

Agriculture

Agriculture is the backbone of the Ethiopian economy. The sector contributes about 43% of the GDP and 86% of exports. The export of Ethiopia is dominated by coffee and oil seeds, which together accounted to 50.6% in 2008/09. Other principal export commodities are 'chat', flowers, pulses, and live animals.

Ethiopia with 18 major agro-ecological zones and various agro-ecological sub-zones has a suitable climate for growing over 146 types of crops.

a) Food and beverage crops

Maize

Maize is an important crop in Ethiopia. It is grown in the mid highland areas of the country. There are huge tracts of land in all regions suitable for maize farming.

Maize is mainly produced in SNNPR and Oromia regions where there are about 1.77 million hectares under cultivation.

Wheat and Barley Farming

Wheat and barley are mostly grown in the highlands and mid highland areas of the country mainly in Oromia (Bale and Arsi Zones) and some parts of Amhara (North Gondar and North Shewa) Regions.

Wheat and barley are the main cereal crops in the country with about 1,095,436 and 1,398,215 hectares under cultivation, respectively. The potential for the private sector in agro-processing and out growers' scheme of development is significant. It offers excellent opportunities for production of wheat under irrigation in the Afar, Gambella, SNNPR and Somali Regions.

Oil seeds and pulses

A variety of oil seeds (e.g. sesame, rapeseed, linseed, groundnut, sunflower, Niger seed, cotton seed, etc.) are grown in Ethiopia. The demand for sesame has been increasing in the global market making sesame an increasingly important export commodity in Ethiopia. In 2008/09, Ethiopia exported 287,000 tons of sesame valued at 356.1 million USD, accounting for 24.6% of the total export earnings. Rapeseed, linseed, groundnut, sunflower, Niger seed and cotton seed also serve as raw materials for the domestic edible oil industry.

Cultivation of pulses like beans, peas, chickpeas, lentils, soybeans, etc. is also common in Ethiopia. Cultivation is carried out in both the highland and lowland areas of the country mainly by peasant farmers. Currently, the country exports a large quantity of pulses to the international market. There are also a number of factories that process pulses in the country.

Rice Farming

Rice could suitably grow in many parts of the country. The predominant potential areas are:-

- West central highlands of Amhara Region (Fogera, Gonder Zuria, Dembia, Takusa and Achefer);
- North West lowland areas of Amhara and Benshangul Regions (Jawi, Pawi, Metema and Dangur);
- Gameblla regional state (Abobo and Etang Woredas)

- South and South West Lowlands of SNNPR (Beralee, Weyito, Omorate, Gura Ferda and Menit);
- Somali Region (Gode);
- South Western Highlands of Oromia Region (Illuababora, East and West Wellega and Jimma Zones).

Spices

The major spices cultivated in Ethiopia are ginger, hot pepper, fenugreek, turmeric, cummins, cardamoms, corianders and black pepper. Currently, there are nearly 122,700 ha under spice farming. Spice production reached 244,000 tonnes per year. The potential areas for the cultivation of spice are Amhara and Oromiya, SNNP and Gambella regions. The potential for low land spice farming is estimated to be 200,000ha.

Coffee

Ethiopia is one of Africa's leading exporters of coffee generating most of its export earnings. Coffee is grown over 600,000 hectares, the largest of these areas lie in the south and south western highlands of the country. More than 60% of Ethiopian coffee is produced as forest or semi-forest coffee. The four main coffee growing regions in Ethiopia are: Harrar, Ghimbi, Sidama /Yirgacheffe, and Jimma/Keffa.

The country has more genetic diversity among its coffee varieties than any other county. Nine different varieties are cultivated in the four major growing areas.

Tea

Ethiopian tea is some of the best quality tea in the world. Ethiopia's current annual tea production from three private estates is approximately 7000 tons of black tea per annum. The total area covered by tea plantation is 2700 ha and the country only produces black tea but has potential to grow all types of tea. Investment potential exists in large-scale commercial tea production and modern tea blending and packing industries. The tea industry in Ethiopia has been lacking investment. The Government has been proactive to increase private investment in tea plantations. As part of its privatization programme for state owned enterprises, in 2000, two estates covering 2,109ha for \$27million USD were sold to private investors. Moreover, an Indian company that owns and runs the Tata Tea Estate has signed an agreement with a domestic owned private company to manage the tea estate. The company will transfer the latest technology of tea planting, growing, harvesting and manufacturing of black tea, assist in planting tea in 5,000 hectares of land and also have the option of investing in the equity of the company at a future date.

b) Horticultural crops

Fruits, vegetables and flowers

The climate, various soil types and access to water make Ethiopia favorable for the growing of fruits, vegetables and flowers. Major exportable fruits include citrus, banana, mango, papaya, avocado, guava, grapes, pineapple, passion fruit, apples and strawberries. Vegetables include potatoes, cabbage, cauliflower, okra, egg plant,

tomato, celery, cucumber etc.

Currently a total of 1200 hectares of land is covered by more than 80 flower growers who came from the Netherlands, India and Israel as well as domestic investors. The main cut flower exports include: statice, alliums, roses and carnations. The Ethiopian Horticulture Producer Exporters Association contains extensive information on the sector.

c) Livestock and Fishery

Ethiopia is first in Africa and tenth in the world for its livestock population.

According to Central Statistics Agency (2008-2009), the country has 49 million heads of cattle, 17 million heads of sheep, 22 million heads of goats and 38 million chickens.

Ethiopia's potential for fishery development is in its freshwater lakes, reservoirs and rivers. The total fish catch potential from these waters is estimated at 40,000 tons per year. There is also an opportunity for investment in the construction of aquaculture to produce fresh water fish for local and international markets.

This sector offers great investment opportunities. The potential for livestock and fisheries have not been fully exploited.

The investment opportunities in livestock and fishery are in:

- Meat processing;
- Dairy farming and milk processing;
- Raising and fattening of sheep, goat, cattle and camel; and
- Fish farming and processing.

Manufacturing

The manufacturing sector contributed 5% of GDP and 37.8% to the total value of industrial production in 2008/09 (Central Statistical Agency Statistical Abstract 2009). The major manufacturing activities are production of food, beverages, tobacco, textiles and garments, leather goods, paper, metallic and non-metallic mineral products, cement and chemicals. Under the export-led industrial development strategy, production of textile and garments, leather products and agro-processing are priority areas for investment.

a) Textile and garment

The textile industry is the largest manufacturing industry in the country. There are a number of state-owned and private textile and garment factories. The industry contributes the lion-share of employment in the manufacturing sub-sector. The main textile products manufactured are cotton and nylon fabrics, acrylic yarn, wool and waste cotton blankets and sewing thread.

The availability of inexpensive labour and the main raw material, cotton, are the major factors for considering this industrial sector as one of the strategic industries for export development.

b) Leather products

Ethiopia exports processed and semi-processed hides and skins to the world market. Some of the products, such as Ethiopian highland sheepskin (which has gained an international reputation for making gloves), are known for their quality and natural characteristics. Ethiopian hide and skin exports include pickled sheep skin, wet blue sheep skin, crust sheep skin, wet blue goat skin, crust goat skin, crust cow hides,

finished garment leather, finished glove leather, lining/upper leather, suede leather, full grain leather, embossed leather and patent leather.

The manufacturing and export potential of finished leather and leather products (such as leather garments, footwear, gloves, bags and other leather articles) is also highly promising.

c) Agro-processing

Ethiopia has tremendous potential for investment in agro-processing. Many of its agricultural products can be exported without being processed, while others can be processed before they are brought to domestic and foreign markets. The government has also placed a priority on the export of processed products, which involves and stimulates the growth of the agro-processing sector.

Specific opportunities in agro-processing include:

- Processing and preservation of meat and fish products, fruits and vegetables;
- Production and processing of dairy products;
- Manufacturing of starch and starch products; and
- Processing of animal feed, etc

d) Other

Other investment opportunities include manufacturing of:

- Cement and other construction materials;
- Pharmaceuticals and industrial chemicals, pesti- and fungi-cides, detergents; and
- Glass ware and ceramic products, etc

Tourism

Ethiopia has much to offer to international tourists. It has unique historical and cultural heritages, magnificent scenery, surprisingly pleasant climate and religious, archeological, and historical places to visit. Ethiopia is a land of contrasts and extremes, a land of remote and wild places with a wide range of tourist attractions which have not yet been fully exploited. Among others, the main tourist attractions include about 7000 species of plants out of which 1100 are endemic; about 242 mammals out of which 23 are endemic; about 850 bird species, out of which 16 are endemic. As Ethiopia is also the cradle of mankind, there are a number of archeological sites.

Tourism opportunities exist in the construction of star-designated hotels, lodges and resorts, international and specialized restaurants and as tour operators. Potential investors can take advantage of these opportunities through direct investment or joint-ventures with Ethiopians.

Tourism opportunities exist in the construction and operation of:

- Star-rated hotels, lodges, and restaurants; and
- Tour operation.

Construction

Ethiopia has extensive opportunities in the construction industry, particularly in the construction of roads, residential development, commercial and industrial

construction and low-cost housing. The Government has given special attention to the development of the country's road network. A wide range of opportunities exist for foreign investors who meet the standards set forth for the following services:

- General Contractor Grade One (GC1)
- Building Contractor Grade One (BC1)
- Road Contractor Grade One (RC1)
- Specialized Contractor Grade One (GC1)
- Water well drilling services(WW1)

Construction machinery and equipment rental services and real state development are also other opportunities in the sector.

Mining and Energy

Ethiopia offers excellent opportunities for mineral prospecting and development. Geological studies have identified a favourable geological environment hosting a wide variety of mineral resources. Gold, tantalum, potash, platinum, marble, gem stone, etc. are among the minerals identified for future development. The Ministry of Mines and Energy is responsible for the processing of license application, regulation of mineral operations and the promotion of investment opportunities in the mining sector.

Ethiopia has the potential to generate 45,000 MW and 5,000 MW of electricity from hydro power and geothermal resources respectively. The private sector can participate in electricity generation from any source and without any capacity limit. Off-grid transmission and distribution of electricity is also allowed for private investors. However, transmission and supply of electrical energy through the integrated National Grid System is exclusively reserved for the state electricity provider, the Ethiopian Electric Power Corporation

Services

a) Education

Ethiopia aspires to attract internationally reputable educational institutions, universities and training centers. The following areas are some of the opportunities for both domestic and foreign investors.

- Kindergarten and nursery;
- Primary and secondary schools;
- Science and technology colleges/ universities;
- Colleges for business and marketing;
- Schools for medical science;
- ICT institutions;
- Vocational training centers;
- Training centre for hospitality industry.

b) Health

Opportunities for investment in health services exist in the following areas:

- General and specialized clinics;
- General and specialized hospitals;
- Clinical laboratory;
- Diagnostic centres.

c) Telecommunications

Opportunities are there for private investors to invest in the telecom services in partnership with the Government

d) Information and Communication Technology (ICT)

- Software, content, application, and database development
- System integration and data center services
- Manufacturing of ICT equipment like computers and peripheral equipment, audio and video equipment, telephone apparatus, and production of semi-conductors and other electronic components