



# Dutchiopia – Agri News

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## On activities, events, studies, articles and more

Do not hesitate to contact us in case of requests, tips for this news letter or trade questions.

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## Latest publications

### COVID-19 related news

We continuously collect relevant updates and reports related to COVID-19 for everyone involved in agribusiness in Ethiopia. We publish these on our twitter / Facebook and our website.

On Agroberichten Buitenland we have provided [an overview](#) of some of the most relevant contact points for further information.



### New - Did you know?

What does the Agri-team of the Embassy of the Kingdom of the Netherlands in Addis Ababa do for the Dutch community and companies located in Ethiopia? Whether it be troubleshooting, market research inquiries or networking requests, the Agri-team is ready to help. Please read [here](#) one of the most recent examples of how the Embassy helps companies solve cases.

### Overview of useful documents

#### National Bank of Ethiopia – New directives

The NBE has released new directives for amendment of retention and utilization of export earnings and inward remittances (as amended). You may download these [here](#).

Would you like to receive a notification whenever we post a new article on our agroberichten buitenland website? Register your email via [this form](#).

You can also choose to only get notifications when we upload a new document by registering [here](#).

## Short Newsflashes

### Ethiopia: growing demand for horticulture investment impeded by unavailability of land

The Ethiopian Horticulture Producer Exporters Association (EHPEA) called on the government to avail land and ease its bureaucratic hurdles to help local and international horticulture firms looking to invest in Ethiopia.

Speaking to The Reporter, Executive Director of EHPEA, Tewodros Zewdie lamented federal and regional authorities' weaknesses to provide land and their extended bureaucratic systems, amid the enormous request which is coming from international and domestic horticulture firms to invest in different parts of the country.

Read the full article [here](#) or at the official website of [The Reporter](#).



### Ethiopia's floriculture industry mitigates COVID-19 effects

Ethiopia's floriculture has been mitigating the adverse effects of the COVID-19 pandemic, head of the Ethiopian Horticulture Producer Exporters Association (EHPEA) told Xinhua in a recent interview.

EHPEA Executive Director Tewodros Zewdie said the sector is generating significant wealth for the national economy, while creating massive employment opportunities. Acknowledging that COVID-19 initially posed existential threats on the very existence of the industry, the executive director said his association has taken pragmatic measures, managing not to have any layoff caused by the pandemic.

"If we look at the data of last year, it fetched nearly 500 million U.S. dollars," Zewdie said, adding that this has been mitigating the adverse effects of COVID-19.

Read the complete article at [Xinhuanet](#).

### Can agriculture be Ethiopia's growth engine?

Ethiopia is a net exporter of agriculture commodities. However, the low level of industrialized agriculture means that the country exports very little higher value processed food. Despite strong growth in manufacturing, agriculture remains the biggest export earner.

Eighty percent of all export revenues of the country and 21 percent of total government revenues stem from the export of agri-products. However, only 1 percent of exported agri-products are in processed form. Agri-exports are dominated by unprocessed commodities while imports primarily comprise processed foods that are growing faster than exports.

The reason for this imbalance is related to urbanization. Over the last 25 years, populations in cities tripled from less than 8 million in 1995 to around 25 million today—leading to growing demand for processed food that domestic producers cannot supply yet. Urban consumers—a rising middle class—buy imported food products at relatively high prices. To satisfy this growing domestic demand and to diversify exports, one would expect a significant supply reaction with increasing investments in the food industry. However, this has not happened at scale yet.

The full article can be read on the official website of [Brookings](#) or [here](#).



### New transport directive lures foreign investors

According to an article in the Capital Newspaper, the National Logistics Council opened the multimodal sector to private entities according to Dagmawit Moges Minister of Transport.

Up to five private operators will be allowed to transport cargo in the new scheme.

The transport sector needs 3.2 trillion birr (\$75 billion at current exchange rate) over the next 10 years.

Read more about this directive [here](#).

## New Commercial Code is approved by the FDRE Parliament

This marks revision of the old commercial code after 62 years of use. Quick highlight of the changes by Fantu Farris Muleta as reported by [Business Info ETH](#) 

- 1 Recognition of holding company
- 2 Recognition of single member/one-person company
- 3 Allows non-shareholding board of directors in share companies making up to 1/3 of total board membership
- 4 Allows holding of virtual meeting of shareholders
- 5 Introduction of various insolvency procedures other than bankruptcy including preventive restructuring proceedings, reorganization proceedings and simplified reorganization proceedings. It also allows simplified bankruptcy proceedings for SMEs.
- 6 Provides protection for minority investors/shareholders through improved corporate transparency and disclosure, shareholders rights and board of directors responsibility.



## Agro-processing is one of the best prospect industry sector for Ethiopia.

As noted in the [Business Info ETH app](#), Ethiopia is a major producer of coffee and barley in Africa. Additionally, among African countries, Ethiopian production ranks second in sorghum, third in maize, third in wheat, and fourth in coarse grains.

Ethiopia's agricultural exports are primarily unprocessed commodities, including coffee, oil seeds, pulses, live plants, and cut flowers.

The Government of Ethiopia (GOE) aims to boost exports and trade through \$1 billion of annual investment in agro processing industrial parks to make Ethiopia a top manufacturing hub on the continent.

## Protesters' Damages to be Compensated

Ethiopian Investment Commission (EIC) is preparing directives towards standardizing compensation for investments damaged during political unrest and protests. Only 1Pct of the 400 investments harmed between 2015/6 and 2020/21 are expected to recover. The commission did not include damages incurred during the militaristic law operation in Tigray in its study.

## Resources are Not Scarce

- \* Ethiopia has great agricultural potential with vast areas of fertile land, diverse climate, & adequate rainfall.
- \* Ethiopia is the 5th largest producer of fruits in the African.
- \* Ethiopia has the 2nd largest population of livestock in the continent, ranking 6th globally.
- \* Ethiopia is the second largest flower exporter in Africa and the 5th largest non-EU cut flower exporter to Europe.
- \* Ethiopia ranks as top scoring country in the world in tourism growth in 2018.
- \* Ethiopia 2020 population is estimated at 114m people at mid-year according to UN data with 81.69% labor participation rate aged between 15 and 65.
- \* Ethiopia holds 428,000 barrels of proven oil reserves as of 2016, 98th in the world.

Yet, Ethiopia is described as a third world country due to its great poverty rate.

Source: [Business Info ETH app](#)

### Top 10 export items of Ethiopia in 2020-21 first half year, ranked by USD levels



Ranked by growth rates and excluding gold as well as various small-value export items, the strongest growing export subsectors were electricity (up 66%), oilseeds (up 43%), chat (up 8%), and flowers (up 3%). - Infographic by [efu.art](https://efu.art)

### The National Bank of Ethiopia (NBE) has again reduced the amount of money that can be taken out of the bank.

According to the amendment, the amount of money that can be taken out of the bank has been reduced to 200,000 birr for organizations and 100,000 birr for individuals. This is the second time in six months that the bank has amended the directive limiting the amount of withdrawal money from banks.

More information [in Amharic] can also be found [here](#).

### PM Abiy Inaugurates Yirgalem Integrated Agro-Industrial Park

Prime Minister Dr. Abiy Ahmed together with former Prime Minister Hailemariam Dessalegn and other government officials inaugurated the Yirgalem Integrated Agro-Industrial Park in the Sidama region on March 13<sup>th</sup>, 2021.

The first phase of the park which is being developed by the Sidama National Regional State Industrial Parks Development Corporation is now completed enabling partial production to commence. The park will engage in processing the various agricultural products that are widely harvested in the region.

Read the full article [here](#).

### Foreign direct investment (FDI) in Ethiopia

According to UNCTAD's World Investment Report 2020, FDI inflows to Ethiopia decreased to USD 2,5 billion in 2019, compared to USD 3,3 billion in 2018 (-24%). In total, FDI stocks were estimated at USD 25 billion in 2019.

FDI has been negatively impacted by instability in some parts of the country, including regions with industrial parks.

Yet, Ethiopia remained the largest recipient of FDI in East Africa, with investments in petroleum refining, mineral extraction, real estate, manufacturing and renewable energy.

Curious who were the largest investors? Read the full article [here](#).

### Inflation surges to 30.3 percent in Tigray

Last month, inflation soared to 30.3 percent in Tigray Region; twice the national average and the highest amongst all regional states in Ethiopia, according to a new report published by the Central Statistical Agency (CSA). The price of food has been mounting at an alarming rate ever since fighting broke out between the forces of the Tigray People's Liberation Front (TPLF) and the federal government after the former attacked the Northern command of the National Army.

Read more on the page of [UNOCHA/ The Reporter](#)





### Ethiopia's unmet Forex demand could be as large as \$3bn to \$5bn on the first 6 Months of 2021

The monthly Ethiopia imports costs around \$900mn (excl. franco-valuta imports that do not use banking system forex funds).

The estimated backlog of unmet forex demand could be as large as \$3bn to \$5bn in the first 6 months of 2021.

Information from commercial banks also confirms extended waiting times at banks for accessing foreign exchange, involving queues of 4 to 6 months, or more.

### Kombolcha new dry port coming through

As reported in [this](#) article of the Reporter, the Ethiopian Shipping and Logistics Services announced it has finalized preparations to construct a new dry port at Kombolcha with an estimated cost of 1.5 billion Birr.

The Shipping Enterprise has been undertaking a feasibility study to relocate its existing dry port in Kombolcha town, which has been active for over a decade and build a new one that is adjacent Kombolcha Industry Park and the railway line that crosses the town.

The dry port is expected to be completed in two years, while the cost of the construction will be covered by the Ethiopian shipping & logistics Enterprise.



### The new directive from National Bank of Ethiopia (FXD/70/2021 – 08/03/2021) changes the retention of foreign currency management rules

- ❖ Exporters deduct 30% from their foreign currency inflow and contribute to NBE reserves;
- ❖ Out of the remaining 70%, 45% is allowed to be kept as foreign currency (i.e. 31.5% of total inflow);
- ❖ The residual part (70% x 55% = 38.5%) is automatically converted into ETB at the official commercial bank rate;
- ❖ Exporter seems to have to explicitly inform the bank of its intention to retain the foreign currency; and
- ❖ Retained foreign currency (31.5%) can be used to import any kind of good or services (subject to adequate licensing) or sold to the bank but at a rate capped at the selling exchange rate of the day.

Also, read more about how the new directive banned using diaspora accounts to import items not under priority on the website of [The Reporter](#).

## Events & Developments



### Bakkie pleur met de ambassadeur? 14 – 16 April from 15:00 – 17:00hrs

This April the Dutch Embassy in Addis Ababa organizes a meet & greet for the Dutch community with the new ambassador: Henk Jan Bakker. Due to the ongoing corona-restrictions and keeping in mind “social distancing” the session will be held 3 times with each max. 25 PAX.



Interested in meeting the ambassador? Sign up via the [Sign Up Genius](#) website.

### World Water Day 22 March 2021

In view of valuing water the Embassy of the Kingdom of the Netherlands in Ethiopia joined the One Wash National Program (OWNP) with a 15mIn USD contribution. The OWP aims to bring safe, climate-resilient drinking water and sanitation to millions of Ethiopians.

In addition to this program, the embassy also joined the MinaGuli run in celebration of World Water Day.



### Upcoming Events

With the current state of affairs with COVID-19 in Ethiopia and the world, events have switched to online locations. For updates and innovations check our [twitter](#) and our [agenda](#).

### Nominations for the 2021 Africa Food Prize

#### Currently ongoing!

Nominations for the 2021 Africa Food Prize are ongoing. Do you know an outstanding individual or institution that is leading the effort to change the reality of farming in Africa? Check: [africafoodprize.org](#) or click the flyer below:

**Nominations for the 2021 Africa Food Prize are ongoing**

Do you know an outstanding individual or institution that is leading the effort to change the reality of farming in Africa from a struggle to survive to a business that thrives? Nominate them for the 2021 Africa Food Prize.

The US \$100,000 Prize is an accolade that recognizes extraordinary women, men, and institutions whose outstanding contributions to African agriculture are forging a new era of sustainable food security and economic opportunity that elevates all Africans.

Nominations can be submitted in via post, email and online. To submit your nomination and learn more about the Prize, visit our website - <https://www.africafoodprize.org/>

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