Ethiopia at a Glance

Location:-
Strategically located in the Horn of Africa, at the cross roads between Africa, the Middle East and Asia.

Area:-
1.14 million km²

Population:-
About 83 million
Investment Climate

A. Existence of peace and political stability

B. Macro-economic stability and growing economy:
   • Low government budget deficit (less than 2% of GDP)
   • Double digit GDP growth rate (an average of 11.0% per year over the last 8 years)
C. Investment Policy

As part of the Industrial Development Strategy (IDS), the investment policy recognizes:

- investment as one of the pillars of sustainable development; and
- the private sector as the engine to realize the IDS.

1. Admission

• Foreign investors can invest on their own or in partnership with domestic investors in areas open for FDI.
• Required to have investment permit from the Ethiopian Investment Agency.
• Required to allocate minimum capital.
• No restrictions on equity ownership in joint-venture investment.
2. Attractive incentive packages
   • Regulatory
     - Guarantee against expropriation or nationalization
     - Full repatriation of profits, dividends, principal and interest payments on external loan, etc. out of Ethiopia in convertible currency
     - The right to employ expatriate experts and management staff
     - Access to local bank credit
     - Double taxation avoidance treaties
- Fiscal
  - Customs duty exemption on imported capital goods, construction materials, and spare parts worth up to 15% of the value of imported capital goods
  - Income tax exemption
  - Loss carry forward
  - No discrimination between foreign & local investors
• **Financial**

  • Access to bank credit, at concessionary rate, up to 70% of the investment costs of projects from DBE (for feasible investments in priority sectors of manufacturing, agro-industry and commercial agriculture) (see www.dbe.com.et)

  • Subsidy up to 30% of the cost of in-site infrastructure (water and electricity supply, telecommunication connections and in-bound road networks) for in industrial zone developers
3. One-stop shop services

• Investment permit..........................4hrs
• Commercial registration.................4hrs
• Work permit..................................1hr
• Business license............................4hrs
• Technology transfer agreement registration.................................4hrs
• Domestic status certificate...........1hr
• Pre-approval and post-approval services.
4. Improving and growing infrastructure facilities

• 7% annual growth of all-weather roads (currently over 48,800 kms.)
• Rapidly expanding electricity supply (from about 380MW in 2005 to 2,000MW at present)
• Fixed and mobile telephone services increased respectively by 40% and 62% in the last 6 years
• Access to safe potable water in urban and rural areas reached 91.5% and 65.8% in 2009/10
• Others
5. Market availability

- Domestic (82.1 million)
- COMESA
- AGOA
- EBA
- Middle East
6. Priority Areas

1. Agriculture
   - cotton, sugar cane, rubber and palm plantations
2. Industry
   - agro-processing, textile and garment, leather and leather products and chemical
7. **Availability of labour**

- Abundant & trainable
- Relatively cheap
- English conversant
Why invest in Ethiopia?

• Political and Social stability
• Macro-economic stability and growing economy
• Strategic location
• Transparent investment law and procedures
• Abundant, cheap & trainable labour force
• Wide market opportunities
• Adequate guarantees & protection
• Ample investment opportunities
## Principal Taxes Currently In force

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of tax</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Corporate income tax</td>
<td>30%</td>
</tr>
<tr>
<td>2</td>
<td>Custom duties</td>
<td>0% up to 35%</td>
</tr>
<tr>
<td>3</td>
<td>Dividend tax</td>
<td>10%</td>
</tr>
<tr>
<td>4</td>
<td>Excise tax</td>
<td>10% up to 100%</td>
</tr>
<tr>
<td>5</td>
<td>Export tax</td>
<td>Nil</td>
</tr>
<tr>
<td>6</td>
<td>Income tax from employment</td>
<td>0% up to 35%</td>
</tr>
<tr>
<td>7</td>
<td>Royalty tax</td>
<td>5%</td>
</tr>
<tr>
<td>8</td>
<td>Turn over tax</td>
<td>2% and 10%</td>
</tr>
<tr>
<td>9</td>
<td>Value added tax</td>
<td>15%</td>
</tr>
<tr>
<td>10</td>
<td>Withholding tax</td>
<td>2%</td>
</tr>
</tbody>
</table>

* Except export of raw hides and skins.
Thank You

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Please visit the Agency’s website for further information: www.ethioinvest.org