. A million people lay dead following two decades of civil war. Secessionist movements in the provinces clamored for self-determination. The economy was in tatters, and another catastrophic famine loomed. The world came to associate Ethiopia with images hoards of starving children, and the country's regional and domestic decline opened questions about its very survival.

Nationalist historians trace the Ethiopian state's roots to the second millennium BCE. With the story of King Solomon and the Queen of Sheba as one of its founding myths, Ethiopia's history has between entwined with the development of the Abrahamic faiths: the Jewish presence in the Ethiopian Highlands predates the destruction of the Temple; Ethiopian Orthodox Christians claim that the Ark of the Covenant is located in Axum; and the first Muslim hijra, or flight from Mecca to escape religious persecution, was to Ethiopia. Mystical ancestry and military greatness provided legitimacy to Ethiopia's rulers for centuries as they controlled their formidably diverse empire through a policy of violent internal assimilation and external expansion.

But ideas of that greatness lay shattered as rebel soldiers from the countryside marched on Addis Ababa in May 1991 and overthrew the (formerly Soviet sponsored) dictatorship of Mengistu Haile

Mariam. The leftist liberation movement promised a constitution that would give self-determination to Ethiopia's ninety-plus nations and nationalities and address the political-economic inequities that had torn the country apart, but observers were sceptical about the ability of the Horn of Africa's once mightiest empire to reconstitute itself. When the northeastern territory of Eritrea voted for and got independence in 1993, it not only cut Ethiopia off from the sea, but also risked triggering cascading claims for self-rule.

A quarter-century on, though, the mood in Addis Ababa could not be more changed. Between 2001 and 2012–13, Ethiopia's economy grew more than seven percent per year on average. It was the only African country to move at a pace comparable to the East Asian tigers—and to do so without a hydrocarbons boom or a huge mining sector. The economic miracle resulted in real pro-poor growth, lifting millions of people out of the vicious cycle of poverty, hunger, and poor health. While the country's population soared from roughly 40 million in the 1980s to nearly 100 million today, it achieved the 2000–15 Millennium Development Goals for child mortality and is likely to also meet them for combating HIV/AIDS and rolling back malaria. Ethiopia is also making giant strides tackling income volatility and illiteracy. And, with sequential bumper harvests of Ethiopia's staple crop, tef (a cereal similar to millet), millions of smallholder farmers might well be able to escape the productivity traps that historically have kept them in abject poverty.

Ethiopia's economic resurgence has underwritten an ambitious state-building project by the governing

Ethiopian People’s Revolutionary Democratic Front (EPRDF) that differs resoundingly from Washington Consensus recipes of electoral democracy and laissez-faire economics. Ethiopia has become the prime example of what my colleagues and I have termed “Africa’s illiberal state-builders.” In the aftermath of two decades of war, the EPRDF established a durable political order that seeks autonomy from internal and external threats, builds functional institutions, and establishes hegemonic control over the political economy. The economy’s commanding heights are in the hands of state-owned enterprises and business elites closely wedded to the EPRDF project. In the last parliamentary election, the EPRDF and its allies won all but two of 547 available seats. The party is emphatically statist when it comes to development, and it relies on a relatively narrow social base, but its organization is extraordinary in political and coercive terms. The latter is derived from decades of armed struggle and close cooperation with the Chinese Communist Party (CCP), which advised the EPRDF in its drive to recruit five million new members between 2005 and 2010 and has developed deep party-to-party ties. There is no state in Africa where talk of a “China Model” sounds more substantive than in Ethiopia under EPRDF rule.

With its domestic authority seemingly firmly consolidated, a decade ago, the Ethiopian government re-embraced huge regional ambitions under Prime Minister Meles Zenawi, who governed Ethiopia from 1991 until his death in 2012. Central to this is a vision of a Great Ethiopia “finally” fulfilling its historical destiny by casting off the shackles of poverty to lead Africa: domestic and regional ambitions were always closely entwined in the mind of the premier. On the one hand, Meles understood that forging alliances and acquiring international legitimacy would boost the Ethiopian economy and consolidate ERPDF rule. On the other hand, he saw a domestically secure Ethiopia as uniquely capable of ridding Africa of the epithet “the hopeless continent.”

To fulfill his ambitions, the prime minister developed excellent relations with a wide variety of partners, guided by the belief that depending too closely on one set of friends would expose Ethiopia to their whims. And so Meles struck up personal friendships with Tony Blair and Bill Clinton, Bill Gates and Joseph Stiglitz. He also went on trips to study the South Korean economic miracle, and debated the economics of big infrastructure with Hu Jintao. He

played the role of spokesman of the developing world with equal verve, representing Africa at the G–20 and climate change summits, where he denounced the inequities of the global political economy and the marginalization of his continent. And as the EPRDF developed its institutional ties with the CCP, Meles saw no contradiction with Addis Ababa fulfilling the role of Washington’s regional “deputy sheriff” in the Global War on Terror. Ethiopian diplomats, generals, and spooks have been crucial U.S. allies in the Horn of Africa, the Red Sea, and the Gulf of Aden. With U.S. officials fretting over the stability of old allies in Egypt, Kenya, and Saudi Arabia, Ethiopia’s reliability and effectiveness in the war on terror is seen as vital.

Meles, his successor Hailemariam Desalegn, and the party’s powerful politburo cast their vision of a Great Ethiopia in terms of benign regional hegemony: What is good for Ethiopia is good for the Horn of Africa. And so, growing Ethiopian clout is increasingly projected through the regional organizations that Addis Ababa dominates. Its immediate security agenda for the region focuses on conflict prevention (it deployed thousands of Ethiopian UN peacekeepers to the Abyei border region between Sudan and South Sudan), conflict management (hosting mediation efforts for the South Sudanese civil war), and combating terrorism (continual military action against Somalia’s Al-Shabab). Its longer-term strategy revolves around regional integration through energy and water infrastructure. The plan is to tie the region to Ethiopia by exporting thousands of megawatts of electricity generated by dams on the Blue Nile and Ethiopian rivers.

This is a financially lucrative proposition for Ethiopia and its energy-hungry neighbors, but above all, it would shift the regional balance of power away from Nairobi, Khartoum, and Cairo to Addis Ababa. The construction of the Grand Ethiopian Renaissance Dam (GERD) in particular is an audacious bid to reset power relations in the Nile Basin, with one mega-project. The dam is Africa’s biggest infrastructural project; because of the sheer volume of its reservoir, GERD will be singularly able to undermine the hydro-political status-quo that for decades gave Egypt such disproportionate weight in regional politics. The EPRDF vision for regional integration is thus one of economic interdependence, but very much on Ethiopia’s terms. The relative gains of Ethiopia’s dam program are as important as the

absolute gains stressed in technocratic language of “benefit sharing.”

Take, for example, the heavily publicized “Nile Deal” of March 2015 between Egypt, Ethiopia, and Sudan: the “Declaration of Principles” includes an embryonic mechanism for dealing with water disputes and the recognition that downstream countries such as Ethiopia have the right to prioritize electricity generation. It is therefore a de facto admission by Cairo’s General Abdel Fattah el-Sisi that Ethiopia, and not Egypt, is now the most influential state on the Nile. In other words, Ethiopia’s vision of regional integration under emerging Ethiopian hegemony is increasingly becoming a reality. African and Arab states alike (and Egypt in particular) are fast recognizing that it is better to improve relations with Addis Ababa now, than try to postpone it and be forced into cooperation in five years’ time with an even stronger Ethiopia.

Ethiopia’s emergence as a regional hegemon is, of course, not inevitable. World Bank economists, ambassadors, and NGOs fret over the stability of the country’s financial system, the enduring poverty in rural areas, and the discontent of millions of citizens who lack civil liberties. Internationally, Ethiopia has contained conflict in South Sudan and Somalia but has not been successful at resolving it—historical grievances against Addis Ababa run deep in the region and this limits its capacity to act as a neutral broker. Moreover, “no war, no peace” relations with Eritrea remain the Ethiopian security establishment’s obsession, with the hawks offering

little beyond continued containment of what they call Africa’s “rogue regime.” Ethiopia needs Eritrea’s ports to further boost its economic transformation, yet Addis Ababa has no credible plan to either deal with a predicted collapse of Eritrea (and the giant refugee flows this would generate) or to spur reform from within.

Ethiopia has come a long way since the dark days of a quarter-century ago. Its resurgence, domestically and internationally, is unmistakable. Never have so many Ethiopians had so much reason to be optimistic and confident about the future. The Ethiopian vision of a Nile Basin where resources no longer lead to zero-sum competition and violent (proxy) wars, but rather to joint strategies to tackle poverty, unemployment, and climate change deserves wide-ranging support. Simultaneously, however, Ethiopia’s rulers know that they will face a long, uphill struggle to persuade their neighbors of their good intentions: In a region where interdependence has historically been considered a political liability as opposed to an economic opportunity, Ethiopia’s strategy generates plenty of blowback. How successful the country will prove in its mission will determine the sustainability of its own resurgence and the future of the Horn of Africa.

Link to the full article: <http://ethio.be/1GSqMBA>

ECONOMY

Ethiopian ranked 6th most dependable airlines in the world

Ethiopian Airlines, Africa's largest and most profitable airline, has been ranked as the 6th most dependable airline in the world according to CBS news. With a fleet size of 76 aircraft and more than 100 destinations, 81 of them internationally, Ethiopia's flag carrier has an on-time record of 71% and is ranked as the 6th most dependable airlines in the world.

Ethiopian flies to more destinations in Africa than any other airline in the world and it is Africa's dominant airline in Asia, flying to 21 cities in Asia including the Middle East and Gulf.

Fleet size: 76

Number of destinations: 103

On-time percentage: 71%

Average age of fleet: 7 years

Earlier this month, Ethiopian Airlines won the Airline of the Year Award at MICE Magazine's 8th Annual Industry Golden Chair Awards held in Beijing, China, on 1 April 2015. The annual Golden Chair Award is one of the most influential awards in China and ranks airlines, hotels, travel agencies and tourism destinations with the best performance.



Ethiopia invests USD 240 million on road construction

Three road projects fully funded by the Ethiopian government will be launched and expand the Ethiopian road network by more than 250 kilometers.

The first road project, 83.4 kilometers long, will link Sodo to Tercha in Southern Ethiopia with. To construct the asphalt concrete road, a contract was signed with China Railway Seventh Group Limited with a total outlay of USD \$84 million. The project is expected to pass through mountainous range, take 42 months to finish, be 19 meters wide in rural areas and 10 meters wide in urban areas.

The second project, located in Northern Ethiopia, is the Bilbela-Sekota road project signed with China first Highway Engineering Company. It is expected to cost USD 102 million in total, be 98.7 kilometers

long and take 39 months to complete. It is also expected to be 14 meters long in urban areas and seven meters long in rural areas.

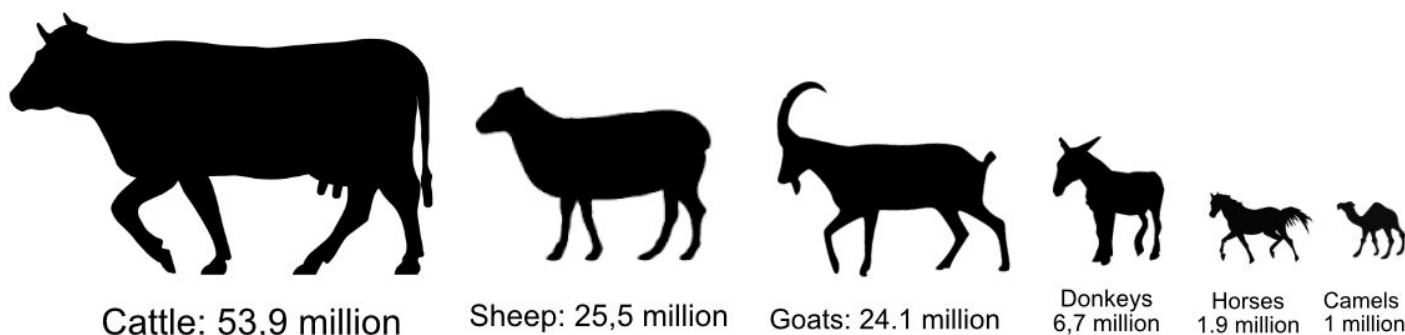
The third project is the 80.5 kilometers Dichito-Gaieffi project in north-eastern Ethiopia, to be implemented by the local construction company Defense Construction Enterprise. The project will see 63.5 kms of it built with Cement Concrete Rigid Pavement, while the rest 17 kms will be with standard asphalt basis. It is anticipated to take 1,170 days to complete, be 10 meters wide in urban areas, 7 meters wide in rural areas. It is a vital project to connect landlocked Ethiopia with Tadjourah port (Djibouti), thus facilitating export-import trade and local economy along the route.

Ethiopia's leather industry

Livestock potential

Ethiopia is home to the largest population of cattle in Africa and the 10th largest in the world. The number of livestock doubled between 1995 and 2010 from 58 million to more than 100 million. Today, it comprises approximately 54 million cattle, 25.5 million sheep, 24 million goats, seven million donkeys, two million horses and one million camels.. The livestock sector contributes for about 16.5% of the GDP, and is an important factor of livelihood and

revenue for the rural populations. In fact, between 11 and 13 million households are engaged in livestock keeping, which also include beekeeping (Ethiopia is the leading honey producer in Africa). To address challenges such as availability of feed and commercial channels and to further improve the productivity and quality of the livestock sector, a national Livestock Master Plan is prepared by the Ministry of Agriculture and implemented by the Agricultural Transformation Agency (ATA).



Source: Report on Livestock, poultry and beehives population Statistical Bulletin 171, Central Statistical Agency (CSA) Federal Democratic Republic of Ethiopia, Addis Ababa.

Leather industry

Being the first livestock producer in Africa, Ethiopia has a huge potential for the leather industry. While leather exports stood at USD 123 million in 2012, the government wants to grow the leather industry's annual exports to USD 500 million by the end of 2015.

Every year, the country produces about 2.7 million tonnes of hides, 8.1 million tonnes of sheepskins and 7.5 million tonnes of goat skins. Moreover, with a population of 26 million, Ethiopia has the largest flock of hair sheep in the world. Hair sheep skin has a particularly fine and tight grain, making it highly valuable for female gloves of higher quality and luxury items.

Ethiopia's leather and leather product sector already produce a range of products from semi-processed leather in various forms to processed leathers including shoe uppers, leather garments, stitched upholstery, backpacks, purses, industrial gloves and finished leather. The government plans to fully utilise these resources through value addition and thereby create more jobs and boost exports. Ethiopian leather products are exported to markets in Europe (especially Italy and the UK), America, Canada, China, Japan and other Far Eastern countries and the Middle East. All exports are tested by the Quality and Standards Authority of Ethiopia (QSAE).

A good opportunity for investors

There is a conducive and enabling atmosphere in Ethiopia in terms of both the political and

economic situations. As one of the government's priority sectors, investors in leather enjoy incentives including duty exemptions on capital goods and construction materials, and five-plus years of an income tax holiday. Other positive aspects of operating in Ethiopia are free access to US and EU markets as well as cheap electricity. Moreover, with a wage of about USD 40, the cost of labour in Ethiopia is about ten times less than in countries such as China.

Official statistics from the Ethiopian Revenue and Customs Authority show that of the total leather products export, still about 73 percent is earned from finished leather, which has the potential to be converted into other value added products such as shoes, bags, gloves or garment. In recent years however, the country's leather industry has attracted several foreign companies that have set up factories to create value added products. For instance, the Chinese footwear manufacturer Huajian Group opened a factory in 2012 at the industrial zone outside Addis Ababa where it manufactures 6,000 pairs of shoes and boots per day. The company moreover secured 138 hectares of land to establish its own industrial zone at a cost of about USD 2.2 billion. Other companies such as the UK firm Pittards have also installed factories to produce high quality leather items for export.

In this way, the local industry has already created jobs for millions of Ethiopians and increased export earnings of leather products including gloves and garments. In 2013 for example, earnings stood at \$132 million from \$76 million in 2008. Out of this figure, around \$30 million came from shoe exports.





While Ethiopia has long exported its leather to Europe and Asia where it was transformed into fashionable items, recent investments in Ethiopia-based factories by foreign companies are helping change this, and create jobs for millions of Ethiopians. This, in return, is expected to boost the local consumption of Ethiopian leather products, which will be even more profitable to the industry.

AGENDA & ANNOUNCEMENTS

Invitation: Ethiopian students living in the Benelux

Dear students, the Embassy of Ethiopia in Brussels would like to invite you to have a discussion on the political, economic and social developments in Ethiopia on Saturday April 25th, 2015, from 14:00 to 18:00 at the Embassy's premises (Avenue de Tervuren 62, 1040 Etterbeek, Brussels, Belgium).

Please confirm your attendance to the meeting: info@ethiopianembassy.be or +32 2 771 32 94

Click here to access the invitation letter: <http://ethio.be/1DiGNNt>

Meeting: Ethiopian GERD Council members in Belgium

A meeting of te GERD Council members in Belgium are invited to take part in a meeting on Saturday April 25th, 2015, from 14:00 to 18:00 at the Embassy's

premises (Avenue de Tervuren 62, 1040 Etterbeek, Brussels, Belgium).

Diaspora Housing Scheme Regulations

Dear Ethiopians living en the Benelux, the Diaspora Housing Scheme Regulations are now available. You can

read and download them here: <http://ethio.be/1Imm2S8>

ABOUT THE EMBASSY

Working Hours: 9:00 – 13:00 & 14:00 – 17:00

Consular Service: Monday – Friday 09:00 – 13:00

Legalization and Power of Attorney: Monday – Thursday 9:00 – 13:00

Ethiopian Embassy, Avenue de Tervuren, 62, 1040 Etterbeek, Belgium
+32 2 771 32 94 info@ethiopianembassy.be www.ethiopianembassy.be