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Secretary General

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UGANDA

ECONOMIC & COMMERCIAL REPORT JANUARY & FEBRUARY 2005

GENERAL

The Ugandan shilling appreciated by 0.35% from a monthly average inter-bank mid-exchange rate of 1738.02 per US dollar in December, 2004 to 1732.01 per US dollar in January 2005. Bank of Uganda's intervention in the IFEM constituted a purchase of US\$ 2.65 million, the executive of a forward purchase agreement of US\$ 4.0 million which was made in December 2004 and a swap of US\$ 6.0 million. On the other hand total Bank of Uganda's participation in the IFEM for liquidity management purposes amounted to a net sale of US\$ 4.0 million. The monthly average spread declined from Shs 13.94 in December 2004 to Shs 11.77 in January 2005.

Foreign Exchange purchases at IFEM decreased from US\$ 261.71 m in December 2004 to \$ 209.56 m in January 2005; Gross Foreign Exchange sales declined by US\$ 50.02 m from US\$ 255.51 m to US\$ 205.31 m over the same period. Cross-currency trade volume increased from US\$ 35.67 m in December 2004 to US\$ 68.09 m in January 2005.

In the Treasury Bill market interest rates on all maturities declined from 9.28 per cent, 12.02 per cent, 12.72 per cent, and 12.18 per cent to 8.92 per cent, 11.48 per cent, 11.96 per cent and 11.92 per cent on the 91 – day, 182- day, 273-day and 364-day bills, respectively.

Between December 2004 and January 2005 base money declined by Shs 40.89 billion from Shs 934.68 billion at end-December 2004 to Shs 893.79 billion at end-January 2005 in response to the tight monetary policy. Total reserves of commercial banks declined by Shs 16.85 to Shs 214.76 billion at end-January 2005 while currency issued declined from Shs 703.07 billion to Shs 679.02 billion.

The annual headline inflation increased from 8.0 per cent in December 2004 to 8.4 per cent in January 2005. On an annual basis the most significant increase was registered in the prices of staple foods. Increases were however registered in all the Consumer Price index groups with the exception of the clothing and footwear group where a decline of 3.0 per cent was registered. On a monthly basis the headline inflation rate was minus 1.2 per cent; the overall price level fell in January 2005 as compared to December 2004. Notable decreases were registered in at the food and transport and communication groups between December 2004 and January 2005.

The annual underlying (non-food crops) inflation rate declined from 4.9 in December 2004 to 4.5 per cent in January 2005. There were increases in the prices of both services and goods in the in the nonfood items compared to January 2004. On a monthly basis the change in non-food prices decelerated from 0.7 per cent in December 2004 to 0.1 per cent in January 2005. This was mainly due to reductions in the prices of services especially the transport and communication fares.

INTERNAL

Government Treasury Bonds: A 2 – year bond with a face value of Shs 30.0 billion was opened on 27th January 2005 bringing the outstanding stock of treasury bonds as at end-January 2005 to Shs 395.0 billion.

Coffee Exports: Coffee exports for the month of January 2005 amounted to 211,541 60-kilo bags worth US\$ 11.45 million; a decrease of 10.1 per cent and 7.4 per cent in volume and value terms respectively when compared to the outturn of 235,406 60-Kilo bags worth US\$ 12.37 million that was realized in December 2004. It also represented a decline of 28.6 per cent and 14.5 per cent in volume and value respectively with respect to the 296,301 60-kilo bags worth US\$ 13.39 million of January 2004. On a cumulative basis total coffee exports for the period October 2004 / January 2005 amounted to 815,761 60-kg bags worth US\$ 40.37 million which represented an increase of 2.4 per cent and 15.5 per cent compared to the 796,572 60-kg bags worth US\$ 34.94 million that was exported over the same period of the previous coffee year. The average realised price for the month of January 2005 was US\$ 0.9 per kilogram as compared to US\$ 0.88 per Kilogram, which was realized in December 2004. For the period October 2004/January 2005 the average realized export price was US\$ 0.82 per kilogram as compared to US\$ 0.73 per kilogram, which was realized, in the same period of the previous coffee year.

Farm gate prices for robusta coffee remained at the Shs 400 – Shs 500 range while arabica prices increased to a range of Shs 1900 – Shs 2100 per kilogram.

Non-Coffee Exports: Non-coffee exports registered a significant increase between November 2004 and December 2004. Their estimated value was US\$ 54.81 million; up from US\$ 47.84 million in November 2004. Notably, the value of gold exports increased from US\$ 7.86 million in November to US\$ 9.75 million in December 2004. Hence gold exports constituted 17.8 per cent of non-coffee exports. Fish and its products remained the largest non-coffee foreign exchange earner fetching US\$ 13.14 million in December 2004. This was an increase of US\$ 0.64 million from the US\$ 12.5 million, which was realized in November 2004. Tea exports increased from US\$ 3.27 million in November 2004 to US\$ 4.02 million in December 2004. Tobacco exports exports rose from US\$ 2.72 million to US\$ 3.32 million over the same period.

Flowers earned \$ 2.15m

Tea earned \$ 4.02 m.

Imports: The value of merchandise imports increased by US\$ 7.7 million, from US\$ 135.52 million in November 2004 to US\$ 143.22 million in December 2004. Government imports declined from US\$ 21.89 million to US\$ 17.34 million mainly on account of lower project imports. Private sector imports on the other hand increased from US\$ 113.63 million to US\$ 125.89 million. Most of this increase was registered in non-oil imports. Total imports for the first half of the Financial Year 2004-2005 therefore amounted to US\$ 807.55 million, which represented an increase of 24.5 per cent, compared to the US\$ 648.38 million which was recorded for the same period of the previous Financial Year.

Oil Products: Monthly average pump prices were Shs 1720, Shs 1483 and Shs 1400 per litre of petrol, diesel and kerosene respectively during January 2005.

FINANCE MINISTER'S POLICY PAPER: The newly appointed Finance Minister Dr. Ezra Suruma presented a policy paper on the revitalization the Ugandan economy. In his paper he has proposed a return to the interventionist model of macro-economic management by the Government.

The new Finance Minister's budget strategy will be as follows:

Maintaining price stability
Reducing interest rates
Promoting favourable foreign exchange rates
Strengthening micro-finance services
Forming co-operative societies
Promoting full employment, social security and minimum social standards.

Highlight's of his policy paper are as under:

- a) **Private sector:** The private sector, according to the policy paper, should concentrate on three basic strategies, namely, expanding agricultural output, expanding services and employment.
- b) **Public Sectors:** Key areas identified in the policy paper are infrastructure development strategy, security, social sector (education, health) law and order, public administration and accruals (payment of interest on debt, arrears, etc).
- c) **Maintenance of economic and social stability:** The policy paper aims at maintaining price stability, reducing interest rates promoting a favourable exchange rate, promoting full employment, orderlyurbanization and minimum social standards.

In his policy paper Dr. Suruma called the existing economic policy of Uganda as laissez-faire model and stated that because of this model Uganda's productivity figures remain at the bottom of the world scale. Explaining his strategy to the Cabinet Dr. Suruma stated that his aim is to cut down donor dependency through increasing tax revenue, raising rates of employment and increasing household income.

The Cabinet backed his policy paper. President Museveni, while backing the policy paper emphasized that productivity must go hand-in-hand with employment and be reflected in cash earned by family households.

The business community in Uganda while generally welcoming the policy paper had maintained that some suggestions in the policy paper are not practical. Some economists are of the view that there is a need to guide the people and support them to get started and in this respect if it means giving subsidies to people it should be done. On Dr. Suruma's suggestion in the policy paper that the Bank of Uganda should work towards an exchange rate consistent with maximization of exports, a

representative of the Institute of Bankers was of the view that market forces should decide the exchange rate. Economists also welcomed the revitalization of cooperative societies but said that it should be limited to giving the cooperative sector a push to start and not running them.

The Finance Minister is also of the view that the interest rates are quite high and it stifles the Ugandan industries. He promised to reduce the interest rates so that it can provide the much needed capital to the industries to compete in the bigger market.

Instant Coffee Plant: According to the Uganda Investment Authority, a first instant coffee factory at a cost of US\$ 17 million in Uganda has been licensed. The investors are CCL Products India and a British firm, Associated Coffee Merchants International. The land has been allotted and the plant is expected to go into production by 2006. 10% share in the venture will be with the Uganda Coffee Development Authority (UCDA) as they are the local partners. The UIA informed that the investors would get tax incentives with investment capital allowances like a 50% to 75% initial allowance on plant and machinery, 100% training expenditure and start-up costs spread over four years. There will be no duties on imported equipment and the Value Added Tax Will be delayed. The above tax incentives are a per new tax regime that has replaced tax holidays.

Organic Coffee Brand: A Los Angeles coffee firm, Urth Caffe has finalized and MOU with Kisoro district farmers in Uganda for setting up a US\$ 100,000 project aimed at creating a special local organic brand of coffee. A state-of-the-art processing technology would be shipped for processing the coffee and the farmers would be paid up to US \$ 5 per kg. Presently coffee growers are getting a meagre US\$ 0.30 per kg.

Indians third largest investors in Uganda: The Uganda Investment Authority (UIA) released statistics on investments. According to this Ugandans are leading in investment with 64 (US\$ 139 m worth) projects, employing 5184 people. Bermuda follows Uganda with projects worth US\$ 105 m. India has US\$ 47 m followed by USA worth US\$ 45m.

Expansion of Kakira Sugar Mills: The Kakira Sugar Mills, owned by the Madhvani Group of companies, will invest an additional US\$ 40 million to boost production of sugar. Part of the fund will be used in the co-generation of electricity from bagasse to produce 28 MW by 2007, of which about 18 MV would sold.

Ugandan delegation for Conclave on India-Africa Partnerships 2005: A five-member Ugandan delegation led by the Minister of State for Mineral Development in the Ministry of Energy & Mineral Development Dr. Komanda Bataringaya left for India to participate in the Conclave on India-Africa Partnerships 2005 being held in Delhi from 2 – 4 March, 2005. The delegation had representatives from the mining sector, small & medium enterprises sector and Ugandan Investment Authority.

This report issues with the approval of the Acting High Commissioner

R. Sukumaran
Second Secretary (Commercial)
E-mail: attaché@hicomindkampala.org

UGANDAN TRADE INQUIRIES

M/s. Besta Associates
 Natete, Masaka Road,
 P.O.Box 141 Kampala, Uganda
 Tel: 256-41-271316
 Fax: 256-4-273910
 Mob: 256-77-470470
 Contact: Mr. Jackson Ddungu (Executive Director)
Items: Plastic containers packaging machinery.

Tele Industry/D.P/C. Manufactures
 Nabulagala Road, Kasubi,
 P.O.Box 16441 Kampala, Uganda
 Tel: 256-41-531346
 Mob: 256-77-405739
 Email: telecoindustry@yahoo.com
 Contact: Mr. Leonard Lubega (Director)
Items: Import of Bitumen/Tar from India.

M/s. Soroti Agricultural Implements Machinery Manufacturing Company
 Cemetery Road, Soroti Town,
 P.O.Box 280 Soroti, Uganda
 Tel: 256-45-61361
 Fax: 256-45-61175, 61363
 E-mail: saimmco@alam-group.com
 Contact: Mr. M. B. Asubo (Factory Manager)
Items: Urgent import of:

- i) **Chain making machine, making standard Ox-traction Steel chains (8-10 mm) thickness. Each loop being 50 mm length x 30 mm width.**
- ii) **Electronic threading machines, for threading of both metric and Imperial threads.**
- iii) **Cupola furnance.**

M/s. Amex Trading Company
 Plot 6, Nakasero Street,
 P.O.Box 2442 Kampala, Uganda
 Tel/Fax: 256-41-349919
 Mob: 256-77-429358
 Contact: Ssentongo Kiggundu (Director)
Items: Import of Bicycles and Bicycle parts.

M/s. Uganda Diamond Company Ltd.
 Plot 76, Ben Kiwanuka Street,
 P.O.Box 21092 Kampala, Uganda
 Tel: 256-41-256664
 Mob: 256-71-123426
 Email: jamesudc@hotmail.com
 Contact: Mr. James Dolan (Director)
Items: Precocious Stones/Jewelers items.

UGANDAN TRADE INQUIRIES

M/s. Business Skills Consult International
 P.O.Box 26615 Kampala, Uganda
 Tel/Fax: 256-41-231046
 Mob: 256-77-461116
 Contact: Mr. Nelson Dhibikirwa
Items: Import of Molinga Seeds from India.

M/s. Contact Graphics Ltd.
 Plot 626, Butikiro Road, Mengo Hill,
 P.O.Box 15025 Kampala, Uganda
 Tel: 256-41-271139. 031-262326/7
 Fax: 256-41-270931
 Mob: 256-71-77-200356
 Contact: Mr. Kakonge Ssali.
Items: Import of printing machines, embossing machines and allied machines and equipments.

M/s. Uganda National Dairy Farmers' Association (UNDFA)
 Plot 3, Portal Avenue, Crusader House, Kampala,
 P.O.Box 27737 Kampala, Uganda.
 Tel: 256-77-407573
 E-mail: mugishafk@hotmail.com
 Contact: Mr. Mugisha F. Kashaka (Chairman)
Items: Import of dairy machinery and equipment.

M/s. Public Procurement and Disposal of Public Assets Authority
 Plot 1, Pilkinton Road, Workers' House,
 P.O.Box 3925 Kampala, Uganda
 Tel: 256-41-230316/231008
 Tel: 256-31-261231/2
 Fax: 256-41-344858
 E-mail: jkiggundu@ppda.go.ug
 Contact: Mr. Joseph Kiggundu (Manager – Info-Systems)
Items: Commission Agents / Consultants for Global Tenders in Uganda.

M/s. Country Foods and Beverages Ltd.
 P.O.Box 34055 Kampala, Uganda
 Tel: 256-77-905338
 Contact: Mr. Joseph Bagamuhunda (Director/Finance/Production).
Items: Import of small scale Wine making / distilling machines/plant & equipment.

M/s. Enviro-Impact & Management Consults Ltd.
 Plot 29/33, Jinja Road, Total Deluxe House,
 P.O.Box 70360 Kampala, Uganda
 Tel: 256-345964, 263096
 Fax: 256-41-341543

UGANDAN TRADE INQUIRIES

Mob: 256-77-523728

Email: aryagaruka2000@yahoo.com, eimco@utlonline.co.ug

Contact: Mr. Martin Aryagaruka (Principal Consultant)

Items: Commission Agents/Consultants for Global Tenders in Uganda.

M/s. Small Business development Consultancy Ltd.

Lugogo Show Grounds, Jinja Road,

P.O.Box 9314 Kampala, Uganda

Tel: 256-41-266493

Fax: 256-41-255144

Mob: 256-77-509888

Email: uwft@utilonline.co.ug

Contact: Mrs. Ida M. Wanendeya (Director)

Items: Small Scale Industrial Projects – to help reduce poverty among rural population in Uganda.

M/s. Tembo Steels (U) Ltd.

5th Floor, Workers' House,

P.O.Box 26373 Kampala, Uganda

Tel: 256-41-341267/71

Fax: 256-31-260727

Email: tsul1999@utlonline.co.ug

Contact: Mr. Sanjay Awasthi (Chairman / MD)

Items: Import from India, of Raw Materials for manufacture of Hot Rolled Steel Profiles and Allied products in Uganda.

M/s. Ddungu Electronics (U) Ltd.

Plot 15, Market Street, Nakasero,

P.O.Box 5795 Kampala, Uganda

Tel: 256-77-485344/448320/461440

Fax: 256-41-290211

Contact: Mr. Ssembatya and Hasfa – Directors.

Items: Bulk importers of Electronic items – Radios, TVs, Video Equipment and all Electronic Spare Parts and Accessories – Price quotation for;

ITEMS:

LA, AN, STK, KIA, TA, HA, STRF, UPC, STRM, KA, STR, TBA, MB, BA, TDA, TEA, 24 C02A, and all types of Transistors.

M/s. Mpanja's Farm & Firm Ltd.

P.O.Box 1049 Mbarara, Uganda

Tel: 256-77-651390

Contact: Managing Director

Items: Import of Milk packing Machines – pouch Sealing Machines for small processors – packing up to 1000 litres per hour. Urgent.

ETHIOPIA ECONOMIC AND COMMERCIAL REPORT FOR THE MONTH OF FEBRUARY 2005.

Coffee

Ethiopia exported 53,000 tonnes of coffee worth US\$90 million during July to December 2004, showing an increase compared to that of last year same period. The increase in the export volume is attributed to the certification of five cooperatives in Ethiopia as organic coffee producers internationally. Japan is the number one Ethiopia's coffee importer followed by European and Middle East countries.

Water Development Project

The Ministry of Water Resources has stated that it would execute potable water and sanitation programme which will be undertaken at a cost of US\$115 million in the nine states of the country. The programme would be executed with US\$75 million loan and US\$25 million grant by the World Bank while the balance would be covered by the Ethiopian Government. The programme, which would last for three years, focuses on expansion of rural and urban water sanitation services as well as strengthening capacity building activities in the sector.

Horticulture

The Ministry of Agriculture stated that over 4.66 million USD was secured from the export of 16,000 tones of horticultural products like orange, banana, mandarin, cabbage, carrot, mango and pineapple over the last six months to Djibouti and European countries. Eighty five per cent of the said amount was exported to Djibouti constituting 51 per cent of the export revenue secured from the sector.

Ethiopian Airlines

The Ethiopian Airlines (EAL) has announced that it has signed a memorandum of understanding whereby Ethiopian acquires ten ultramodern Boeing 787 jetliners valued at US\$ 1.3 billion from the Chicago-based aircraft manufacturer that will make Ethiopian the African-based operator of all-new jet. The airline currently possesses 14 airplanes but has plans to boost its possessions to 30 in the coming 15 years. A recent study conducted by Ernst and Young indicates that the number of EAL's passengers can be increased by 300 per cent and its revenue by a billion USD in the coming three years.

Ethiopian had registered a 187.2 million birr (US\$22 million) net profit during the 2003/04 fiscal year.

9th Addis Chamber International Trade Fair

The 9th Addis Chamber International Trade Fair was held at Addis Ababa Exhibition Centre under the theme of "Enhancing Competitiveness" from 17-23 February, 2005. Over 263 exhibitors drawn from 31 countries participated in this trade fair. The products displayed covered ranging from household items to big industrial products and machineries. Five countries, including France, Finland, Cyprus, Tunisia and the United States, made their first appearance on the trade fair. Over 80,000 people, from all walks of life visited the exhibition. The Addis Ababa Chamber of Commerce organized the First Trade Fair in 1995 with the theme of "Development through Partnership", and the event has taken place every year since then.

Addis Ababa Chamber of Commerce

The Addis Ababa Chamber of Commerce (AACC) has disclosed that Mrs. Semunesh Dimitros has been appointed Secretary General of the ACCC from March 1, 2005.

EXTERNAL

Iran

The Government of Ethiopia and Iran signed four documents on economic cooperation at the end of the 4th Joint Economic Commission Meeting, which took place in Tehran in February, 2005. According to the documents, the Iranian and Ethiopian officials agreed to provide appropriate conditions for further contribution by the private sectors of the two countries in promoting the level of trade transactions between Iran and Ethiopia. Avoidance of double taxation, implementation of agricultural projects, cooperation in the field of radio and television and amendment protocol to the commercial agreement were among the agreements signed during the three-day session.

Italy

An Italian Economic delegation, including representatives from the Ministry of Trade and Industry, the Italian Institute of Foreign Trade and the Institute Supporting Italian Investors abroad visited Ethiopia for two days in February, 2005. The delegation met senior Government officials and the Ethiopian business community. During the meeting, the two parties exchanged information on the existing facilities to support trade and joint ventures between Italian and Ethiopian enterprises and to promote Italian investments in Ethiopia.

The Italian delegation also visited the Leather and Leather Products Technology Institute, constructed with a grant secured from the Italian Government.

Qatar

During the visit of the Ethiopian Prime Minister to Qatar in February, 2005, the two countries signed a technical and economic cooperation agreement. They have also shown interest to increase their relations in the areas of trade, investment and tourism.

Sweden

The Addis Ababa Chamber of Commerce and the Swedish International Development Agency (SIDA) signed a 23.7 million birr (US\$3 million) agreement on 11th February, 2005 for the establishment and operation of a private sector development hub (PSD-Hub). The PSD-Hub will coordinate and sub-contract activities on PSD-related development issues to strengthen government and private sector dialogue on economic development.

Sudan

The Ethiopian Electric Power Corporation has announced that a model agreement study is being conducted to export electricity to Sudan. The power line to be installed from Ethiopian to Sudan is expected to stretch 450 kilometers. The project is part of the Eastern Nile Subsidiary Action Programme of the Nile Basin Initiative. The project would be extended up to Egypt.

USA

The US ambassador in Ethiopia inaugurated the USA Booth at the 9th Addis Chamber International Trade Fair at the Addis Ababa Exhibition Centre on February 17, 2005. The American both organized

by the U.S. Embassy in Addis with the support of the USAID/Ethiopia and the U.S. Department of Commerce, marks the first participation by the United States in this annual event. In 2004, U.S. – Ethiopia bilateral trade totaled approximately US\$ 500 million and Ethiopian exports to the United States grew by 35 per cent last year.

MULTILATERAL

EC

The delegation of the European Commission to Ethiopia has signed grant contracts with eight NGOs for the implementation of food security development projects in Ethiopia, totaling euro 7, 135, 352. These projects, following a call for proposal launched in 2004 under the EC Food security programme, will be implemented during 2005-2007 in 21 woredas in Tigray, Amhara, Oromiya and SNNP Regional states. Since 1997, 56 NGO projects have received funding through the EC food security budget line with a total contribution of the Commission amounting to Euro 45.2 million.

BILATERAL

Visit of CHEMEXCIL-sponsored delegation of Ethiopia

The Southern Region office of CHEMEXCIL-sponsored delegation visited Addis Ababa on 16th and 17th February, 2005. It comprised of six companies manufacturing incense sticks, herbal products, cosmetics, magnesium sulphate, ferrous sulphate ferrous sulphate and sulphuric acid and was led by Mrs. R. Rajini Bai, Regional Officer, CHEMEXCIL, Bangalore. The Addis Ababa Chamber of Commerce had organized a Buyer-Seller Meet of CHEMEXCIL delegation with the Ethiopian business Persons on 16th February, 2005 at the Chamber premises, which was very fruitful. The Ethiopian TV and correspondents of prominent business newspapers covered the event. The inaugural sessions was chaired by Mr. Haile-Meskel Abebe, Acting Secretary General of Addis Ababa Chamber of Commerce. During its stay, the delegation visited the 9th Addis Chamber International Trade Fair.

India's participation in the 9th Addis Chamber International Trade Fair

The India Trade Promotion Organisation (ITPO) participated in the 9th Addis Chamber International Trade Fair which was held from 17-23 February, 2005. Seven Indian companies with product exhibits such as Cosmetics, Auto parts, PP Mats and Sacks, Wire nail products, Hardware items and wire nail machines participated in the Fair. More than sixty small scale industries were also represented through the Development Commissioner for Small Scale Industries (SIDO), which had booked half of the total space reserved by ITPO in the Trade Fair. The Indian Pavillion drew considerable attention from Ethiopian business community and officials connected with promotion of trade, economic relation and investment.

State Bank of India (SBI)

Mr. Ram Narayana Boga, Representative, SBI, Cairo visited Addis Ababa from 22-24 February 2005. During his stay, he held bilateral discussions with Senior officials of Commercial Bank of Ethiopia including Director of Ethiopian Banking Institute. He also met Head, External Relation Department of National bank of Ethiopia and Presidents of Abyssinia Bank, Dashen Bank, Wegagen Bank and Nib International Bank.

BILATERAL TRADE

The details of India's trade with Ethiopia during April 2004-August 2004 are as follows:

Exports from India to Ethiopia: - Rs. 9571.23/- lakhs

Imports to India from Ethiopia: - Rs. 1393.21/- lakhs

The balance of bilateral trade continues to be in India's favour. Commodity wise composition of India's exports mainly consists of primary and semi finished iron & steel products. Drugs & Pharmaceuticals, Manufacturers of Metals, Paper/Wood Products, Machinery & Instruments, Plastic Products, Yarns/Fabrics/Textiles, Rubber manufactured products, Cosmetics/Toiletries, Glassware, etc. Commodity wise composition of Ethiopia's exports consists of Pulses, Raw Hides & Skins, Raw Cotton and leather.

TRADE INQUIRIES & TENDERS RECEIVED

The Mission monitored the Tenders floated in Ethiopia and conveyed their details to Indian firms and took follow up action. Trade inquiries from Indian and Ethiopian firms have been attended to and information supplied to the companies concerned.

Ramesh Kumar
Second Secretary (COM)

ETHIOPIA **ECONOMIC AND COMMERCIAL REPORT FOR THE MONTH OF** **MARCH 2005**

Floriculture

1. The Ministry of Trade and Industry has announced on March 15, 2005 that 62 suitable project sites have been selected for local and foreign investors willing to engage in floriculture development. The Ministry made the announcement during talks with a floriculture delegation from the Netherlands. Foreign companies engaged in floriculture investment in Ethiopia are exempted from tax for three years after the commencement of their projects. There were only eight flower businesses in Ethiopia eight years ago. But now the country has more than 15 flower growers and exporters. In 2003, Ethiopia earned 80 million birr (nearly USD 10 million) from the horticulture sector and expects 167 million birr (nearly USD 20 million) at the end of the 2004/05 budget year.

Power Development Project

2. The Ethiopian Electric Power Corporation (EPPCO) signed contracts worth 443.2 million birr (US\$52 million) with one Chinese and two Indian companies (KEC International Limited and IRCON), for the electrification of 36 woreda towns in seven states. The African Development Bank covers some 386.3 million (US\$45 million) of the project costs and EPPCO covering the balance. The projects are expected to be finalized within a year and a half. The Ethiopian Electric Power Corporation is currently engaged in a massive rural electrification program in various parts of the country. According to EPPCO, it has been undertaking various activities at a cost of over 1.3 billion birr (US\$153 million) for electrifying rural towns in the past five years. The funds were secured from the World Bank, ADB and the Arab Bank.

Foreign Aid

3. The Ministry of Finance and Economic Development(MoFED) stated that Ethiopia has secured 9.5 billion birr (US\$1.2 billion) in grant and loan during July-December, 2004. China, UK, Ireland, Italy, USA, Canada and Finland were among the countries that have provided new grants, while the multilateral financial institutions included IDA, ADB and UNDP.

Telecommunication Project

4. The Swedish telecommunication equipment supplier, Ericsson, has signed a contract worth about US\$48.5 million with the Ethiopian Telecommunication Corporation to provide GSM Expander solution in Ethiopia. The expansion project will be completed by mid 2005.

Agriflor Ethiopia 2005

5. The first flower exposition in Ethiopia, Agriflor Ethiopia 2005, organized by the Ethiopian Horticulture Producers and Exporters Association (EHPEA) was held at UNECA, Addis Ababa on 9-10 March, 2005. More than 70 companies, including 60 foreign companies took part in the exhibition. The expo attracted 500 participants from other countries while 3,000 people visited it. The expo was visited by higher government officials including the Prime Minister of Ethiopia.

EXTERNAL**Brazil**

6. The Governments of Ethiopia and Brazil have signed a Memorandum of Understanding (MoU) to collaborate in the health sector. The MOU would enable the two countries to jointly work, particularly in intervention of malaria and vaccination programme.

China

7. The Ambassador of China to Ethiopia stated that the bilateral trade volume between Ethiopia and China exceeded 200 million USD for the first time during 2004. China imports natural gum, coffee, hides and skin and oil seeds from Ethiopia while it exports light industrial products, machineries, chemicals, medical supplies, building materials, textiles and rubber products like tyres, etc.

Germany

8. Two grant agreements providing seven million euros were signed between the Governments of Ethiopia and Germany on March 7, 2005. Out of the total grant, four million euros is allocated to a direct budgetary assistance support for Sustainable Development and Poverty Reduction Programme through the World Bank Poverty Reduction Support Credit and the balance to finance family planning and HIV/AIDS prevention.

Italy

9. The Government of Italy has responded to the 2005 Humanitarian Appeal for Ethiopia with a grant of 2 million Euro for food aid. The money would be used to purchase wheat and maize from the

local market and rice from the international market. According to UN report, in February, 2.4 million people are in need of food aid and that number could rise to an estimated 2.9 million in March and 3.1 million in April, 2005.

Russia

10. A 1.1 billion USD debt cancellation agreement was signed between the Governments of Ethiopia and Russia in March, 2005. The Russian Federation has cancelled 1.104 billion USD of Ethiopia's 1.268 billion USD debt. Russia has also agreed that Ethiopia will pay the remaining 164 million USD debt over the next 30 years. The debt cancellation was made in the spirit of the agreement Paris Club countries reached and signed in 2004.

Japan

11. The Government of Japan on March 9, 2005 announced launching of a Country Assistance Programme (CAP) to Ethiopia as the two countries celebrate the 50th anniversary of the restoration of their diplomatic relations. The five year CAP, which is said to be consistent with Ethiopia's Second Round of Sustainable Development and Poverty Reduction Programme (SDPRP II), is expected to be finalized by the end of this year.

Turkey

12. The Government of Ethiopia and Turkey have agreed to enhance trade and investment relations and signed agreement on the avoidance of double taxation between the two countries. The volume of trade exchange between the two countries in 2004 has registered about 100 million USD. The two countries agreed to increase the volume of trade to 500 million dollar in a very short time.

USA

13. The US ambassador to the UN Food and Agriculture Agencies announced that the U.S. Government would provide US\$275 million Humanitarian aid to Ethiopia in 2005. The allocated fund would be utilized for commodities, development projects, emergency, World Food Program supported programmes, etc. U.S. is the biggest contributor for humanitarian aid to Ethiopia since 1984.

MULTILATERAL

WB

14. The Ethiopian Government and the World Bank (WB) signed loan and grant agreements amounting to US\$184.9 million on March 10, 2005. According to the agreement, US\$24 million of the total sum including a grant of US\$5 million would be used to finance the Private Sector Capacity Building Project aimed at facilitating increased participation of the private sector in the country's economy through improving productivity and competitiveness. The other US\$160 million loan agreement would be used to finance the Second Road Sector Development Support Project.

15. The Representative of WB in Ethiopia stated that the Bank is soon to raise its assistance to Ethiopia to US\$600 million per annum, showing an increase by US\$100 million from the current half billion dollars. The Bank's assistance will go into effect beginning from fiscal year 2006 in conjunction

with the start of the second phase of Ethiopia's Sustainable Development and Poverty Reduction Program (SDPRP), following the completion of SDPRP I in June 2005. The Bank will also grant US\$130 million for the SDPRP II, which runs from 2006-2009, through IDA to support the implementation of key reforms to "improve the investment climate, improve governance and delivery and reduce vulnerability." The bank through its Country Assistance Strategy (CAS) currently supports 25 projects with an outlay of US\$2.2 billion.

BILATERAL

CII Conclave on India-Africa Project Partnership 2005

16. A three member Ethiopian delegation from the Ministry of Infrastructure participated in a Conclave on 'India-Africa Project Partnerships 2005' which was organized by CII with the assistance of MEA and M/Commerce in New Delhi on March 2-4, 2005. The Conclave focused on specific projects in infrastructure and SMEs.

INDIASOFT-2005

17. A 5-member delegation from Ethiopia participated in the INDIASOFT-2005 –an international exhibition and conference on IT and software sector, which was held in Chennai on March 21-22, 2005. The Ethiopian companies that participated in the above exhibition and conference were M/S.NeuroNet, M/S. Datavision, M/S. Global Computing Solutions, M/S. BizSoft PLC and M/S. MKTY. The Electronics and Software and Export Promotion Council (ESC) granted return airfares to Four Ethiopian companies. M/S. MKTY was not eligible for free air-fare as they were granted this facility by ESC last year.

ASSOCHAM DELEGATION VISIT TO ETHIOPIA

18. A two-member ASSOCHAM team led by Shri Arun Agarwal, Chairman, International Affairs (Africa) visited Ethiopia from March 4 to 11, 2005. During its stay, the delegation held bilateral discussions with senior Government officials including Minister of Infrastructure and State Minister of Trade and Industry and various Government departments and businesspersons. An MOU was also signed on 12.3.2005 between ASSOCHAM and the Ethiopian Chamber of Commerce (ECC). Secretary General of ECC and Mr. Arun Agarwal signed the MOU.

NITRA delegation visit to Ethiopia

19. A three-member team from NITRA and Pearl Academy of Fashion (PAF) visited Addis Ababa in March, 2005 in connection with consultancy work for setting up a Textile and Garment Industries Support Institute (TGISI) in Ethiopia. NITRA and PAF presented their final Business Plan to the Minister of Trade and Industry and the Prime Minister. The Prime Minister and the Minister expressed their appreciation for the excellent work done by the Indian consultants.

KEC International Limited

20. In August 2004, KEC International Limited was awarded a 132 KV Power Transmission Line contract worth US\$5 million. During 2005, it has already been awarded three power distribution projects on turnkey basis, with a total value of US\$53 million. African Development Bank is funding 70% of the cost whereas the remaining 30% is by the Ethiopian authorities.

IRCON

21. IRCON has been awarded in March, 2005 a contract for nine power sub-stations in different parts of Ethiopia. With this, IRCON is now executing projects in the road construction as well as in the power sector. The project value is about Rs. 26 crores and it is to be completed in 18 months.

BILATERAL TRADE

22. According to information obtained from the Directorate General of Commercial Intelligence and Statistics, following are the figures of Ethiopian imports and exports from/to India for the period April –November, 2004 :-

Imports from India :- Rs. 15820.74/- lakhs

Exports to India :- Rs. 2395.67/- lakhs

The balance of bilateral trade continues to be in India's favour. Commodity wise composition of India's exports mainly consists of Drugs & Pharmaceuticals, Machinery & Instruments, Manufactures of Metals, Paper/Wood Products, Plastic Products, Rubber manufactured products, Textiles/Yarns, Cosmetics/Toiletries, Glassware, etc. Commodity wise composition of Ethiopia's exports consists of Raw Hides & Skins, Pulses, Spices, Metal Scrap and leather.

TRADE INQUIRIES & TENDERS RECEIVED

23. The Mission monitored 38 Tenders floated in Ethiopia, conveyed their details to Indian firms and took follow up action. Trade inquiries from Indian and Ethiopian firms have been attended to and information supplied to the companies concerned. Some of the major Tender Notices were:-

i)IFB No.MCB/G-03/05 for the supply of 660 Photocopier machines issued by the Ministry of Capacity Building, Government of Ethiopia

ii)Tender Notices for Multi Service Optical Access Network, CDMA 450 Fixed Wireless Terminal, VSAT Solar Power Supply System, and Tele Traffic Dimensioning, Planning and Forecasting Software issued by the Ethiopian Telecommunication Corporation

iii)High Voltage Substations Contracts GGIIPTP-SS and Transformers issued by the Ethiopian Electric Power Corporation

iv)Tender No.ICB/HSDP/GF2YR2/Anti-Malaria Drugs and Laboratory Supplies 4/2005 issued by the Ministry of Health, Government of Ethiopia

v)Invitation for Expression of Interest for joint venture expansion project of Wonji/Shoa Sugar Factory issued by the Privatization & Public Enterprises Supervising Authority

DJIBOUTI**ASSOCHAM DELEGATION VISIT TO DJIBOUTI**

24. A two-member ASSOCHAM team led by Shri Arun Agarwal, Chairman, International Affairs (Africa) visited Djibouti from March 12 to 18, 2005. During their visit, they had meetings with the Prime Minister, Ministers of Health, Agriculture, Communication, Finance, Trade & Industry and various government departments and businesspersons. They also had meeting with the President of International Chamber of Commerce of Industry of Djibouti.

BILATERAL TRADE

25. According to information obtained from the Directorate General of Commercial Intelligence and Statistics, following are the figures of Djiboutian imports and exports from/to India for the period April –November, 2004 :-

Imports from India :- Rs. 32106.43/- lakhs

Exports to India :- Rs. 900.64/- lakhs

The balance of bilateral trade continues to be in India's favour. Commodity wise composition of India's exports mainly consists of Iron and Steel products, Manufactures of Metals, Paper/Wood products, Food Items, Machinery & Instruments, Manufactures of Metals, Plastic Products, Drugs and Pharmaceuticals, Textiles/Yarns, Rubber products, Agro Chemicals, etc. Commodity wise composition of Ethiopia's exports consists of Raw Hides & Skins, Spices and Metal Scrap.

Sd/-
(Ramesh Kumar)
Second Secretary (COM)

KENYA INTERNATIONAL AUTUMN FAIR – KENYA

(14-18 SEPTEMBER 2005)

Exhibits Profile

- | | |
|---------------------------------------|--|
| ✓ Art, Antiques & Handicrafts | ✓ Glassware & Porcelain |
| ✓ Artificial Flowers & Plants | ✓ Hardware & Do-It-Your Self (D-I-Y) |
| ✓ Automobiles & Auto Parts | ✓ House wares & Kitchen wares |
| ✓ Bags (Travel, School, Casuals, etc) | ✓ Household & Domestic Appliances |
| ✓ Building Materials | ✓ Imitation & Fashion Jewellery |
| ✓ Carpets & Wall Coverings | ✓ Leather & Leather Products |
| ✓ Chemicals & Allied Products | ✓ Lights, Lamps & Fixtures |
| ✓ Cosmetics, Perfumes & Beauty Aids | ✓ Office Equipment |
| ✓ Crystal wares & Chandeliers | ✓ Pictures, Painting & Graphic Arts |
| ✓ Dairy Products & Equipment | ✓ Plastic Household Products |
| ✓ Detergent & Household Chemicals | ✓ Promotion Giveaways |
| ✓ Electronics & Electricals | ✓ Sanitary ware & Accessories |
| ✓ Fashionwear & Accessories | ✓ Sports & Leisure Goods |
| ✓ Fresh, Frozen & Canned Foods | ✓ Textiles & Ready made Garments & Woolens |
| ✓ Furniture (Office & Home) | ✓ Toys, Games & Stationery |
| ✓ Gifts & Novelties | ✓ Watches & Clocks |

For more details contact the Chamber.

Tel: 2218 3353/2218 7038 /2216 1923

Fax: 2218 8221

Website: www.indoafrikan.org

2nd International Automotive Fair 2005
June 23-27
(Addis Ababa, Ethiopia)

The Fair would be of immense benefit for:

- Ø *Trucks, Bus, Van, Cars & Commercial Vehicles*
- Ø *Trailers and cargo bodies Logistic and Fleet Management*
- Ø *Part and accessories, Earth Moving Machineries*
- Ø *Model Cars (Antique)*
- Ø *Oil and Lubricant, Auto Glass*
- Ø *Motorcycle, Tyre and Battery, Industrial Parts.*

This Fair will focus the importance of information exchange and give attention to creating awareness on matters associated with the automotive supply sector and will also provide the participants an interactive platform for strategic alliance, technology transfer, joint venture, etc. and above all it would provide export-import tie-ups on a very large scale.

Further the Fair will also enable the participants to share information on enhancement of automotive technologies, bring into focus the importance of information exchange and give attention to creating awareness on matters associated with the automotive supply sector.

So grab the opportunity for your Business Development in this Country.

**SAUDI ARABIA'S
INTERNATIONAL TRADE FAIR**
15-19 May 2005
 Jeddah International Exhibition Centre, Jeddah, **Saudi
Arabia**

Jeddah International Exhibition Centre, Jeddah, **Saudi
Arabia**

SAUDI HEALTHCARE
29 May - 2 June 2005

Jeddah International Exhibition
Centre, Jeddah, **Saudi Arabia**

For Exhibition Details contact the Chamber.

2005 Exhibition Calender
(Zimbabwe)

ZITF (Zimbabwe International Trade Fair Multi-sectorial International Exhibition)
April 26-30 (26 & 27 Business Days)

A'sambeni (Africa Tour & Travel Expo) African Tourism and Travel Expo
April 26-30 (26 & 27 Business Days)

Pak Print (Zimbabwe's Premier Packaging and Printing Industry Exhibition)
April 26-30 (26 & 27 Business Days)

Scholastica (Education, Careers and Training Exhibition)
Incorporating Professional Training and Consultancy – (June 29 – July 1)

MINFENTRA (Mining, Engineering and Transport Exhibition) - July 20 - 22 (Business Only)

Inter Shop – International Consumer Fair (November 25-26)

GOLDEN OPPORTUNITY TO PROMOTE YOUR BUSINESS

Dear Members,

It's our proud privilege to inform you that our Chamber is now an **"ISO 9001-2000 Certified Company"** from RINA, Italy. We are also in the process of getting the status as **"Joint Arab Chamber for India"** representing **22 Arab countries**.

You must be aware that being the service industry, we are sending circulars regularly to **Members-exporters** not only in **India** but to **various Gulf & African Countries** and also to **various Diplomats, Chamber of Commerce, Export Promotion Council, Government department, Trade bodies, etc. etc.**

Many of you must be **eager to promote your business** by **establishing good contacts**. Here comes an opportunity, which gives you **exclusive recognition, an identity, publicity and good mileage** as well....

We invite you to release your **company's advertisement** on **our mailing envelopes**, which will **reach each and every corner of India, Gulf & African countries** and that too **at a very minimum cost**.

The details are as follow:

Size	Rate	
B/W ½ Page 10 cm x 10 cm	Rs. 10,000/-	One insertion for circulation for one full month .
B/W Full Page 21 cm x 10 cm	Rs. 15,000/-	

Quantity: - 15,000 per month.

Hence **Grab this golden opportunity** and make yourself presence in local and International market.

Kindly send your confirmation along with matter and **Cheque in favour** of **"Indo-African Chamber of Commerce & Industries"**.

Thanking you and assuring you the best of our attention always.