

# Investment Areas Open for Foreign Investors to Engage with Full Ownership in Ethiopia

## Description

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## Introduction

Questions are asked as to which business areas are open for foreign investors in Ethiopia. To answer the question it is important to state what business areas are reserved for domestic investors and the government. 32 business areas are exclusively reserved for domestic investors, 7 business areas are reserved for joint investment by foreign investors and domestic investors and 5 business areas are assigned for joint investment between the government and any investors. Aside from the business areas reserved above, the remaining business areas are open for foreign investors to engage. Let's see now in detail those reserved business areas for domestic investors and the government.

### 32 Business Areas Exclusively Reserved for Domestic Investors

Business areas reserved exclusively for domestic investors are as follows: 1/ Subject to applicable law, banking (policy change is occurring here), insurance and microfinance businesses, excluding capital goods finance business; 2/ Transmission and distribution of electrical energy through integrated national grid system; 3/ Primary and middle level health services; 4/ Wholesale trade, petroleum products, wholesale of own products produced in Ethiopia; excluding wholesale of electronic commerce; 5/ Retail trade excluding retail of electronic commerce as provided under appropriate law, of own products produced in Ethiopia; 6/ Import trade, excluding liquefied petroleum gas and bitumen; 7/ Export trade of raw coffee, khat, oil seeds, pulses, minerals, hides and skins, products of natural forest, chicken, and livestock including pack animals bought on the market; 8/ Construction and drilling services below Grade I; 9/ Hotel, lodge, resort, motel, guesthouse, and pension services, excluding those that are star-designated; 10/ Restaurant, tearoom, coffee shops, bars, nightclubs, and catering services, excluding star-designated national cuisine restaurant service; 11/ Travel agency, travel ticket sales and trade auxiliary services; 12/ Tour operation; 13/ Operating lease of equipment, machineries and vehicles, excluding industry-specific heavy equipment, machineries and specialized vehicles; 14/ Transport services, excluding the following areas: a) Railway transport; b) Cable-car transport; c) Cold-chain transport; d) Freight transport having a capacity of more than 25 tones; and e) Transport services reserved for joint investment with the Government or domestic investors; 15/ Making indigenous traditional medicines; 16/ Producing bakery products and pastries for domestic market; 17/ Grinding mills; 18/ Barbershop and beauty salon services, smithery, and tailoring except by garment factories; 19/ Maintenance and repair services, including aircraft maintenance repair and overhaul (MRO), but excluding repair and maintenance of heavy industry machineries and medical equipment; 20/ Aircraft ground handling and other related services; 21/ Saw milling, timber manufacturing, and assembling of semi-finished wood products; 22/ Media services; 23/ Customs clearance service; 24/ Brick and block manufacturing; 25/ Quarrying; 26/ Lottery and sports betting; 27/ Laundry services, excluding those provided on industrial scale; 28/ Translation and secretarial

services;29/ Security services; 30/ Brokerage services; 31/ Attorney and legal consultancy services; and32/ Private employment agency services, excluding such services for the employment of seafarers and other similar professionals that require high expertise and international experience and network.

## **7 Business Areas Reserved for Joint Investment by Foreign Investors and Domestic Investors**

The following business areas are reserved for joint investment by foreign investors and domestic investors. However the foreign investor jointly investing with a domestic investor in these investment areas cannot hold more than 49% of the share capital of the enterprise. The joint investment businesses are: 1) Freight forwarding and shipping agency services; 2) Domestic air transport service; 3) Cross-country public transport service using buses with a seating capacity of more than 45 passengers; 4) Urban mass transport service with large carrying capacity; 5) Advertisement and promotion services; 6) Audiovisual services; motion picture and video recording, production and distribution; and 7) Accounting and Auditing services.

## **5 Business Areas are Assigned for Joint Investment Between the Government and any Investor**

Any investor together with the government can invest in the following areas. These are: 1/ Manufacturing of weapons, ammunition and explosives used as weapons or to make weapons; 2/ Import and export of electrical energy; 3/ International air transport services; 4/ Bus rapid transit; and 5/ Postal services excluding courier services.

## **Conclusion**

We have seen in detail the list of businesses reserved exclusively for domestic investors. We have also seen those business areas that are jointly developed with a domestic investor and the government. Therefore all the rest of the business areas are open for foreign investors to invest with 100% ownership of the enterprise.

Contact us for your investment questions at [info@dmethiolawyers.com](mailto:info@dmethiolawyers.com)

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