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JANUARY 2023 ☎ 011-5573544 ✉ 2458 📧 E-mail: info@addischamber.com 🌐 www.addischamber.com



Addis Chamber Good Will Ambassadors called for to envision Vibrant Institute and Economy

By Ashenafi Mitiku

Addis Chamber is currently endeavoring multifaceted activities to envision strong and vibrant private sector in Ethiopia. As one of its major tasks, the chamber undertakes studies and research on various macroeconomic and micro economic issues that are going to be shared to key stakeholders and policy makers as further inputs.

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To be or Not to be, that is the Future of local banks

Following the recent policy intervention in the liberalization the finance sector in Ethiopia. It is clear that the local financial sector to face uncertain future . the future will bring either hope or stiff competition from the incoming foreign –based campiness.

e reign markets local banks are waiting an unknown future. The future to bring hope or stiff competition from incoming companies. Notably, local banks are anxious of possible invasion of giant international banks.

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Ethio American Chamber of Commerce and Addis Chamber Pledges to Harness Trade and Investment Opportunities



By Ashenafi Mitiku

A team of delegation led by Ethio American Chamber of Commerce meets its counterpart Addis Chamber to enhance partnership and harness the business and investment opportunities in Ethiopia and US. The delegation is warmly welcomed by Mr. Shibeshi B/Mariam, Secretary General of Addis Chamber. In their discussion, the Secretary General

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**Addis Ababa Chamber
of Commerce & Sectoral
Associations Monthly
Newspaper**

ADDIS BUSINESS

JANUARY 2023

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Editorial

Doing Export Easy for the Pvt Sector to Rebuild Reserves

It is true that the government is trying to lower the current inflation at any cost possible. Among root and immediate causes, the rise in exchange rate of Dollar against Birr is a widely circulating story or the unprecedented fall of forex reserve. The decision has triggered the unprecedented inflation, we are living in. The local currency, the birr, is trading at about 60 per dollar on the parallel market, compared with the official 53.

In fact the government concedes that the crisis is even impacting the national economic growth. However, reports say it is doing what is possible to resolve the incident overtime.

Foreign exchange scarcity is the main impediment to boosting foreign investment in areas such as construction, manufacturing, and tourism. On the other hand, the local small and medium-sized businesses have to wait more than 90 days on average to get foreign currency .

The effort by the government in including easing the supply of foreign exchange is apposite sign. It is agreed however, that the private sector has to widely participate in rebuilding of reserves. The government has seriously work on facilitating both the human and infrastructural resources found in the export alleyways. The wider private participation in export leads to an improved forex returns. That is not all however, administrative and policy challenges stalled along the export path have be removed be replaced by favorable conditions in line with the need of the private sector and the urgency of the issue.

The present inflation is said to have heavily affected the poor largely. It has also exacerbated the surge of prices including consumer commodity prices.

Other hand, one of the priorities of the Home Grown Economic Reform Program is to achieve increased foreign-exchange and ensuring sustainable availability. Thereby, create a more conducive operating environment for foreign investment. Such a policy dedication was an enormous opportunity for the local private sector in order to widely participate in the rebuilding the reserve. If one looks in the government effort in relation to both boosting the export and hitting envisaged foreign currency reserve target, he/she finds the same would be minimal.

Therefore, the business community has to widely intervene in rebuilding the national reserve alongside the government effort. Increasing the export volume through widely involving the business community requires the task of putting in place of a smooth and easy export tracks on the ground on which the business community can run. Therefore, capacitating and widely involving the business community in an effort to boost the national reserve is a matter urgency for the government.

Addis Chamber calls for VAT exemption on Tour Operators

By Ashenafi Mitiku

Ethiopia is one of those countries endowed with ample tourist attraction sites in the country. However, such resources are not fully utilized for national economic empowerment for innumerable reasons among others include the lack of support for tourism actors such as tour operators and hoteliers. Yet the recently adopted Ten Years National Development Plan of Ethiopia and home grown economic reforms undertaken by the government are promising for the sector as it has provided due attention to Ethiopian tourism sector, disclosed during the chamber business forum held in Addis Ababa.

Having the theme “Tour Operation in Ethiopia, Challenges and Prospects”, the session has organized by Addis Ababa Chamber of Commerce which brought together numerous stakeholders from the tourism sectors such as tour operators and government representatives. While speaking at the forum, Andinet Feleke, President of Ethiopian Tour Operators Association, said that although Ethiopia has ample tourism opportunity and yet didn't fully utilize it due to the fact that such products are not properly marketed and promoted to global and local tourists. She further calls on the government to create enabling business environment for tourism sector that encompasses wider supply chain. Went on her remark, Andinet strongly urges the government to exempt tour operators from value added tax to be competitive in the global tourism industry. Unable to take such measures in the last decades significantly affected the legally registered tour operators in Ethiopia, underlines Andinet.

While sharing the stand of Addis Chamber, Yohannes W/gabriel, director of arbitration



institute of the Chamber commends the role of the government in providing due emphasis for the tourism sector by its recent policy measures and regulations, he however calls on the government to really transform the sector to advanced ones. As far as Ethiopian tour operators are concerned, Yohannes said that the government should take in to account the various challenges associated with VAT paid by Ethiopian tour operators. The draft VAT proclamation that is put in place in the times ahead shall respond to the burning issue of taxation raised by tour operators, underlines Yohannes.

Reducing the rate of VAT levied on tour operators or issuing zero VAT tariff will resolve the long awaited questions of tour operators, Yohannes further remarks. Moderating the session, Shibeshi Betemariam, Secretary General of Addis Chamber, has elicited the session that the chamber has submitted a recommendation to the government that aims to protect and advocate the interest of tour operators in Ethiopia. In his concluding remark he also pledges to continue the initiative of hosting successive advocacy platforms periodically to championing the private sector in Ethiopia.

Huge Mkt. for Dry Papaya processors, *survey reveals*

By Ashenafi Mitiku

- **Global demand growing by 3%,** Papaya also called (*Carica papaya L.*) is an important tropical fruit with many nutritional, medicinal and economic values. The country has great potential to produce papaya and papaya has a big demand both at local and global markets.

A survey commissioned by Addis Chamber, Ethiopia's geographic location virtually makes the country suitable for tropical fruit production including papaya. At a panel staged to debate the potentials the potentials of dried. papaya, it was

mentioned that processors are major actors in the value chain. And they need to work on improving quality and value addition, it was reported. The local production system is however, remains under traditional methods. Such traditional production has so far limited revenues the country could fetch from the tropical fruit. According to the survey, 1/3rd of the papaya production is lost in the post-harvest period. The findings, however confirmed that, so far there are no dried papaya processors at home. Other challenges such as shortage of foreign currency, lack interest to extend credits for fruit processors on the side of creditors and the increasing price of inputs are the major challenges

in the sector. Therefore, the government has to pay special attention and arrange incentive packages for prospective dry papaya processors, it was recommended.

Reports suggest that globally, the demand for papaya is growing by 3% annually. However, the national annual papaya production is only about 60,000 tons. Pharmaceutical and healthcare cosmetics, chemical, food and feed producing companies the major absorbents of the tropical fruit. Ethiopia's largest papaya client is the neighboring Djibouti. More than a half of papaya supplied to the global export market is from Asian countries.

Denmark Vows to Further Enhance Development Cooperation with Ethiopia

By Ashenafi Mitiku.

Danish Minister for Development Cooperation and Global Climate Policy Dan Jørgensen has recently made a high profile visit to Ethiopia. In a press briefing, he pledges to sustain the long term development cooperation with Ethiopia, notably to envision a climate resilient country that capable of ensuring the food security.

The minister highlighted that he had very fruitful 7x meeting with high profile government ministers that will further cement the bilateral cooperation of the two countries. His tour was also accompanied with visiting a school project activity in Afar region.

“The Danish government has decided to provide support to Ethiopia in the areas of finance, knowhow and expertise and also increase the amount of financial aid to Ethiopia to solve some of the challenges Ethiopia faces at present” said the Minister. “Ethiopia is currently managing to address the different challenges including climate change and Ethiopia’s green legacy can be a bench mark for other countries to follow path” admires the current endeavor of Ethiopia to ensure green transition and economy.

In relation to the existing bilateral ties of the two countries, Mr. Jørgensen said that Denmark and Ethiopia enjoy a long standing bilateral cooperation particularly in green energy transformation, including improve electricity and to expand access to energy to the people in the rural. Denmark is known for its rich experience for renewable energy, management of energy, electricity and one of the first countries

to introduce wind turbines in the 1970s, recounts the minister and calls for countries and private sector to take lessons, best experiences and technology from such country.



Investing in Green Transition actually doesn't necessarily investing large amount of money rather taking measures such as utilizing wise use of energy and harnessing the potential of renewable energy in Ethiopia, which he said are ideal combination to transform the society for better socio economic development.

He also expressed interest to work with international and local partners to promote development in Ethiopia, he however criticized the multilateral and holistic approach of NGOs and governmental organizations to combat change in Ethiopia calling for more synergy for better future.

Addis Chamber and Embassy of Pakistan discuss to boost trade and investment ties of the two countries.



By Ashenafi Mitiku

Secretary General of the Addis Chamber, Ato Shibeshi Bettemariam and Minister of Trade and Investment of the Embassy of Pakistan to Ethiopia, Mr. Munir Sadiq, held bilateral meeting at the premises of Addis Chamber on issues of how to promote trade and investment ties of the two countries. Expressing the decades long dedicated service of Addis Chamber, Shibeshi reiterated the commitment of Addis Chamber to work closely with his counterparts in Pakistan that eventually boosts bilateral trade and investment between the two countries. He also vows to connect the business people of the two countries for enhanced exchange of trade and business. Mr. Sadiq on his part said that Pakistan is one of the top producers

of medical equipment for Ethiopian businesses to look in to it.

Currently Ethiopia exports agricultural products to Pakistan and imports commercial crops such as rice, raw cane sugar, textile and cement with a total trade volume of more than 700 million USD per annum with ample potentials ahead to tap on it. However boosting and promoting trade shows between the two nations is instrumental to enhance bilateral trade volume and the upcoming or “The Second Pakistan Engineering and Healthcare Show” and “Addis Chamber International Trade Show” will be launched on the 23rd of February in the respected cities of Lahore and Addis Ababa simultaneously, and it was learnt during the meeting.

Addis Chamber Continues its social support program.

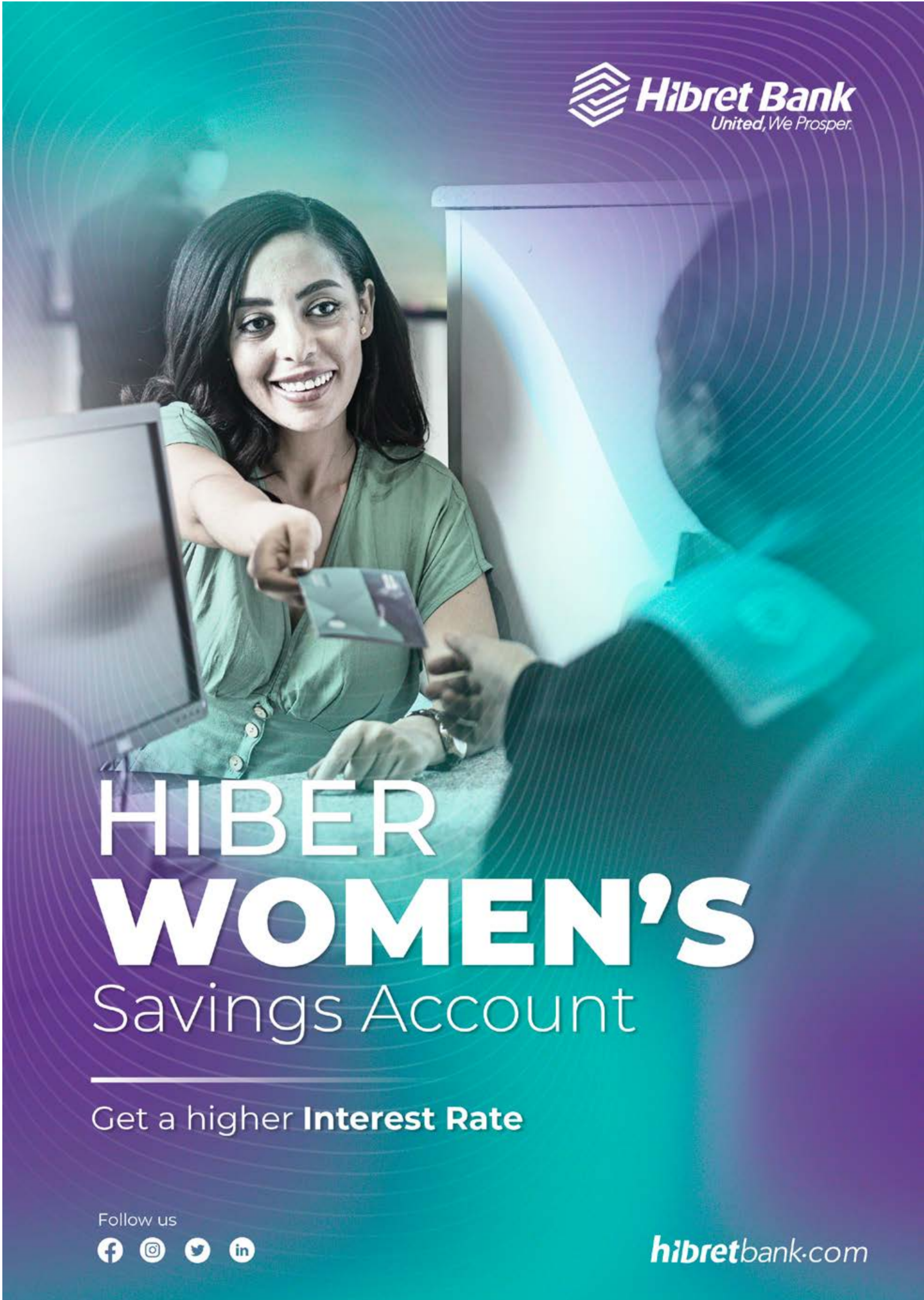
BY Kefyalew Wasihun

Addis Chamber distributed edible oil and flour to close to 100 households affected by the current inflation. Drawn After handing over the donation Chamber president Mesenbet Shenkute said, the support was made in connection with the Ethiopian Christ Mass (Genna) with the spirit of sharing and remembering families who afford. Such occasional supports may help those people with the immediate expenses to the holiday.

The donation made is also meant to encourage the people in question to become productive and self-reliant afterwards, she added. Speaker of the Bole Sub-City Council, Mesfin Haile said on the occasion that the support made by the chamber helps the people pass the holiday happily with their neighbors.



The recent support was part of chamber's social support initiative reaching the poor affected by the current in the city, it was reported.



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Insurers Ready to welcome Foreign Rivals



It is to be recalled that until recently, the local financial sector remained closed for foreign investment. It was so, under the presumption of protecting the young financial institutions,

notably the local banks and insurance companies.

Despite the hereto debate over the possible foreign competition as the result of the recent policy change by the government, the local insurers say however, they are optimistic and ready to champion foreign rivalry.

The Association Ethiopian Insurers' AEI president Yared Mola said competition gives rise to efficiency to the local insurers. The insurance sector is largely owned by the private sector, therefore competition for insurance companies is what he called 'every day life'. Asked as how far the local companies are strong enough for the possible competition given the Africa Free Trade Area, AfCFTA regime and the global competition,

the insurance business is virtually operation under international and cross-border insurance deals. Big projects such as the Ethiopian Renaissance Dam, companies like the Ethiopian Airlines are operating under both local and international insurance guarantee arrangements. Therefore, the nature business by itself has graduated the local companies to involve international cooperation, partnership and competition.

"We are ready and waiting to see foreign companies come here and compete" said Yared, adding that competition will nurture modern insurance services and markets. The local companies are now entered online and digital insurance solutions including extending outreaching services at a community level, it was learnt.

To be or Not to be...

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Compiled by Yidnekachew Alemayehu

In relation to the hereto policy debate, Addis Chamber has recently a panel where bankers, scholars, senior finance advisors and other stake holders had a brief consultation on possible scenarios, challenges and policy solutions. The noted economist professor Alemayehu Geda was one the panelists, who come out to say the

POSSIBLE CHALLENGES: He argues that, if the banking sector is made open to markets, it becomes natural for three things to happen. Based on the countries experience benchmark. Firstly, foreign exchange rate is determined by markets unlike it is now decided by the National Bank of Ethiopia, (NBE). Under such circumstances, exchange rate is directly related to the Macroeconomic conditions of the country. Competition to exchange rate fixing will lead continuous rise in exchange value of the local Birr against foreign currencies, notably the US Dollar. The rise in forex rate weakens the local currency ultimately leads to inflation. In the face of the inflated the national reserve will be affected with the fall the purchasing power of the of local Birr. People do not refer saving in banks nor ask for loans, because banks need to extend loans at possible higher interest rate to remain in the positive territory. Therefore, he believes that the government has to take a good note of ways as how to go about determine the exchange rates in the process. The second phenomenon is an aggressive inter-bank rivalry. It is natural for the local banks expect both scenarios of competition and cooperation.

However, competitions is fact making its way on several modalities. Opening the banking sector invites foreign banks to come with accumulated international experience, a huge loads of capital base, the latest technologies and expertise.

The third point, according to Alemayehu, the magnitude of the opening. The question "How much is the door is open" is critical. Experiences of some countries who opened their banking sector wide open for foreign completion, while others induced controlled opening. In our case is not clear. That was the most policy option, where the government has to make a clever decision. Therefore, under the current macroeconomic conditions opening the banking sector may not lead to the desired result. On the contrary, the case may happen true, if the policy decision was taken, what he called under a normal macroeconomic conditions, where inflation is kept low, sound reserve accumulation, the fiscal deficit is oscillating under 5% of the GDP.

COUNTRY EXPERINCES : experiences of countries, notably Asian countries, have largely bumped in to three financial challenging realities, namely Maturity mismatch, Currency mismatch and Credit Risk

REALITIES ON THE GROUD: facts on the ground, show that the banks are not the only players of the sector. in other words ethio-telecom is catalyzing digital commerce



and other financial services.

The same is true, he said that for instance, for a Kenya-based Fintech company called IMPESA. in recent years a third of IMPESA's revenue was collected from its digital services such as mobile banking, but now that figure has reached to 50%. Therefore, the economist forwards his humble suggestion, the government should closely watch the nature of incoming Finch companies providing in relation to the local capabilities in providing solutions.

OPPORTUNITIES: Opportunities and challenges naturally follow policy changes. He however critical of the significance of technology and skill transfers that would coming from outside. He was reiterating the need to focus more on the possible threats than possible advantages.

POLICY RECOMMEDATION: if and only if, the government is in apposition with little or no alternatives, the forex rate fixing role should remain in the hands of the NBE. And if not, he argued that the possibility of a rapid increase of interest rate to nearly 50%, where credit service will decline as borrowers shy away.



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Chamber Tells Foreign Missions focus on Business



At a consultation forum composed of representatives of the business community and diplomats, State Minister of Foreign Affairs Misganu Argaw said, diplomats are working hard in boosting foreign investment inflow. Under the framework of advancing

economic diplomacy, the ministry is working on various business exchange activities and promoting the investment potentials of the country to the rest of the world. Misganu, conducting business is not the domain of the government. Therefore, he said the economic diplomacy should involve the private sector at large. Envoys have a responsibility to encourage the private sector increase export and explore more export markets, the state minister said.

Both the COVID epidemic and the hereto Russian-Ukrainian war, have had a negative impact on trade relations, as the impact weakened world trade and slowed down investment, especially those coming to Ethiopia, he said.

He said that the work of Ethiopian missions should be supported by information on what products are required in the markets they are assigned to. The President of the Ethiopian Chamber of Commerce and Industry, Melaku Ezezew, said that the consultation forum will create a good working relationship between

the Chamber of Commerce and the diplomats and enable them to work together to grow the country's trade and investment.



Local and foreign investors to operating in Ethiopia, need to work in partnership and ensure exchange of experience. The president also called on diplomats to extend information on the country's business and investment potentials at various forums and international events. Diplomats assigned to various countries including the Canada, Russia, Italy and South Korea attended the consultation forum.

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Addis Chamber Good Will Ambassadors called for to envision Vibrant ...

By Ashenafi Mitiku

Apart from such activities the chamber deploys its Good Will Ambassadors to advocate on the interests of business communities and private sector in general. To carry out such tasks the board of directors of Addis Chamber and secretary general have recently convened with the newly elected goodwill ambassadors of Addis Chamber who have long years of business leadership.

While discussing on how to create strong institution and ultimately vibrant economy, the goodwill ambassadors reiterated their willingness to serve the chamber and advocate on behalf of it. As it has been learnt from the session, the chamber can achieve its strategic objectives by using its goodwill ambassadors that are presumed to be the mouthpiece and advocators of the chamber, speaks Mesenbet Shenkute, president of Addis chamber. This is not the first time for chamber to employ goodwill ambassadors but didn't make it practical during the previous administration,

Mesenbet recalls.

The discussants have also agreed to enhance their ambassadorial role to heighten and promote as well as defend the interest of Addis Chamber and business communities that embraces through it. Participants of the discussion forum deliberated on issues such as how to utilize the expertise and talents of good will ambassadors effectively. The session also discusses to limit the number of good will ambassadors, tenure and the need to empower the goodwill ambassadors to have more influence in their advocacy works.

The session also discussed on how to attract goodwill ambassadors from government organizations, non-governmental organizations, CSOs, consumer associations and the like. The discussion forum also calls for consistent meetings to be held among goodwill ambassadors that will discuss on institutional and national business interests. The recent tradition of acknowledging and recognizing individuals and institutions for their role to empower Addis Chamber



will further lure additional good will ambassadors, it was disclosed during the discussion.

The platform also called for chamber goodwill ambassadors to support the construction of chamber HQ Building by mobilizing resources and awakening partners. During the discussion it is however recommended that chamber to revise the project budget of the new HQ to consider the current inflation ensuing in the country, look for additional project finance options such as shareholding scheme and to take vital lessons from successful construction projects.

It is also disclosed that due to ineffective leadership in the past, the construction of the new HQ seized but now the new leadership took promising initiative to reinvigorate the completion of the HQ as much as possible. As part of such endeavor a new implementation strategy is designed including redesigning the project with no cost, it was explained during the meeting.

The meeting has finally come to an end by electing chairperson, vice chairperson and secretary of Goodwill Ambassadors to deliberate on their tasks.



Ethio American Chamber...

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highlighted about the historical journey of Addis Chamber that commences from the imperial regime to the current period further recounting its role to promote trade and investment in Ethiopia. The Secretary General also briefed the team of Ethio American Chamber of Commerce concerning the different services provided by Addis Chamber that defends and protects the business interests of its members and private sector to thrive in Ethiopia.

While briefing the objective of the mission of the delegation, Mr. Elias Woldu, President of Ethio American Chamber of commerce and head of the delegation said that it intends to reinforce its network with Addis Chamber that embraces thousands of business members as well as to

look for investment opportunities in Ethiopia by partnering with Addis Chamber.

"Partnership is crucial for mutual benefit", speaks Mr. Elias adding that it plays key role for facilitating trade and investment processes between the two countries.

In their discussion the team of Ethio American Chamber of Commerce expressed the need to share experience between the two chambers to serve the business communities in the respected countries. The team of delegations also suggests for working in the areas of policy development and trade fairs.

While reflecting on the raised issues the Secretary General of Addis Chamber recalls the establishment of Diaspora Investment Service at

Addis Chamber to promote and share business information for potential diaspora businesses to invest in Ethiopia. He also calls for the two chambers to exchange business delegates in the future to harness trade and investment opportunities between Ethiopia and US.

The two chambers also agreed to enhance partnership and collaboration to undertake joint Business and Investment Forum to promote trade and investment between the two countries in the future.

The joint partnership and collaboration of the two chambers is expected to reinvigorate the trade and investment ties of US and Ethiopia.