



**Textile & Apparel Investment Opportunities in Ethiopia**  
**October, 2015 – Addis Ababa**  
**Origin Africa**



# Growth and Transformation Plan II (2015-2020)

The overarching goal for GTP 2 is:

To become a middle income country by 2025. Ethiopian government defines middle income more broadly than a quantitative target; including achievement of aggressive poverty reduction and advances in health, education, and the environment. Three areas of focus:



**Economic development, focusing on Light Manufacturing mainly Textile & Leather Garment.**



**Social development by improving the quality of life through integrated progress in health, education, and overall living standards.**



**Environmental development through the sustainable use of natural resources as well as increasing the resilience of the environment to adverse impacts of climate change.**

# GTP 2 will focus on Manufacturing Export but import substitution will also be important!

Over the next 10 years Ethiopia aims:

- To develop the manufacturing sector by 3 fold.
- To create 2 million manufacturing jobs,
- To grow manufacturing exports 4 fold

- Massive expansion technical colleges, technical schools, technical centers
- Goal of training up to 1 million every year.
- 35 to 50 public universities with over 400,000 student. 70 % in engineering, technology and natural sciences.



- The development of industrial Parks is critical
- 3 industrial parks are under construction by IPDC and 7 are planned to be constructed within the next 5 years, from Private 1 is partially completed 2 under construction.
- Over 20 million square meters of factory buildings

- On track to generate about 12,000 megawatts of power by 2017
- Developing 5,000 kilometers of railway network
- Integrated air and sea transport and logistics infrastructure
- New Airport building & Expansion of existing Airports

# Focus Sectors For FDI

**Manufacturing in Labor Intensive Industries by Developing Industrial Parks.**

**This is the 1<sup>st</sup> Industrial Park built by a Chinese company. There are more coming Bole Lemi, George, Hawassa and Hua-jian Industrial Parks. 14 in Eastern & 20 in BLIP became operational. 24 in George & 34 in Hawassa Textile IP are under construction. We encourage both IP developers and Light Manufacturing Companies. We'll continue to build & lease IPS with infrastructure.**

**Six Standard Workshops with 10000M<sup>2</sup>/ each for light Industry**



## **Ethiopia is blessed with:**

**1.Fertile black soil suitable for the growth of cotton, the basic raw material for man made textile fabrics;**

**2.Sustainable renewable green hydro power energy, cheaper than any country which makes favorable for textile specially the power intensive spinning & fabric manufacturing. When it integrates forward the electric consumption goes down.**

**3.Cheap & trainable labor as compare to other garment producing countries make it more feasible for the growth of the garment industry.**

**4.Duty benefit for exporting textile and garments to USA (AGOA) and to EU (EBA) agreements, to mention some**

# Industrial Parks Projects:

<b>No</b>	<b>Name of Parks</b>	<b>Site &amp; Location From Addis Ababa</b>	<b>Land size in hectare</b>	<b>Clusters</b>
1	Bole Lemi I	AA	156	Apparel
2	Bole Lemi II	AA	186	Textile & Apparel
3	Kilinto	AA	337	Food Processing, Pharmaceuticals, House appliance, electronics and electrical
4	Hawassa	South 275 Km	300	Textile & Apparel
5	Dire Dawa	East 473 Km	1500	Textile & Apparel, Food Processing, assembly
6	Kombolcha	North-East 380 Km	700	Textile & Apparel, Food Processing
7	Mekelle	North 760 Km	1000	Textile & Apparel, Food Processing, Assembly
8	Adama	South East 74 Km	2000	Textile & Apparel, Food Processing
9	Bahir Dar	North-West 578 Km	1000	Textile & Apparel, Food Processing
10	Jimma	South-West 346 Km	500	Textile & Apparel, Food Processing

# The 20 sheds at Bole Lemi I Industrial Parks



# Textile Garment Manufacturing inside Industrial Park



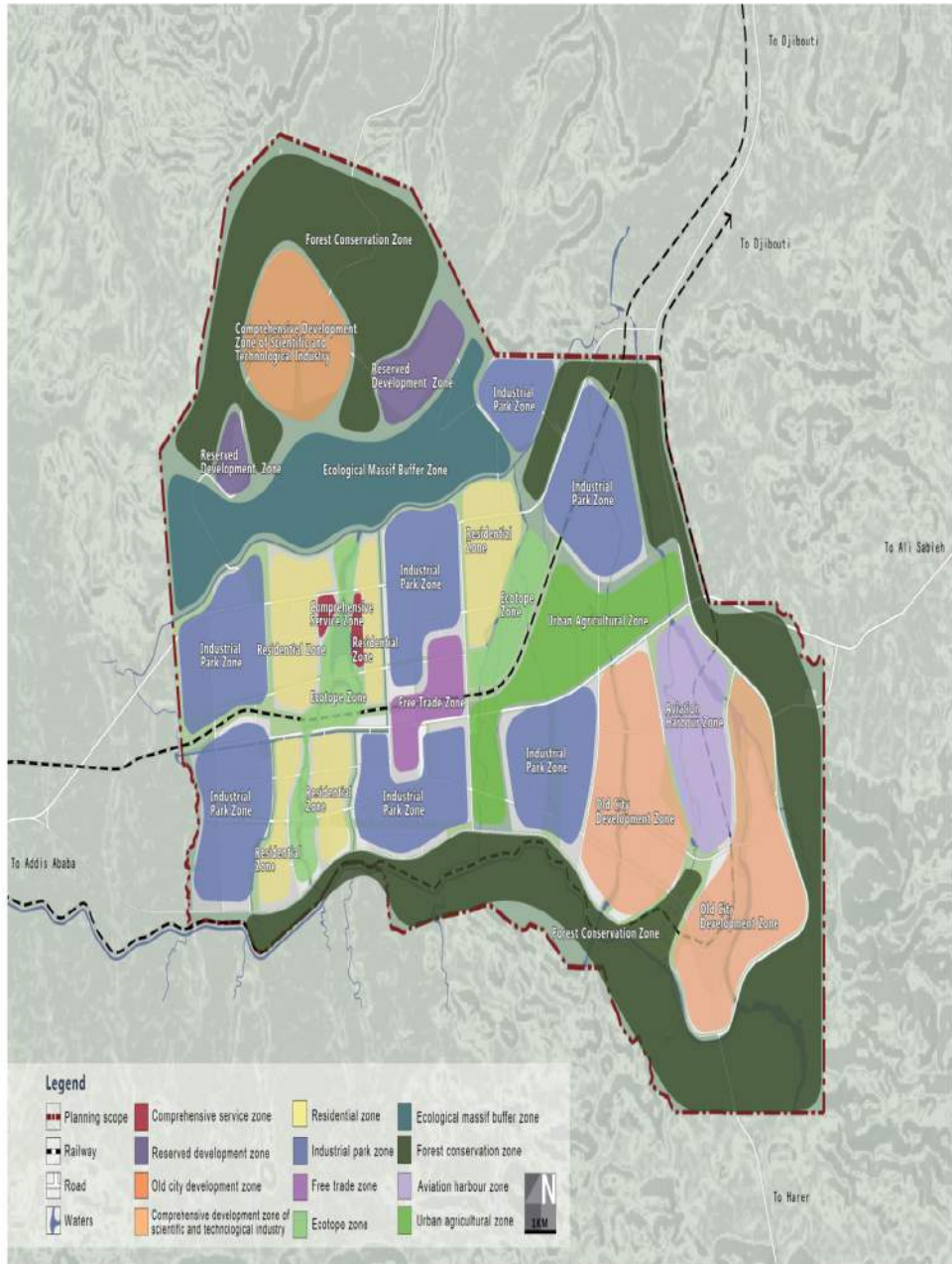


# Hawasa Industrial park(HIP)



- The 1<sup>st</sup> phase of the park has 300ha
- Development activities started (JULY, 2015 by CCECC)
- Financed by the Ethiopian Government
- New Air port under construction
- Rail Way (going to be constructed)
- Express way (going to be constructed)
- It will develop with three phases
- Potential Investors most from FDI are making decision to invest for export,

# Dire Dawa Industrial Park(DDIP)



- Located at the Eastern part of Ethiopia next to the Chartered city of Dire Dawa;

- 445 km from Addis Ababa;

- Near to Djibouti port around 380 km;

- It has 112 sq km and will be develop phase by phase

- Construction will be commenced early November 2015.

# Investment Policies and Incentives

## Investment Policy- Admission

- **The policy has been modified in the last 20 years for more than 4 times in favor of investors.**
  - **Foreign investors can invest alone or in partnership with domestic investors in areas open for FDI**
  - **No restrictions on equity ownership in (JV) investment**
  - **Investors are required to have investment permit**
  - **Allocate minimum of USD 200,000**

# Investment Policies and Incentives

## Incentives- Regulatory

- **Full reparation of profits, dividends, principal and interest payments on external loans out of Ethiopia in convertible currency**
- **The right to employ expatriates experts and management staff, 2 years income tax exemptions for expats.**
- **Investment incentives: customs duty exemption on capital goods, construction materials and partially (15%) on spare parts.**

# Investment Policies and Incentives

Incentives-  
Regulatory

- **Export incentives: customs duty exemptions on inputs of manufacturing of exportable products & of all taxes on export including VAT**
- **Income tax exemptions: 2-8 years, may be more for Manufacturing of Textile and garment inside IPs and;**
- **10-15years for Industrial Park Developers.**

# ...Investment Policies & One-Stop-Shop

Other services  
provided on  
behalf of  
investors

- **Execution of investors' requests for land required for their investment projects**
- **Execution of investors' requests for residence permits**
- **Execution of investors' requests for approval of environmental impact assessment studies conducted on their investment projects**
- **Execution of investors' requests to acquire water, electrical power and telecom services**
- **Provision of other pre- and post-approval services, OSS.**

## **...Investment Policies & One-Stop-Shop**

### **Organizational Arrangement**

- **Ethiopian Investment Board (EIB): is the highest investment and IP policy making body**
- **EIB also has the power to issue directives related to incentives and related matters**
- **EIC is responsible for supporting & regulating investment projects.**
- **EIC provides One Stop Shop (OSS) service for investors.**

## **...Investment Policies & One-Stop-Shop**

### **Organizational Arrangement**

- **Industrial Park Development Corporation (IPDC): serves as IP Land Bank, develops government IP and handovers land to Private IP Developers. (Leases or sub-leases land, sells or rent shades).**
- **Its board serves as a higher decision making body assists in coordinating Federal and Regional Governments.**
- **A business is as good as the vision & the commitment to that vision!**



**We Welcome you to invest in the fast  
growing Ethiopia!**

**You are also welcome to ask questions!**

**For further reference our website is:**

**[www.investethiopia.gov.et](http://www.investethiopia.gov.et)**

***Thank You!***