

JAPANESE PRIVATE BUSINESS ACTIVITIES



Ethiopia and Japan enjoy an exemplary good bi-lateral relationship, dating back to the 1920s, despite the long geographical distance between the two countries.

Japan supports the development efforts of Ethiopia focusing on sectors, such as water, roads, agriculture, education, health etc, amounting to 40 to 60 million US \$ per year. Bi-lateral trade has been increasing, reaching the highest level in its history (Japan exported 114 million US\$ to Ethiopia, and imported 93 million US\$ from Ethiopia in 2006).

Japanese private sector investment has yet to return to Ethiopia. Before the Derg came to power, more than 10 Ethiopia-Japan joint ventures were operational in Ethiopia. However most of them were nationalized by the Derg government.

The Embassy of Japan is fully aware that it is now time for the Japanese private sector to return to Ethiopia, especially in light of the significant economic boom demonstrated by a two digit annual GDP growth for the last four years in a row. Therefore, the Embassy has initiated a series of studies on emerging industries in Ethiopia, such as floriculture, tourism, leather footwear, handicrafts, etc. The findings of these studies are being shared with Japanese private businesses as well as with relevant government organizations such as JICA (Japan International Cooperation Agency) and JETRO (Japan External Trade Organization) to promote and revitalize Japanese private investment in Ethiopia.

As a recent example of Japanese private business activities, a tour operation company has been established by a Japanese entrepreneur in order to facilitate Japanese tourists in Ethiopia. In the industrial sector, too, the first export-oriented coffee roasting factory with a high production capacity in Ethiopia has been established in a joint effort of an Ethiopian coffee bean exporter, Alfoz, and a major Japanese retail chain, Hanamasa. Since Ethiopia has mostly been exporting low value-added green beans, this is a great leap forward to promoting the export of high value-added, processed agri-products. This is also in line with the Ethiopian Government's development policy, ADLI (Agriculture Development-led Industrialization).

The Embassy of Japan is hopeful that other plans underway by Japanese private business will bear fruit near future. We welcome and support Japanese private investment in Ethiopia, especially on the occasion of this Ethiopian Millennium and beyond.