

Newsletter

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Lasta Mountains near Lalibela, Northern Ethiopia. Picture by Liesbet Sanders

Content

<i>POLITICAL ISSUES</i>	3
EPRDF member parties have completed their ordinary sessions	3
<i>ECONOMY AND INVESTMENT</i>	5
Why Ethiopia’s economic diplomacy pays off	5
Ethiopian Airlines makes higher profit and plans to expand fleet	6
Debre Birhan is emerging as an industrial hub	7
Circum seeks partner for Ethiopia potash project	7
<i>INFRASTRUCTURE</i>	9
Ethio-Djibouti railway to start early 2016	9
Gilgel Gibe III Power Plant started testing	9
<i>REGIONAL ISSUES</i>	10
President Kirr signed final peace deal	10

POLITICAL ISSUES

EPRDF member parties have completed their ordinary sessions, 10th EPRDF meeting is underway



Openinig of the 10th regular congress of the EPRDF in Mekele on 28 August 2015

Member parties of the ruling party, Ethiopian Peoples’ Revolutionary Democratic Front (EPRDF) have completed their ordinary sessions before the 10th regular congress of the Coalition in Mekele, capital of Tigray Regional State. Accordingly, the Amhara Nationals Democratic Movement (ANDM), the Tigrayan People Liberation Front (TPLF) the South Ethiopia Peoples Democratic Movement (SEPDM) and the Oromo People Democratic

Organizations started deliberations in their respective regional state capitals.

The Amhara Nationals Democratic Movement (ANDM) 11th ordinary session was held in town of Bahir Dar, the State’s capital. While addressing the session, ANDM Chairperson and Deputy-Prime minister, Demeke Mekone said his party will continue to work for improved benefit of the society and the people of the region.

Noting that promising results have been gained during the first Growth and Transformation Plan (GTP) period, Demeke said his party will work to further expand the successes gained the implementation of the first GTP. The session has evaluated the major successes gained in agriculture, in social sectors such as education and health during the first GTP and challenges like good governance and transformation of the agricultural sector to industry. The session put forward directions for a better performance during the implementation of the second GTP, giving a focus on transformation of agriculture to industry, good governance, and people's participation in the transformation of the country.

Similarly, the Tigrayan People Liberation Front (TPLF) held its 12th ordinary session in the town of Mekele. The meeting passed decisions that will satisfy the interest of the public regarding good governance, said the Chairperson, Abay Weldu.

Meanwhile, the 9th ordinary session of the South Ethiopia Peoples Democratic Movement (SEPDM) was held in the town of Hawassa. Hailemariam Desalegn, Prime Minister of the Federal Democratic Republic of Ethiopia was re-elected Chair of SEPDM, and said progress has gained through the developmental activities in the rural and urban areas. Hailemariam said despite of the successes, some problems including rent seeking mentality remained challenges, urging that more is expected from the leadership to provide sufficient answer for the concerns of the public.

The 8th Organizational Conference of the Oromo People Democratic Organization (OPDO) was also held on 25 and 26 August 2015 in Adama. Muktar Kedir was re-elected as Chairperson of the Organization. The session has deliberated at length on achievements in agriculture, health, education, clean water and power supply that have been achieved as a result of the huge participation of the public. However, it was pointed out that there are still issues

that need special attention. Even if successes have been registered in job creation, access to potable water, power supply, road, expansion of educational institutions and health, lack of quality in infrastructural development projects and education, intermittent failure of electric power and internet, urban administration, shortage of housing and corrupt activities have created room for lack of good governance, the conference agreed.

The 10th EPRDF conference that is now being held in Mekele will evaluate the major achievements of the first GTP (2010-2015) and set major decisions on the implementation of the second GTP (2015-2020). Besides, the conference will evaluate the good governance problems in major economic sectors and set directions for more public participation and the prevalence of good governance and democratization. The conference is also expected to lay significant foundations to sustain development and political stability in the country, the Chairman of EPRDF said during the opening ceremony. Prime Minister Hailemariam Desalegn also said that this conference shall be successful in tailoring strategies to take significant steps in the effort to further alleviate poverty in the country. He also noted this conference is peculiar from the previous meetings as it is taking place on the eve of successful accomplishment of the first Growth and Transformation Plan and while the second GTP is taking root. This conference, expected to continue till August 31, is eagerly awaited as a moment to pave paths that can enable the country further realize its renaissance. Supporting parties from the regional states and those from different countries have addressed the conference and expressed their determination and will to sustain their cooperation with the front and the country at large.

Sources: ENA, Walta Information Center, All Africa, Embassy of Ethiopian in Brussels

ECONOMY AND INVESTMENT

Why Ethiopia's economic diplomacy pays off

Global trade growth has shown a decline in the recent years, especially after the world economic crisis. World trade showed growth of

trading partner states, export volume and the diversity and quantity of items traded. Ethiopia has registered a mean annual rate of 19.5 percent growth in gross volume and 15



The National Cement Share Company of Ethiopia's new plant in Dire Dawa. Picture © DFID

less than three percent in 2012 and 2013.

However, the scenario is different in Ethiopia. From 2000 to 2014, the merchandise trade sector in the country has shown an increasing trend in gross volume, annual rate of growth,

percent growth in export volume. In 2014, the growth was 30.6 percent for total volume and 15 percent for exports.

This trade growth is highly spectacular in comparison to the world trade growth rate and

even higher than several leading and emerging economies. The trade volume is forecasted to keep increasing by an average annual rate of 13.2 percent in the coming two successive years.

The overall trade volume of the country has grown to a level of USD 116 billion in the past fifteen years. In 2014 only, the trade volume

was 17.7 billion dollars, an extensive difference of 4.15 billion dollars from 2013. Ethiopia exported a total trade volume of 21.7 billion dollars within the last fifteen years and three billion dollars in the year 2014.

Read the full article and analysis on Addis Fortune: <http://ethio.be/1hdZtaq>

Ethiopian Airlines makes higher profit and plans to expand fleet



Ethiopian Airlines is powering ahead with a plan to expand its fleet and route network after exceeding its profit target for the 2014-2015 year, its chief executive said in an interview.

The state-owned carrier is ranked the largest airlines in Africa by revenue and profit by the International Air Transport Association (IATA), the global industry body.

CEO Tewolde Gebremariam said the firm had revenue of 49.4 billion birr (\$2.39 billion) in its fiscal year ended July 7, exceeding a target of 43 billion birr. He attributed the growth to a rise in passenger numbers and to expansion of maintenance, catering and aviation training services.

Ethiopian Airlines plans to increase revenue to \$10 billion by 2025 by nearly doubling its

fleet of 77 aircraft and opening new routes. It currently has 77 planes, including 13 787-8 Dreamliners by Boeing. It ordered six more Dreamliners in June. It has 50 planes on order altogether, including 14 A350s by Airbus, and expects to increase its fleet of Dreamliners to 30 in 10 years' time, the CEO said.

The airline has targeted the growing trade ties between Asia and Africa in recent years, as well

as that with Brazil by inaugurating flights to Rio de Janeiro. It also launched flights to Los Angeles and Toronto this year.

Tewolde said Ethiopian Airplanes is planning Jakarta, Ho Chi Minh City and the Chinese cities of Chengdu and Shenzhen as its next Asian destinations, as well as adding Oslo in Europe and New York and Chicago in the United States

Source: Reuters

Debre Birhan is emerging as an industrial hub

Debre Birhan town, located 100 km from the capital Addis Ababa, is one of Ethiopia's emerging industrial hubs. According to the Mayor, the city has licensed investors with a total capital of ETB 12 billion during the past three years. From the 300 local and foreign companies, 124 are engaged in manufacturing, and 17 projects have already started production.

The consortium of the industries, which include beverage, paper, plastic, metal, leather goods, pharmaceutical and bottle manufactures as well as automotive assembly plant, have created over 2,000 permanent jobs. The investment flow to the town has been increasing significantly.

The Turkish leather goods manufacturer My Shoes, Juniper Glass Industries Plc. and Leather Manufacturing are the biggest manufacturers in terms of capital and these plants will commence production by mid-2017. Moreover, around 26 projects with 400 million birr capital are owned by the Ethiopian Diaspora.

Debre Birhan has become one of the preferred investment destination for local and international companies due to its proximity to the capital city Addis Ababa and accessibility to international markets via the Port of Djibouti and Port of Tadjoura.

Source: ENA

Circum seeks partner for Ethiopia potash project

Circum Minerals, which is partly owned by a private equity fund invested in South Africa, is about to raise USD 2.6 billion towards a potash project in Ethiopia, promising a mine that delivers some of the lowest-cost fertiliser ingredients in the world.

Circum, headed by Brad Mills, former CEO of the world's third-largest platinum miner, Lonmin,

plans to secure a mining and environmental permit before the end of this year, allowing it to seek out the funding, which could come from a strategic partnership.

The traditional way to finance these kinds of projects was to raise up to USD 1 billion through equity and the balance through debt financing, Mr Mills said. "The effort at this point

is to find a strategic partner who would come in and write the equity cheque," he said.

This partnership could be in the form of a large cash injection into the project in exchange for a stake in the business, or the project could be started with finance cobbled together, followed by further large investments.

"There is no immediate plan to list Circum. It would only occur after we raised most of the equity and debt for the project such that if we came to market it was with a fully funded project," Mr Mills said. Circum has outlined a large potash deposit in the Danakil Basin, close to the Eritrean border.

The entire potash resource is 4.9-billion tonnes as well as a reserve of 108-million tonnes.

Potash is a potassium-rich salt from ancient seabeds and used to make fertiliser. Canada and Russia are the world's largest sources of potash, with most of their mining done underground.

Circum plans to mine near the surface, using fluids to dissolve the salts so they can be cheaply extracted and processed.

African Minerals Exploration and Development Fund, a private equity group, holds nearly 36% of Circum. It has stakes in a number of African mineral deposits, including Sepfluor, a South African fluorspar company.

The fund includes founding partners Rudolph de Bruin and David Twist.

The attraction of starting the project close to the shores of the Indian Ocean gave both operational and transport cost advantages for Asian buyers of potash, Mr Mills said.

"It becomes a natural project to develop for anyone that wants to have a major stake in production of potash for the Southeast Asian markets," he said.

Circum has started test work at the project and will extract 5,000 tonnes of potash to be sent to prospective clients as well as firming up its own operating assumptions.

Initially, the project, which will deliver 2.7-million tonnes of potash in the first phase, will entail trucking the minerals 600km to Djibouti.

The long-term alternative is to build a 30 km rail spur to a railway line.

Production would need to get to more than 3-million tonnes a year to justify the construction of the railway line. The estimated cost of the spur and rolling stock would be about \$600m for installed capacity of 5-million tonnes a year, Mr Mills said.

Production would be 2-million tonnes of muriate of potash, which will have a free-on-board cost at Djibouti of \$83.89/tonne; and 750,000 tonnes of sulphate of potash at \$158.95/tonne in the first phase, which is expected to start production from mid-2018, according to a definitive feasibility study.

These costs would come down once the railway was built.

Source: Business Day

INFRASTRUCTURE

Ethio-Djibouti railway to start early 2016

The new railway line currently under construction to connect Ethiopia and Djibouti will open early 2016. The 450-mile line which is being built by China Railway Engineering Corporation (CREC) and China Civil Engineering Construction (CCECC) at a cost of USD 4 billion, is one of the major projects towards creating new manufacturing industries in Ethiopia. The project is also part of Ethiopia’s plan of constructing around 5,000 km of new railway

lines across the country by 2020.

Getachew Betru, Chief Executive Officer, Ethiopian Railways Corporation, said that by October 2015, a considerable portion of the Addis Ababa-Djibouti project will be completed. He noted: “It is a game-changer for us...It will be one of the most vibrant economic corridors in the world.”

Source: ENA

Gilgel Gibe III Power Plant started testing

On 11 August 2015, testing started at the Gilgel Gibe III hydro-electric dam. When fully operational, the plant will add 1870 MW to

Ethiopia’s power grid.

The Ministry of Water, Irrigation and Energy said the trial production is from the stored



water that enables the production. The dam will eventually store 11.8 billion cubic meters of water that can be released downstream for power generation or other purposes.

“When the trail is successful, Gibe III is expected to start generating 500 megawatts of electricity by this month,” Alemayehu Tegenu, the Minister said during a press conference. Ministry officials said installation of turbines for the 1,870 megawatt power plant is being carried out. The \$1.8 billion project was started five years ago and is being largely funded by the government.

According to latest figures Ethiopia has just over 2,000MW of installed generation capacity. This means the addition of Gibe III will substantially change the country’s power

profile and help accelerate an ambitious government industrialisation programme.

The government has already gone into long term deals to sell electricity to Kenya and further afield to Rwanda. “In the region power shortage and its high price constitute one of the major challenges of development. Our success in combating poverty and under-development will among other things depend on how soon and how efficiently we solve the existing power-related problems,” Tegenu said recently. China Electric Power and Equipment Technology Company is to build a \$120 million power transmission line to connect Ethiopia and Kenya. Leading financiers for the project include the African Development Bank and AFD, the French Development Agency.

Source : East African Business Week

REGIONAL ISSUES

President Kirr signed final peace deal

On 26 August 2015, President Salva Kiir signed the peace deal “Negotiated and Revised Version of the Final Agreement on the Resolution of the Conflict of the Republic of South Sudan” in Juba after holding consultations with his advisors. The signature of this final peace deal was attended by current IGAD Chairperson, Ethiopian Prime Minister Hailemariam Desalegn, Uganda’s President Yoweri Museveni, Kenya’s President Uhuru Kenyatta, and Sudan’s Vice President, Bakari Hassan. Initially, this agreement was signed

Riek Machar, leader of the SPLM-in-Opposition and Pagan Amun, representing the former detainees on 17 August 2015.

Speaking at the event, President Kirr noted that he had accepted the peace deal because the country faced the choice of either giving a chance to peace or to continue the war against the aspiration of the people of South Sudan.

The signing by the South Sudanese President of a peace agreement was welcomed by the international community. Prime Minister

Hailemariam Desalegn said “This is the day the people of South Sudan have been waiting 20 months for”. The Secretary-General, welcoming the signature by President Salva Kiir of the Agreement, reiterated that this is “a critical and necessary step towards ending the 20 month-long conflict that has devastated South Sudan and subjected its people to unspeakable suffering.” The Secretary-General commending the IGAD-led mediation for its tireless efforts to bring the peace talks to a successful conclusion, appreciated “the unity of purpose that regional leaders have displayed in seeking an end to this tragic conflict. Their continued positive engagement remains essential to the achievement of lasting peace in South Sudan.” Furthermore, the Secretary-General, affirming UN’s support to the parties in the implementation of this agreement, stressed that it is high time to translate the deal in reality to end the crisis and suffering of the people.

The chairperson of the African Union Commission, Nkosazana Zuma, issued a statement in reaction to the peace deal,

urging the parties to immediately begin its implementation and adhere to all its provisions. The European Union also issued a statement on the 26 August 2015, commending the final decision by president Salva Kiir to follow suit and sign the IGAD compromise agreement. Both the White House and the State Department in Washington, welcomed the peace agreement and urged the South Sudanese parties to fully implement the deal without any reservation, warning that any party to the deal that will be seen to be obstructing its implementation will face punishment.

In a statement published on 24 August, the African Union Peace and Security Council “reiterated the AU’s commitment to continue assisting the South Sudanese stakeholders to achieve lasting peace in their country, including through the AU High Representative for South Sudan and the High-Level ad hoc Committee”

Source: Walta Info, FBC, African Union.

ABOUT THE EMBASSY

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