

TRAVEL & TOURISM SECTOR IN ETHIOPIA

SNAPSHOT BY: EAGATE FOREIGN TRADE AUXILIARY PLC



Country Data (2012-13)

Population (million inhabitants)	93.9
Labor force (million)	45.6
GDP (billion USD)	43
GDP Growth	7.0%
Exports (billion USD)	3.2
Imports (billion USD)	10.7
Exchange rate for 1 USD	19.9
Estimated N. of EU investors	299

Sector Data (2013-15)

Share of the GDP (2013)	4.2%
Year -on-Year Growth	7.14%
Share in Labor Force (2013)	3.80%
Number of tourists (2013) (thousand)	724
Revenue from Tourism (million USD)	300
Expected tourists by 2015 (million)	1
Expected revenue by 2015 (billion USD)	3

Ethiopia is a country endowed with diverse and rich natural resources. Its long history and mosaic cultures have provided the world with several UNESCO heritage sites and very attractive tourist destinations. Dating back to human origins, the Country has numerous archeological sites with the most famous being Hadar in the Afar region where Lucy, the 3.2 million year old *Australopithecus afarensis*, was discovered. Antiquity ruins such as the temple in Yeha in the north of Ethiopia testify of the long history of civilizations in the country dating as far back as 700 BC. The country is also endowed with remarkable fauna and flora with indigenous plants and animals that make the country ideal for eco based tourism. The country has nine UNESCO registered World Heritage sites and hosts eight Cultural sites and one natural site (the Simien National Park), with an additional four under current review. In addition, the country has 5 more sites on the Tentative List attesting the outstanding value of Ethiopia's wealth to the world. In fact Ethiopia has as many, if not more touristic sites than Egypt. However, the country has yet to utilize its grand potential and increase its share in the world tourism market. In 2013, Ethiopia ranked 120th in the Travel and Tourism Competitiveness Index 3.3 score (1-7) according to the World Economic Forum Travel & Tourism Index Report. Its most competitive indicators are price (ranked 22nd), availability of natural resources (ranked 33rd), cultural resources (ranked 82nd) and air transport infrastructure (ranked 90th). Despite the resources and the competitiveness of the sector, travel and tourism has a low share in Ethiopia's economy. Tourism's contribution to GDP was 4.2% in 2013 and direct employment in the sector is about nine hundred thousand people.

Tourism & Travel sector comprises many subsectors among which are accommodation, transportation, travel services, food and beverage services, recreation, entertainment and so forth. Figures show that the inbound tourism arrival has increased over the years since the 80s, it has reached half a million in 2011 and it is expected to reach 1 million in 2014/2015 according to the projections made under the Growth and Transformation Plan (GTP). The World Travel & Tourism Council (WTTC) in its 2014 country report estimated that in 2012 about 73% of arrivals in the country are for leisure whereas the remaining share is for business.

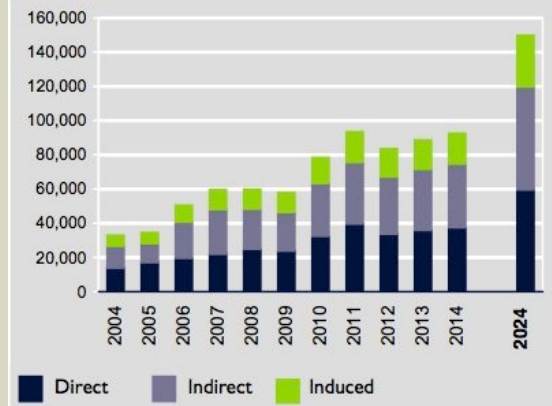
The Ethiopian Ministry of Culture and Tourism has completed a 10-Year Master Plan to boost its tourism sector based on IGAD's (Intergovernmental Authority on Development) 2013 Sustainable Tourism Master Plan. The primary goal of the Master Plan is to make Ethiopia one of the top destinations in Africa utilizing available natural and human resources, as well as marketing and promotion. Following this plan, Ethiopia is expected to bring three billion USD from the sector and the Government of Ethiopia is doing its share by providing transport infrastructure and services. In addition, Ethiopia has competitive costs for investments in this sector; it has abundant and cheap labor, low utility tariffs and fiscal incentives. Hence the potential is considerable and with the growing number of outbound tourists in the world, Ethiopia is on the road to being one of the top destinations with best value for money.

The Ethiopian government in a bid to develop the tourism industry has created two new entities, the Tourism Transformation Council and the Ethiopian Tourism Organization. The Council will intervene to alleviate obstructions and bottlenecks impeding the development of travel & tourism and develop the country's strategic plans. To that effect, the Council is composed of members of relevant ministries, mayors of cities, the CEO of Ethiopian Airlines, presidents of Ethiopian Tours and Operators Association and the Ethiopian Hotels and Restaurants Owners Association, president of Chamber of Commerce & Sectoral Association (ECCSA) and others. The Ethiopian Tourism Organization will develop touristic destinations, create promotional campaigns and help build the capacity of local travel and tourism stakeholders.

Besides the government's efforts, the stakeholders of the tourism & travel sector are also actively trying to alleviate obstacles and find solutions to challenges in the sector. The Second Hotel Show Ethiopia Expo was organized in May 2014 in Addis Ababa to create links between different stakeholders such as hotel consultants, hotel operators, equipment suppliers, tour operators and other stakeholders.

Total Contribution of Travel & Tourism to GDP

2013 ETBmn



World Travel & Tourism Council (WTTC), 2014

ACCOMMODATION



Currently Ethiopia has only three internationally branded hotels: Sheraton Addis, Hilton Addis and Radisson Blu with a total number of 869 rooms. This number is very low even for the standard of the continent. Hotel projects in the pipeline including Marriott, Golden Tulips Addis and Crowne Plaza Addis will take the number of internationally recognized hotels in the country to six.

The hospitality and accommodation sector on the other hand is dynamic. During the years 2012/2013, about 37 investors have taken licenses to construct star-rated hotels. However, demand remains higher than both the existing facilities and the ones under construction. Given the current trend, research has shown the projected demand for hotel rooms will increase to 1.3 million in 2015 and 3.1 million in 2020. In January 2014, during the AU summit there was an inflow of 3,000 people in the capital city Addis Ababa and the demand was for star-rated hotels with high standards. Therefore, the growing number of business travelers to Ethiopia and especially to Addis Ababa make the hospitality sector promising.

Numerous opportunities for the development of tourism projects exist in construction and operations of star hotels, lodges, resorts, theme parks etc.

TRANSPORTATION



The country has six major entry points: by air, Addis Ababa and Dire Dawa; By road Moyale, Metema, Wuchale, Galafi, and by railway Dawale. The main mode of transportation to and from the country is by air with the flag carrier airline of Ethiopia, Ethiopian Airlines. It connects Addis Ababa to all continents except Australia with 81 international destinations and 20 destinations within the country. The airline is expanding its route all over the world and developing its fleet. Ethiopian Airlines is the first airline in Africa and the second in the world next to Japan to receive the 787 Dreamliner airplane. Currently, Ethiopia is investing in the expansion and modernization of airports in the country in a bid to satisfy growing demand and to meet international standards. The Singaporean company CPG has won the bid for the design, the French company ADPI has won the bid for technical evaluation and the Chinese company CCCC the one for the construction. Overall, the project is estimated to cost 250 million USD. The country is also massively expanding its road and railway networks connecting major cities within the country and neighboring infrastructures such as the Djibouti port. In addition, Turkish, Chinese and French are involved in the construction of regional railways and in the Addis Ababa city light railway project. The government of Ethiopia has an ambitious infrastructure development plan, creating ample investment opportunities along the line.

ADVENTURE TOURISM



The global trend in tourism has shown an inclination for more exotic destinations, as many tourists are becoming more adventurous and are looking for more offbeat and unexploited destinations. Ethiopia is not the first country that comes to mind for adventure tourism because very few recognize its geological, botanical and zoological wonders as opportunities to develop adventure tourism. In reality, many of the regions in Ethiopia are unfrequented by tourist and provide plenty of natural and cultural attractions for adventure tourists. Therefore, mountaineering, trekking, bungee jumping, mountain biking, canoeing, rafting and rock climbing are some of the untouched adventure tourism activities. Opportunities reside in providing materials, training, delivering services, investigating and mapping new areas, and organizing tours in the adventure tourism sector.

HEALTH AND WELLNESS



The health and wellness market in the tourism sector is a fast growing lucrative market. In 2013, it accounted for 14%, or nearly 439 billion USD, of all tourism expenditures worldwide. It's projected to grow by more than 9% yearly through 2017. It is also said that wellness tourists spend on average 130% more than regular tourists. Thermal/Mineral Springs Market was estimated to be worth 50 Billion USD in 2013, but the revenue is concentrated in a dozen of countries. Ethiopia has a large potential for this segment of tourism. The Great Rift Valley passes through the country and there is a short distance from the crust of the earth to the actual ground creating hot springs of varying temperatures and pressure erupting across various regions. This creates ponds and water falls to develop wellness tourism. Currently, health and wellness domestic value in Ethiopia is estimated to be around 93 million ETB.

BUSINESS TOURISM



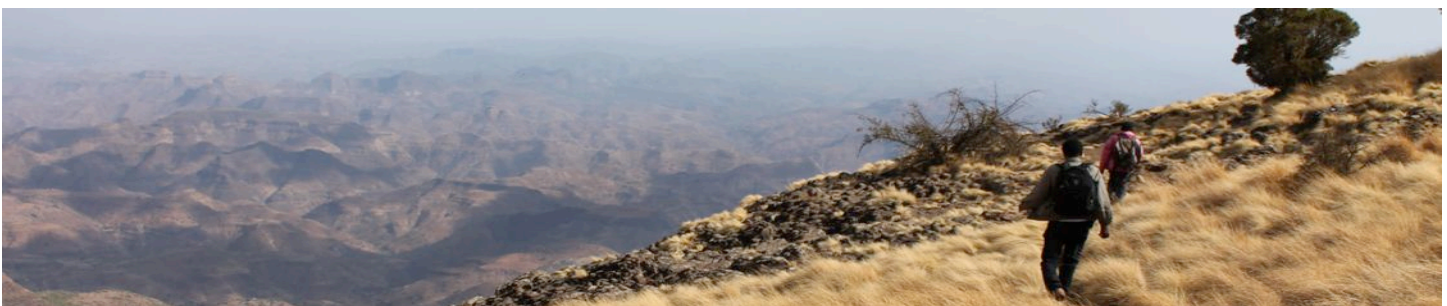
Ethiopia is the 3rd diplomatic city with 118 diplomatic missions after New York and Geneva; it is the Headquarters of the African Union Commission (AUC), the United Nations Economic Commission for Africa (UNECA) and many international organizations. Due to Ethiopia's historical diplomatic role, many countries have representations in Ethiopia through Embassies or Honorary Consulates.

Ethiopia's advantages in the business tourism area are mainly security, price and convenience as many international organizations are already set up here. As a result, the country hosts dozens of international conferences per year, attracting many international visitors. In 2012, about 27% of the total number of inbound travelers have stated business and conference/meeting for their main reason of visit compared to just 17% in 2008. The growing number of business tourism creates considerable opportunities for investment in conference venues, catering and related services.

ECO TOURISM



The Ethiopian Government in order to develop the tourism potential of the country is putting in place policies directed towards the conservation of wildlife and natural reserves. With 20 National Parks, 4 wildlife sanctuaries, 18 controlled hunting areas, 2 pilot projects for community conservation areas, the country has huge potential for Eco-Tourism. Human impact on nature in Ethiopia is very limited, and some areas are completely untouched and wild. Globally, with the rise of international concern for environmental protection, the issue for habitat protection has shifted from national to international level. Hence, any attempt to invest and provide infrastructure and services in Eco-Tourism in Ethiopia will be supported both locally and internationally.





Danakil Depression (sulphur & mineral salt formations, Afar)

AGRO TOURISM



Agro tourism is a fairly new concept in Ethiopia. Nonetheless, the country has a lot to show for when it comes to indigenous agriculture. Over 80% of its population is in the agriculture sector and the majority use traditional methods and organic farming. Ethiopia has indigenous foods and beverages like *teff*, *ensete*, *wild coffee*, *moringa* and numerous others allowing agro tourism to be developed around these crops and trees. A unique way to combine and showcase Ethiopia's agricultural wealth would be through agro-forestry type of concepts with a tourism component.

DOCUMENT SOURCES:

Photos: EAGate Foreign Trade Auxiliary / National Geographics travel photos / Text and Figures: Ethiopian Ministry of Culture and Tourism / Market research reports / World Travel & Tourism Council Country Report 2014, Euromonitor, UNWTO / Africa Hotel Investment Forum 2014

Ethiopia	2013	2013	2014	2024	2024	2024
	ETBmn ¹	% of total	Growth ²			
Direct contribution to GDP	35,786.6	4.2	4.5	59,495.2	3.6	4.8
Total contribution to GDP	88,691.2	10.3	4.3	149,832.0	9.0	4.9
Direct contribution to employment ⁴	985	3.8	0.1	1,049	3.0	0.6
Total contribution to employment ⁴	2,492	9.5	0.2	2,737	7.9	0.9
Visitor exports	41,021.7	40.1	4.3	63,375.8	27.9	4.0
Domestic spending	18,431.3	2.1	5.0	35,260.6	2.1	6.2
Leisure spending	50,977.4	3.6	4.5	82,455.7	3.0	4.5
Business spending	8,475.7	0.6	4.8	16,180.7	0.6	6.2
Capital investment	16,385.0	7.1	3.2	26,605.7	5.4	4.6

¹2013 constant prices & exchange rates; ²2014 real growth adjusted for inflation (%); ³2014-2024 annualised real growth adjusted for inflation (%); ⁴000 jobs



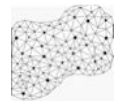
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UNDERSTAND



NETWORK



ACT



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