

Newsletter

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The Ethiopian Wolf (*Canis simensis*) © Ethiopian Ministry of Tourism

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POLITICAL ISSUES

Sudan reiterates Ethiopia's right in using Nile waters

Sudan reiterated on 9 May 2015 Ethiopia's absolute right in using its water resources in reference to the Grand Ethiopian Renaissance Dam (GERD). "The Ethiopian government has the absolute right to use its water resources, with taking into account that no harm would be caused to the concerned parties," Mutaz Mussa, Sudan's water resources and electricity minister, told reporters in Khartoum Saturday after meeting a visiting Ethiopian parliamentary delegation. The minister said the GERD project constitutes an important step to enhance the joint cooperation between Sudan, Egypt and Ethiopia, and achieve the upper interest

of the three countries.

In March, the leaders of Sudan, Egypt and Ethiopia signed an initial cooperation deal on sharing the Nile River and the construction of the GERD. The GERD worries Egypt which fears that the construction of the dam would affect its share in the Nile water, which amounts to 55.5 billion cubic meter, while Ethiopia reiterates that the dam is likely to make a shift in its wealth, namely in the field of electricity. The GERD, extending on an area of 1,800 square kilometers, is scheduled to be completed in 2017 at a total cost of USD 4.7 billion.

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African Union's Chairperson's Statement on South Sudan

Addis Ababa, 12 May 2015

The situation in South Sudan remains extremely fragile and volatile. In the last three weeks, sustained fighting between the Government of South Sudan and the SPLM (in opposition) has been taking place in the greater Upper Nile region. According to the South Sudan Humanitarian Coordinator, since the beginning of May 2015 alone, military activities south of Bentiu, in Unity State, have forced up to 100,000 people to flee their homes. This is in addition to over the 1.5 million people who have already been uprooted. More than 2.5 million others are at risk of hunger and disease as a result of the conflict, and massive violations of human rights and destruction of property continue to take place.

This tragedy is a dark blot on the conscience of the international community in general and Africa in particular. Most alarming in this

ongoing humanitarian tragedy is the inability and unwillingness of the South Sudanese parties to agree on a political framework to end the fighting and the suffering of their own people.

Over three years ago, the African Union welcomed the new nation of South Sudan into its ranks, with high expectations that this country would become a beacon of peace, prosperity and hope. We are profoundly dismayed at the turn of events, which has led to the loss of countless human lives and untold suffering.

Since the inception of the crisis, IGAD, under the chairmanship of Prime Minister Haile Mariam Desalegn of Ethiopia, has made sustained efforts to facilitate the early resolution of this conflict. I renew the AU's appreciation to the leaders of the region for their commitment.

Against this background, marked by a catastrophic



humanitarian situation and deadlocked political talks, the imperative of renewed efforts, cannot be overemphasized. At the African Union, we intend to expedite the operationalization of the ad hoc Committee of Heads of State and Government established by the Peace and Security Council last December, to enhance Africa's support and input to the peace process. It is equally important to work towards the effective implementation of sanctions against all those undermining the quest for peace, isolating international humanitarian law and obstructing the efforts of peacekeepers on the ground, in line with the UN Security Council resolution of 3 March 2015.

While the region and the continent as a whole should spare no efforts to end the tragedy unfolding in South Sudan, the South Sudanese parties bear primary responsibility in this respect. It is high time that they live-up to their commitments. They have to end the unnecessary suffering they are inflicting on their own people. They have to understand that there is no military solution to the current conflict.

The African Union renews its commitment to continue to work with IGAD leadership with a view to finding a peaceful and lasting way out of the present conflict in South Sudan.

Update on elections: Contestant parties say political space enabling

Contestant political parties said the wide political space enabled them carry out peaceful campaigns for the upcoming election on 24 May. The political parties said they are preparing for the general election because of the peaceful pre-election process and the wide political space.

More than 6,000 candidates will contest in the May election representing 57 national and regional political parties. 11 are independent candidates contending for seats in the Federal parliament. Of the total, 1,884 candidates will contest for seats in the House of Peoples Representative and 4,166 for regional councils. Over 1,308 of the candidates are women.

President of the All Ethiopian National Movement (AENM), one of the contestant parties, Mesafinit Shiferaw said his party is finalizing preparations that will enable it to win the election. The current political space enables parties to undertake peaceful election campaign, he added, AENM

doesn't encounter significant challenges during process and his party is contributing its share for a peaceful and democratic election.

The Ethiopian Democratic Party (EDP) Executive Officer, Adane Tadesse on his part said his party is completing preparation for the May general election. Current challenges are being addressed in collaboration with the joint political parties council and other stakeholders, he said. The political space is widening from time to time, he added, and the resource allocated for contestant parties' election campaigns by the Electoral Board of the country is encouraging.

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.

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Ethio-Belgian university cooperation

On May 8, 2015, Prof. Dr. Johan de Graeve, President - Chief Executive of GROUP T- International Engineering Academy – University of Leuven (GROUP T-Academy), welcomed H.E. Mr. Teshome Toga Chanaka, Ambassador Extraordinary and Plenipotentiary to Benelux Countries and the Baltic

Republics and the Head of Mission to the European Union.

The meeting is part of the continuous communication and follow-up between the Embassy and the Group-T about the academic collaboration work

with its Ethiopian counterparts. In this light, the President of Group-T conveyed to the Ambassador that Ethiopia could further strengthen the existing collaboration with KU Leuven by establishing a link with the research and development-technology transfer office of the University. In this regard, both sides have exchanged views on how to build on this and make it a reality soon. They also discussed other issues relevant to the academic collaboration.

Group-T is a university college which is now part of KU Leuven University. It has established a strong collaboration with Ethiopian universities such as

Addis Ababa Science and Technology University, Dire Dawa, Aksum, Wollo and Wellaga universities in the fields of engineering, sciences and enterprise. The university college has enrolled 56 Master students since it established collaboration with Ethiopian universities. This year, Group-T has accepted 10 Ethiopian students in engineering programs. Next year, the same of students should benefit from unique partnership.



From left to right: Prof. Dr. Frank Baert, Academic Director; H.E. Teshome Toga, Ambassador Extraordinary and Plenipotentiary of the Democratic Republic of Ethiopia; Prof. Johan de Graeve, President – Chief Executive of GROUP T-Academy; Mr. Nahom Girma, First Secretary Technical and Development Affairs at the Ethiopian Embassy and Mr. Ignace Gallon, Assistant to the President of GROUP T – Academy.

ECONOMY

Doing Business in Africa. ONE DAY in Addis Ababa

As a corporate lawyer in Germany, I am used to setting up companies for foreign investors in Germany and other countries in Europe. However, I was now charged with setting up a subsidiary for a German holding in ETHIOPIA. The reaction of my friends and colleagues was: This will be complicated, long drawn out and full of obstacles – and you will surely be asked for money right, left and centre.

None of their misgivings came to pass. Yes, I took the time to prepare my task in depth, checked the available manuals (for example, the web pages of the very competent Ethiopian Investment Commission) and had telephone contact with people in Addis Ababa and the consulate. In the end, I left Frankfurt, Germany on a Monday night at 11 p.m. and was back the same week on a Wednesday morning at 5:30 a.m. with a company created, a bank account opened, a tax identification number issued and the investment licence application delivered. Only the wire transfer for the registered capital of USD 200,000 could not be done in one day and we had to wait before receiving the papers.

Of course, things were not completely straightforward: First, all documents pertaining to the mother company had to be notarized, the notary stamp legalized by the President of the local court, everything translated into English (why can't the local court issue a five line legalization in English?) and confirmed by the Consulate of Ethiopia – luckily enough, we have a very competent one in Frankfurt. These documents had to be reconfirmed by the

Ethiopian Minister of Foreign Affairs (why? The Consulate should be trustworthy enough).

This procedure is "interesting": You arrive early, are invited by the military guards to sit in the order of arrival in a big room to wait for the different counters to open but as soon as they open, everyone crowds together in front of the clerk's desk. You have to use some assertiveness to get your papers to the clerk. There is certainly some process optimization possible, as you need to change counters several times to get all the required stamps on all your papers.

After 1 and a half hours, we are finished and rush to the Investment Commission.

Again, queuing is a very German concept, so we again need to be assertive. There is

constant distraction from other investors, who want to jump the queue. No matter what is going on, the clerks remain calm and cool, don't stress themselves or their customers and manage the chaos without fuss. Now, we can do all that is required, i.e. set up a company, get the name cleared from the central name register and file the request for an investment licence in one single room (this is just incredible, try to imagine this in any country in Europe...!). I also have to mention that there is free Wi-Fi in the lobby of the Investment Commission and a very nice coffee house in the back yard.

Finally, we needed a bank account with a local bank. For this, we didn't even need to exit the building of the Investment Commission, as the Commercial Bank of Ethiopia has offices right in the lobby. With all these documents and a valid lease agreement for at least 6 months, we could go to the 3rd floor



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ETHIOPIAN INVESTMENT COMMISSION

and get our tax identification number. ONE DAY in Addis and I achieved more for my client than I could in Germany.

Sure, many things are not the same as in Germany or other European countries but can we really expect this? If you accept that the definition of the object follows different rules, that the management structures are different, that you need a lease

contract for a minimum of 6 months (domiciliation is not possible) and that the relevance of stamps is still very high, etc., you can get what you need quicker than in Europe.

Yes, doing business in Ethiopia is possible!

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Source: <http://ethio.be/1Fk86uE>

The industry sector development in Ethiopia

The industry and manufacturing sector plays an important role in the Ethiopian economy by supplying consumer goods, generating employment opportunities, processing agricultural raw products and earning foreign exchange through exports to other markets. This sector comprises light manufacturing products such as construction materials, metal and chemical products as well as basic consumer goods such as food, beverages, leather, clothing and textiles. Production is concentrated in and around Addis Ababa and mostly caters to the domestic market, although the number of exported goods is steadily growing.

Manufacturing of textile and leather are two important sectors of the industry in Ethiopia. With the biggest cattle population in Africa, Ethiopia can provide a cheap and abundant raw material for the leather industry, which is developing rapidly through local and foreign investments. 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 leather industry has increased export earnings of leather products: in 2013, earnings stood at USD 132 million compared to USD 76 million in 2008.

Ethiopia's textiles and clothing industry is also undergoing major development, aided by

the presence of a cheap, skilled and highly-motivated workforce. This surge has been helped by the country's impressive economic growth over the past years. Ethiopia's enormous export potential is made possible by the wide availability of raw cotton and other natural fibers and Ethiopia's access to domestic, regional and international markets.

The huge development of the construction and infrastructure sector in the last years further led to a boom of the metal and engineering activities in the country. The state-owned Metals and Engineering Corporation is providing steel products for major construction sites such as the Grand Ethiopian Renaissance Dam, the biggest infrastructure project in Africa. As such, the power engineering industry organized under the Metals and Engineering Corporation emerges into market to support the growth and transformation plan that is scoring a rapid economic development in the country.

Future perspectives

The Ethiopian economy is first and foremost an agrarian one. However, the Growth and Transformation Plan (GTP) has strongly supported the development of the industrial sector to transform the economic structure of Ethiopia from an agriculture driven to industry led economy and to reach middle-income country status by 2025. To accelerate the pace of the programme, the Agriculture Transformation Agency (ATA) was launched in 2011 with the aim of augmenting the productivity of the agrarian sector to liberate labour force and purchasing power to develop the industrial sector.

Moreover, the Grand Ethiopian Renaissance Dam will soon provide cheap and abundant electricity to further intensify the booming of manufacturing sector of a country in which the electricity demand is growing by about 30 percent each year. Combined with a vast, cheap and trainable labour force, robust infrastructure development, political stability and a strategic location, this energy achievement will considerably boost the manufacturing capacity. Furthermore, a broad range of manufactured goods from Ethiopia are entitled to preferential access under the Generalized System of Preference (GSP) in the USA, most countries of the EU and other developed countries. No quota restrictions are placed on Ethiopian exports falling under the 4,800 products currently eligible for GSP treatment. Ethiopia's proximity to the Middle East and Asian markets also offers further potential market opportunities.

On top of that, strong incentives were implemented by the Ethiopian Government in the last years to attract foreign investors, among

others:

- drafting of a new Special Economic Zones law based on international best practices guiding the governance, development and operation the Special Economic Zones;

- guarantying access to land at concessionary lease rates;

- reducing the infrastructure costs of the Special Economic Zones development, including off-site infrastructure;

- setting up fiscal incentives including exemptions from customs duties on construction machinery, equipment and building materials required for zone development, as well as production machinery and equipment.

Finally, the Government is also making concerted efforts to dismantle barriers to investment and private sector participation caused by excessive regulation to help the industrial sector growing.



Huajian Group shoe factory in Addis Ababa

AGENDA & ANNOUNCEMENTS

Celebration for Ethiopian diaspora: 24th anniversary of Ginbot 20

The Embassy of Ethiopia in Brussels cordially invites Ethiopians and Ethiopian origins living in the Benelux to celebrate together the 24th anniversary of Ginbot 20, the downfall of the Derg regime. During the celebration, the diaspora participation in the development of the country, good governance issues as well as diaspora housing directives will be explained and discussed.

The Embassy is looking forward to welcoming all Ethiopians and Ethiopian origins on 30 May 2015 from 14:00 to 18:00 at the cultural center Whalll, avenue Charles Thielemans 93, 1150 Brussels. Please confirm your attendance at info@ethiopianembassy.be or +32 2 771 32 94

Read the complete invitation letter (Amharic):

<http://ethio.be/1Ek7wX6>

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

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