



# INVEST IN ETHIOPIA

## PHARMACEUTICAL MANUFACTURING



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Ethiopia: Winner of the World Bank Group's 2017 Global Star Reformer Award and the 2017 United Nations Award for its outstanding performance on FDI policy reform, promotion, and facilitation





# WHY INVEST IN ETHIOPIA?

Vision 2025: Making Ethiopia the leading manufacturing hub in Africa

## Overall Advantages of Investing in Ethiopia

### Fastest growing economy:

- Average annual GDP growth rate of 11% for the last 14 years

### Africa's 2nd most populous country:

- Over 100 million & growing at 2.3 million annually
- Active and trainable labor force of 54 million

### Top destination for foreign direct investment (FDI)

- One of the largest recipients of FDI in Africa-3.8 billion in 2017
- Ethiopia accounts for 18.5% of all jobs created through FDI in Africa

### Stable political environment

### Geographic & market access advantages:

- Proximity to EU, USA, Middle East, & Asia
- Duty-free market access to USA & EU through AGOA & EBA
- Preferential duty treatment to markets such as China, India, Japan, Canada & Australia
- Preferential trade agreement through the Common Market for Eastern and Southern Africa (COMESA) with a market size of 6.2\$ billion

### Competitive infrastructure

- Africa's aviation hub: Ethiopian Airlines with almost 40 cargo destinations and provides cold chain transport
- Current electricity rate of 3 US cents/kwh; one of the lowest in the world
- New electric-powered railway from industrial parks to Djibouti Port

## Favorable Conditions for Pharmaceutical Manufacturing in Ethiopia

### One of the first country in Africa to establish a national strategy for pharmaceutical sector development

- Pharmaceutical manufacturing is priority sector for Government
- Pharmaceutical Industry Development Institute: focuses on market support and skills development
- An industrial park dedicated to the pharmaceutical sector

### Growing local market

- Ethiopia's pharmaceutical market is currently about 1billion dollars

### Accessible local & regional market

- Ethiopia has potential to serve as export hub for the >\$20 billion pharmaceutical market in Africa

### Leading foreign manufacturers already established in Ethiopia

- Cadila Pharmaceuticals
- Julphar Gulf Pharmaceutical Industries
- Humanwell
- Shansheng-Ethio

## Incentives Available in Industrial Parks

### Corporate income tax exemptions (partially contingent on export performance):

- API production: up to 14 years
- Formulations/final medicines: up to 12 years
- Pharmaceutical packaging: up to 8 years

### Customs duties & other tax exemptions on inputs

### Personal income tax exemption: 5-10 years for expatriate employees (and long term visas)

### One-stop-shop for government services

### Joint warehousing, calibration, and testing services

## Other Support Measures Outside the Parks

### 25% price preference and 30% prepayment for Pharmaceuticals Fund and Supply Agency (PFSA) contracts

### Potential for long-term procurement guarantee through PFSA

### Trainable workforce with competitive wages

- More than 10 schools of pharmacy
- Programs are being expanded to include additional areas of specialization

# Quick Facts of Kilinto Industrial Park



## Location

- Addis Ababa; 25 km from city center, 863 Km from Djibouti port



## Population and Employment

- 4 million people live in the city
- Accessible to skilled labor pool



## Industrial Park Area

- Land area of 2.79 million m<sup>2</sup>
- Factory shed build up area of 1.66 million m<sup>2</sup>



## Industrial Park Facilities

- Health Center
- Police Station
- One-Stop Shop Services
- Commercial Building
- Fire Brigade & 24/7 Security Services
- Waste Treatment Facilities



## Park Specialization

- Designed to host investors in the pharmaceutical sector



## Key Principles of the Park

- Specialized park
- Sustainability (environmental and social)
- Vertical integration
- Export-oriented
- Skills development and competitiveness

