

## 4. Stakeholders in the Logistics Sector

The key stakeholders in the Ethiopian logistics sector include the regulatory bodies, transport associations, professional associations, transport and logistics operators, cargo owners, industrial parks and special economic zones. These stakeholders provide a wide range of services that are essential for the smooth functioning of the logistics and international trade sectors.

### 4.1 Government Ministries, Agencies and SOEs

#### **Ethiopian Customs Commission**

The World Customs Organization (WCO) defines Customs as “the government service which is responsible for the administration of Customs law and the collection of import and export duties and taxes and which also has responsibility for the application of other laws and regulations relating, inter alia, to the importation, transit and exportation of goods.”

In Ethiopia, Ethiopian Customs Commission’s (ECC) functions include the enforcement of the Customs Proclamation provisions governing the import and export of cargo, baggage and postal articles; the arrival and departure of vessels, aircraft, and other means of transport; goods in transit; and the governance of any goods subject to customs control, including rights and obligations of persons taking part in customs formalities.

Customs operations involve the administration of customs law relating to the importation, exportation, movement or storage of goods and the collection of duties and taxes. Ethiopian customs law contains provisions that clearly prescribe the basic guiding principles that have to be applied on customs operations. These guiding principles, which have important implications for the roles of all stakeholders, including the traders themselves, include:

- Self-assessment: It is the responsibility of importers and exporters or their agents to assess and submit the value of goods to the customs office, which then determines the appropriate duties and taxes to be paid based on the information provided by traders.
- Risk management: ECC assesses, directs and controls risks which emanate from the import and export of goods. The purpose is to strike a balance between trade facilitation and controls. Successful implementation of the risk management principle helps to avoid unnecessary delays and wastage of resources by concentrating customs control on high-risk consignments and expediting the release of low-risk consignments.
- Transparency: Under this principle, ECC provides relevant information about trade - including the rates of duties and taxes, fees and charges, customs laws and procedures, appeal procedures, etc. – through publications and other means.
- Accountability: ECC clearly defines the duties and responsibilities of each actor in customs operations.
- Service orientation: ECC is committed to creating a conducive environment to provide equitable, expeditious, predictable and reliable services.
- Prevention of illegal practices by promoting self-compliance: Under this principle, which is related to risk management and self-assessment, ECC will seek to prevent illegal practices such as commercial fraud (under-or over-invoicing, wrong description and classification of goods, etc.), smuggling of prohibited and restricted goods, and others, by taking measures

that promote self-compliance. Examples of such measures are the provision of information and advice to traders, advance rulings for customs classification, customs valuation and preferential origin, the implementation of post clearance audits, or the use of simplified procedures for authorised traders.

- Promotion of priority sectors and economic development: This principle is aimed at the Authority to play its vital role in expediting the economic development of the country by providing special service to priority sectors, such as manufacturing.

As a general rule, Ethiopia allows any commodity to be traded freely. However, this is not the case for “prohibited goods”, such as illicit narcotics and drugs or worn clothes and “restricted goods” such as medicines and pharmaceutical products, foods and beverages, communication equipment, fertilisers, seeds, live animals, etc.

### Other Border Agencies

In addition to the Customs Division of the Ministry of Revenue, there are other regulatory agencies involved in regulating Ethiopia’s international trade. Their responsibilities include safety and security; environment and health; consumer protection; revenue collection; and trade policy. The main agencies and their specific responsibilities are listed in **Table 4.1**.

**Table 4.1: Other Border Agencies and their Functions:**

Regulatory Agency	Issues Responsible For	Responsibilities
Ministry of Trade (MOT)	All import and export goods	<ul style="list-style-type: none"> <li>- Issues Import Release Permit</li> <li>- Issues Import Release Permit for Legal-Metrology Instruments</li> <li>- Issues Export Release Permit</li> </ul>
Ethiopian Investment Commission (EIC) and Regional Investment Bureaus.	All goods imported and exported by investors	<ul style="list-style-type: none"> <li>- Issues and renews Investment Permits</li> <li>- Issues Custom Duty-Free permission letter</li> </ul>
National Bank of Ethiopia (NBE) and Commercial Banks (CBs).	Foreign currency	<ul style="list-style-type: none"> <li>- Registers sales contract agreement</li> <li>- Issues Export Bank Permit</li> <li>- Issues Foreign currency Approval</li> <li>- Issues Bank import permit for: Letter of Credit, (Open L/C)</li> <li>- Advance Payment</li> <li>- Approves Purchase Order for CAD</li> </ul>
Ministry of Agriculture and Natural Resources (MOANR)	<ul style="list-style-type: none"> <li>- Import of plants, seeds, plant products, pesticides and fertilisers</li> <li>- Export of animal feed, live animals and meat</li> </ul>	<ul style="list-style-type: none"> <li>- Issues Phytosanitary Certificate for re-export</li> <li>- Issues Veterinary Health Certificate</li> <li>- Issues Export Permit for Animal Feed</li> <li>- Issues pre-import permit for plant and plant Products</li> <li>- Issues pre-import permit for fertilisers and pesticide</li> <li>- Issues import release permit for plant and plant products</li> <li>- Issues import release permit for list of registered pesticides</li> </ul>
Ministry of Industry (Mol)	Incentives related to manufacturing	<ul style="list-style-type: none"> <li>- Issues Duty drawback authorisation letter</li> <li>- Issues and renews export trade duty incentive scheme certificate</li> </ul>

<b>Regulatory Agency</b>	<b>Issues Responsible For</b>	<b>Responsibilities</b>
		<ul style="list-style-type: none"> <li>- Issue and renew 2nd Schedule Certificate</li> <li>- Approvals of raw material supply contract agreement</li> </ul>
Ministry of Mines, Petroleum and Natural Gas	Export of mineral products	<ul style="list-style-type: none"> <li>- Issues Customs duty- and tax-free support Letter</li> </ul>
Ethiopian Conformity Assessment Enterprise (ECAE)	Conformity with accepted standards	<ul style="list-style-type: none"> <li>- Issues Laboratory Test Report</li> <li>- Issues inspection report</li> </ul>
Ministry of Transport and Logistics (FTA)	Import of vehicles	<ul style="list-style-type: none"> <li>- Issues pre-import permit (criteria specification)</li> <li>- Issues import release permit</li> </ul>
Ethiopian Radiation Protection Authority (ERPA)	Import of radiation emitting equipment and machinery	<ul style="list-style-type: none"> <li>- Issues Pre-Import Permit</li> <li>- Issues Import Release Permit</li> <li>- Issues Export Release Permit and Transport License</li> </ul>
Oromia Islamic Affair Supreme Council (OIASC)	Export of meat	<ul style="list-style-type: none"> <li>- Issues Halal Certificate</li> </ul>
Food, Medicine and Health Care Administration and Control Authority (FMHACA)	Import and export of drugs, medical supplies or instruments, baby food, supplement food, cosmetics	<ul style="list-style-type: none"> <li>- Issues pre-import permit and/or Special import permit</li> <li>- Issues export permit</li> <li>- Issues import release permit</li> <li>- Issues free sale certificate/letter</li> <li>- Issues health certificate</li> <li>- Issues list of registered drugs</li> </ul>
Veterinary Drug and Feed Administration and Control Authority (VDFACA)	Import and export of veterinary drugs and animal feed	<ul style="list-style-type: none"> <li>- Issues Pre-Import Permit</li> <li>- Issues Import Release Permit</li> <li>- Issues re/export Permit</li> <li>- Issues list of registered drugs</li> </ul>
Information Network Security Agency (INSA)	Import of communication and security equipment	<ul style="list-style-type: none"> <li>- Issues pre-import permit</li> <li>- Issues import release permit</li> <li>- Issues re/export permit</li> </ul>
Ministry of Communication and Information Technology (MCIT)	Import of tele-communication and network equipment	<ul style="list-style-type: none"> <li>- Issues Pre-Import permit</li> <li>- Issues Import Release permit</li> <li>- Issues Export/Re-export permit</li> <li>- Issues Customs duty and tax free permit</li> </ul>
Ministry of Livestock and Fishery (MOLF)	Import of live animals, animal products, and export of animal feed	<ul style="list-style-type: none"> <li>- Issues pre-Import permit for live animals and animal products</li> <li>- Issues import release permit for live animals and animal products</li> <li>- Issues international veterinary health certificate for cattle, sheep and goat, meat and meat product, hides and skins</li> <li>- Issues export permit for animal feed</li> </ul>
ECCSA - Ethiopia Chamber of Commerce and Sectoral Association	Goods exported to member states of COMESA	<ul style="list-style-type: none"> <li>- Issue COMESA Certificate of Origin</li> </ul>

## **Ethiopian Maritime Authority (EMA)**

Ethiopia Maritime Authority has the responsibility and the authority to ensure that the standards of Ethiopia's maritime training and seafarer certification are maintained; to administer marine and dry ports; and to administer transport logistics. EMA is a Transport and Logistics Ministry agency, managed by the Office of the Director-General. The Authority is based in Addis Ababa, Ethiopia, and operates separate departments for the accreditation of training centres and seafarer certification, registration of Ethiopia's national fleet, and maritime security and safety.

EMA's Mission is to transform the logistics system and benefit from the blue economy by:

- Improving the legal framework and policies of the maritime and logistic sector;
- Enhance the efficiency of shipping and logistics operators;
- Laying a robust logistics foundation by creating seamless customs and transit system and by facilitating business and finance system related to the sector.;
- Building logistics infrastructure.
- Ensuring that registered vessels are safe, and seafarers are qualified and satisfied;
- Laying strong seafarers marketing strategy and
- Enabling the regulatory capacity of the sector.

The objectives of EMA are to:

- Ensure that the transport operations and movement of goods and import and export of the country are economical; plan, coordinate and enforce such operation.
- Reduce the transit time of import export of goods and coordinate the concerned Government bodies to care for goods at port.
- Seek ways and means for the promotion and development of multimodal transport, marine transport, in-land water transport and ensure the availability of uninterrupted resource of skilled manpower in the maritime sector for the country.
- Implement obligations and rights of Ethiopia under international maritime conventions.
- Strive to make Ethiopia seafarers' nation.

## **Logistics Transformation Office (LTO)**

The Logistics Transformation Office was created within the Ethiopia Maritime Authority to manage and implement the National Logistics Strategy.

## **Ethiopian Airlines Cargo and Logistics Services**

The cargo division of Ethiopian Airlines plays a significant role in air freight and logistics into and outside the country.

## **Ethiopian Shipping and Logistics (ESL) previously Ethiopian Shipping and Logistics Services Enterprise (ESLSE)**

ESL is a government-owned enterprise responsible for providing various logistics and shipping services and is principally engaged in multi-modal cargo transporting. Its mandate includes facilitating the movement of goods through ports, managing shipping and cargo operations, and promoting efficient and cost-effective logistics operation. ESL plays a role in enhancing the country's trade and economic activities by offering integrated shipping and logistics services. ESL currently administers dry ports located throughout Ethiopia.

## 4.2 Private Sector

### **Ethio-Logistics Sectorial Association (ELSA)**

Ethio-Logistics Sectorial Association (ELSA) represents the major Ethiopian logistics supply chain customers, service providers, infrastructure owners and suppliers. ELSA members span the entire supply chain, incorporating road, rail, sea, air, seaports and dry ports.

### **Ethiopian Freight Forwarders and Shipping Agents Association (EFFSAA)<sup>3</sup>**

The Government has recognised the freight forwarding and shipping profession under Regulation No. 37/1998 of June 19, 1998. The issuance of this regulation and the establishment of the Ethiopian Freight Forwarders and Shipping Agents Association (EFFSAA) are closely related. EFFSAA is an apex non-governmental, not-for-profit professionals' association representing transport and other logistics companies, including licensed carriers and shipping agents.

EFFSAA has three main functions, these being advocacy for the logistics sector; capacity building; and networking or creating market linkages.

EFFSAA is a member, and sole representative of Ethiopia (there can only be one representative) of the International Federation of Freight Forwarders Associations (FIATA), based in Switzerland.

EFFSAA has five types of membership:

1. **Core Members:** A Freight Forwarder, Shipping Agent, Transporter (Rail, Air, Road), and Freight Forwarder and Shipping Agent with a valid business license from Ministry of Trade according to proclamation no. 37/90 and a Certificate of Competency from Ethiopian Maritime Affairs Authority is eligible for Core Membership.
2. **Basic Members:** An institution based in Ethiopia which engages in manufacturing, supplying, exporting, and importing, with a valid business license, is eligible for Basic Membership.
3. **Professional Membership:** A professional who has graduated from an institution of higher learning with a qualification in logistics and supply chain management; or Customs management; or road/rail/air cargo transport; or shipping and supply chain; or similar, and with more than 10 years of experience in the sector is eligible for Professional Membership.
4. **Youth Members:** A student from a recognised higher education institution who is studying Logistics and Supply Chain Management are eligible to be Youth Members.
5. **Honorary Members:** A professional who has made significant contributions to the realisation of the association's goals, who believe in the Association's goals and objectives, and who has been recognised as successful and exemplary in their activities in the Association's activities may be given Honorary Membership.

EFFSAA has 80 core members, five professional members, and 1 honorary member, with almost half of the 170 carriers and shipping agents certified by the Ethiopian Maritime Authority being members.

---

<sup>3</sup> This is extracted from LTO's Ethiopian Maritime and Logistics Bulletin (unpublished)

Seventy-seven of the eighty Core Members are local, private companies. One (ESL) is a member from the public sector and two are international logistics companies that are working as joint ventures with local companies.

Most EFFSAA members are freight forwarding and shipping agencies and provide logistics services such as: packing, moving, stuffing, distribution, door to door service, Garment on Hanger (GOH) delivery of cold agricultural products (flowers, fruits, meat and meat products, etc.), warehousing services, freight transport, ground handling, aviation services (including cleaning), consultancy services in logistics sector, etc.

### **Customs Clearing Agents Association**

Customs Clearing Agents (CCAs) are third party logistic service providers assigned by importers and exporters to clear goods through Customs on their behalf. Customs clearing agents are also known as customs brokers in some countries.<sup>4</sup>

The Ethiopian Customs Clearing Agents Association has 674 registered members providing customs clearing services.<sup>5</sup>

Regulations regarding Customs Clearing Agents are contained in the Regulation No.1081 2004. This Regulation defines a CCA as “a person authorised to deal with the customs, for and on behalf of another person, to carry out customs formalities related with the importation, exportation and in general with the movement and storage of such goods within the customs territory of Ethiopia”<sup>6</sup>

The responsibilities of a Customs Clearing Agent can be summarised as:

- a) submit the evidence proving his authority to act on behalf of his client when requested;
- b) promptly advise when he is aware that his client has committed a mistake or irregularity that violates the law;
- c) perform utmost diligence to his client in providing information about customs;
- d) pay duties taxes and other fees promptly when requested by customs and be jointly and severally liable with his client for duties and taxes;
- e) refrain from any act or attempt of threat, false accusation manipulations, or offering of gifts, promises or advantages for customs officers and police; and
- f) refrain from any act or attempt to acquire relevant customs. information directly or indirectly in violation of the normal channel.

Furthermore, Customs Clearing Agents have an obligation to keep records of their clients and make these available to Customs on request.

### **Ethiopian and Regional Chamber of Commerce and Sectoral Associations**

---

<sup>4</sup> In some countries, such as the United States, Customs Brokers must have passed the Customs Broker examination and, to be eligible to take the Customs Broker examination, an individual must be a U.S. citizen, must be 18 years of age or older, and must not be an officer or employee of the U.S. Government. Gopal, C. R. (2008). Export Import procedures documentation and Logistics. New Delhi, India, India: New Age International (P) Ltd.

<sup>5</sup> Ethiopian Customs Commission, Customs Clearing Agents address, February 09, 2021

<sup>6</sup> Council of Ministers Regulation No. 108/2004 Customs Clearing Agents Council of Ministers Regulation Page 2886

The Ethiopian and Regional Chamber of Commerce and Sectoral and Associations is a non-governmental organisation that represents the interests of businesses in Ethiopia. It is also responsible for issuing the COMESA Certificate of origin for goods traded under the COMESA preferential trade agreement and free trade agreement.

### 4.3 Major Warehouse Operators and Procurement Service Providers

#### **Ethiopian Agricultural Business Corporation (EABC)**

The Ethiopian Agricultural Business Corporation (EABC) procures and distributes agricultural inputs, including fertiliser, and undertakes market price stabilisation activities. EABC works with the Ministry of Agriculture, which conducts regional fertiliser needs assessments by asking farmers to share their quantity estimates for the coming year with local agents who then share at the Kebele level, which is then aggregated up to the Woreda, Zonal, and regional levels. The Ministry of Agriculture aggregates estimated demand from each region and requests EABC to procure the required volumes of fertiliser.

#### **Ethiopian Trading Business Corporation (ETBC)**

The Ethiopian Trading Businesses Corporation (ETBC) is established mainly to purchase selected agricultural and industrial products and basic commodities from local and foreign markets to stabilise the domestic market. ETBC started procuring wheat in 2023, taking over from PPDS. ETBC has the most overlapping mandates with other DBC procuring organisations such as PPDS (agricultural crops and others), ESC (industrial products), EPSE (industrial products), and EABC (agricultural products).

#### **Ethiopian Sugar Corporation (ESC)**

Ethiopian Sugar Company (ESC) is responsible for the importation of sugar in that it manages the bidding process, awards supply contracts and manages the whole process from issuance of the tender documents to distribution to consumers and industrial users. The Ministry of Trade and Regional Integration notifies the ESC of the amounts of sugar that is needed for import.

#### **Ethiopian Petroleum Supply Enterprise (EPSE)**

EPSE is importing coal for industrial customers such as cement factories. EPSE does not have explicitly stated mandate to import coal for industrial customers although it is practically engaged in such to solve the existing energy problems of industries especially cement factories.

#### **Public Procurement Service (PPS)**

The Public Procurement service (PPS), previously known as the Public Procurement and Property Disposal Service (PPDS), was established to enable the timely supply of goods and services, which are commonly used by public bodies as well as goods and services which have national strategic significance. PPDS is not engaged in distribution or warehousing activities. PPDS has the mandate to involve in international procurement of wide range of goods and services basically for Federal public organs. The PPDS has the authority to import goods that have national strategic significance. However, the types of strategic goods that PPDS imports are not clearly specified in the regulation. PPDS was involved in the importation of wheat from overseas markets. Currently, PPDS is not importing wheat due to various challenges it has faced in managing the wheat importation process.

#### **National Disaster Risk Management Commission<sup>7</sup>**

---

<sup>7</sup> <https://www.weadapt.org/sites/weadapt.org/files/legacy-new/placemarks/files/5460989a93d42accra-eth-drm-planning-july14-fv-web.pdf>

Ethiopia remains a net importer of wheat, satisfying around 25 percent of the local demand with wheat imports. Ethiopia's grain imports are dominated by wheat. Wheat imports, except wheat donated for food and development aid has been made through PPDS for NDRMC in the past. When PPDS faces procurement challenges, NDRMC gets wheat imports through other procuring organs such as ETBC and UNOPS. The mandate given to NDRMC is silent on procurement of strategic commodities in general, but it is clear on distribution.

The woreda/district disaster risk reduction planning (contingency and risk mitigation/adaptation) is a government-led programme. The programme seeks to change Ethiopia's reactive approach towards emergencies and find new ways of managing risk. This is a model based on decentralised and participatory approaches with significant local input from local governmental experts, community representatives and local civil society organisations.

The Disaster Risk Management and Food Security Sector (DRMFSS) was established within the Ministry of Agriculture (MoA) and tasked with the design, roll-out and scale-up of this innovative approach.

The new policy of Disaster Risk Management involves the DRMFSS obtaining technical advice on a demand-driven basis, and policy support when requested from, amongst other agencies, the UN World Food Programme, international donors, ACCRA (Oxfam, Care International, World Vision and Save the Children), United States Department of Agriculture, United States Forest Service and Bahir Dar University. This has ensured that the programme is nationally owned, but with external support provided when needed, where it can add value and can strengthen the programme going forward.

The Woreda Disaster Risk Profiles, which can be viewed on the Disaster Risk Management Commission website at <https://edrmc.gov.et/filedepot/folder/8>, involves data collection to produce profiles for each of the 670 rural and 100 urban Woreda. It contains crucial local information and indicators of risks related to hazards, vulnerability and capacities. It also documents the exposure, sensitivity and resilience of a population, place and system to such risks.

## 4.4 Logistics Service Support Providers

### Insurance Companies

Ethiopian insurance companies include government owned enterprises and private insurance companies. The pioneer insurance company is Ethiopian Insurance Corporation (EIC) which provides services on credit for governmental organisations, public agencies, financial organisations and private sector companies. The Ethiopian insurance industry is regulated by the National Bank of Ethiopia. Insurance companies provide essential services such as transport insurance for transporters, marine insurance for cargo, etc. Transport insurance service offer protection to vehicles or any party involved in the transport activities. The beneficiaries include trucking companies, freight forwarders, shipping companies, warehouse operators, etc.

Members of COMESA, including Ethiopia and neighbouring states of Djibouti, Eritrea, Kenya and Sudan, make use of the COMESA Yellow Card Scheme, which is a Third-Party Motor Vehicle Insurance Scheme that facilitates the smooth movement of motor vehicles, persons and goods in the region through the establishment of a common system for the settlement of claims arising from inter-state motorists. In each country there is a National Bureau and then a Primary Insurer, which is an insurance company. Yellow Card operations have been digitalised since November 2018.

Table 4.2 provides a list of insurance companies in Ethiopia.

**Table 4.2: List of Insurance Companies in Ethiopia**

1. Africa Insurance Company S.C	10. Abay Insurance Company
2. Awash Insurance Company S.C	11. Berhan Insurance S.C.
3. Global Insurance Company S.C.	12. National Insurance Company of Ethiopia S.C.
4. Lion Insurance Company S.C	13. Oromia Insurance Company S.C.
5. NIB Insurance Company	14. Ethio-Life and General Insurance S.C.
6. Nile Insurance Company S.C	15. Tsehay Insurance S.C.
7. Nyala Insurance Company S.C	16. Lucy Insurance S.C.
8. The United Insurance S.C	17. Bunna Insurance S.C.
9. Ethiopian Insurance Corporation	18. Zemen Insurance S.C

## Banks

Banks in Ethiopia play a major role in facilitating international trade as a financial intermediary. The Ethiopia's Banking sector is monitored by Central bank, the National Bank of Ethiopia. Currently, there are 31 commercial banks operating in Ethiopia, as shown in table 1.7, but there are plans to open and liberalise the sector so that international banks will also be able to operate in Ethiopia.

**Table 4.3** provides a list of operational banks in Ethiopia.

**Table 4.3: List of Ethiopian Banks**

1. Awash International Bank	12. Oromia Bank	23.
2. Commercial Bank of Ethiopia	13. Bunna International Bank	24. Shabelle Bank S.C
3. Development Bank of Ethiopia	14. Berhan International Bank	25. Ahadu Bank S.C
4. Dashen Bank	15. Abay Bank S.C	26. Tsehay Bank S.C
5. Wegagen Bank	16. Addis International Bank S.C	27. Amhara Bank S.C
6. Bank of Abyssinia	17. Debub Global Bank S.C	28. Gadaa Bank S.C
7. Hibret Bank	18. Enat Bank S.C	29. Sidama Bank S.C
8. Nib International Bank	19. ZamZam Bank S.C	30. Rammis Bank S.C
9. Cooperative Bank of Oromia	20. Goh Betoeh Bank S.C	31. Omo Bank Share Company
10. Lion International Bank	21. Hijira Bank S.C	32. Tsehay Bank Share Company
11. Zemen Bank	22. Siinqee Bank S.C	

## 4.5 National Logistics Council and Strategy

Following the ratification of the National Logistics Strategy by the Council of Ministers in 2018, the National Logistics Council was established as a high-level leadership and decision-making body mandated to solve complex problems related to logistics.

Chaired by the Minister of Transport and Logistics, the National Logistics Council comprises members from the following government and private logistics institutions:

- Minister of Industry;
- Minister of Trade and Regional Integration;
- Minister of Agriculture;
- Minister of Revenue;
- State Minister from Ministry of Finance;
- Governor of the National Bank of Ethiopia;
- Commissioner of the Ethiopian Customs Commission;
- Commissioner of the Ethiopian Investment Commission;
- Economy Advisor of the Prime Minister;
- President of the Ethio-Logistics Sectoral Associations (ELSA);
- Director of EMA; and
- Head of LTO (secretary).

Up to September 2023, the National Logistics Council has met 13 times since its formation.

The Logistics Transformation Office (LTO) was established as the technical arm of the National Logistics Council under the overall direction of the Ethiopian Maritime Authority. LTO is in charge of implementation of the National Logistics Strategy, scheduled to be completed within ten years of its launch, based on the identified ninety-eight interventions.

Ethiopia's National Logistics Strategy<sup>8</sup> was developed to accomplish four main purposes:

- a) **Enable National Development:** Logistics plays an important role in enabling economic growth to ensure sustainable development and the NLS aims to create an enabling logistics sector for the country's economic development.
- b) **Control Avoidable Logistics Cost:** Generally, costs for transport, port handling, transaction and storage services as well as container demurrages and maintaining inventories are on the high side. This implies that the country is bearing unnecessary and avoidable logistics costs and control of expenditures on logistics is an important objective of the NLS.
- c) **Provide Systemic Logistics Solutions:** Logistics is a chain of multiple nodes, entities, players, processes and outcomes that need to be coordinated and integrated. The NLS pursues an integrated problem-solving approach to address the operational and strategic issues entrenched in the current logistics system to improve performance.
- d) **Provide Direction and Leadership:** Logistics management involves the seamless coordination of the flow of goods and services, utilisation of infrastructure, human resources and systems. It also requires strong commitment and follow up and the NLS addresses these issues.

---

<sup>8</sup> Detail of the strategies and the 98 interventions are found at [https://etmaritime.com/resources/national-logistics-strategy\(2018-2028\)](https://etmaritime.com/resources/national-logistics-strategy(2018-2028))

The NLS has six major strategies (divided up into twenty-two sub-strategies and ninety-eight interventions, to be achieved within ten years (2028). These six specific objectives are related to:

- Improve logistics services by refining the national trade and finance system.
- Establish well integrated and interfaced transit and customs System.
- Improve logistics service provider's efficiency.
- Reduce the monopolistic practices in the logistics sector of the country.
- Develop Logistics infrastructure.
- Build up logistics sector institutional capacity.

Since implementation began on Ethiopia's National Logistics Strategy, the country has made important strides in strengthening trade logistics. While more work remains, these achievements demonstrate meaningful early-stage progress. Sustaining momentum across the strategy's key pillars will further strengthen Ethiopia's competitiveness as a strategic trade hub and boost national economic development. Close, harmonised and well synchronised coordination between government agencies and continued private sector engagement will be essential to fully realise the promise of the National Logistics Strategy in the years ahead.

Some of the achievements already realised include the following:

#### **Diversification of Port Utilisation:**

As a landlocked country, Ethiopia relies on seaports in neighbouring countries for its imports and exports. The government has pursued two concurrent strategies to diversify port utilisation, namely, to increase the number of ports used in neighbouring countries and the joint development of seaports with coastal neighbours.

Previously, Ethiopia depended solely on Djibouti's ports for trade. Following the diversification strategy, the number of ports serving Ethiopia's trade has expanded to four (five when Port Sudan was in use). Additionally, efforts are underway to jointly develop a new port with a neighbouring coastal state. Through these efforts, Ethiopia aims to reduce over-reliance on any single port and enhance the resilience of its trade logistics network.

#### **Opening up of the Multimodal Transport Service:**

To open up the multimodal sector to private competition, the Council of Ministers approved a regulation amending the 2011 bill that had established a monopolistic approach to logistics. The previous legislation had created a single state-owned entity with exclusive control over multimodal transport services. This monopoly was seen as limiting efficiency and innovation in the logistics sector.

The new Multimodal Transport Operator Directive ends the state monopoly on multimodal services, allowing more operators to enter the market and provide competitive services. To facilitate implementation of this liberalisation, detailed manuals and guidelines for licensing and operations have been developed.

Under the Directive, four additional multimodal operators are being sought specifically for FOB (freight on board) cargos, bringing the total to five approved operators for this subset of goods. However, the multimodal market is fully open to any qualified service provider for non-FOB cargo. This creates opportunities for a diverse range of companies to participate across trucking, rail, air, and sea transport modes.

Although the legal framework now permits new entrants, as at the end of September 2023, no additional multimodal operators have joined the market, beyond the original state

operator. Attracting private investment and fostering a competitive multimodal sector may require further efforts. Companies may need reassurances about transparency, regulatory stability, and fair access to infrastructure to encourage their participation. Promotional efforts showcasing the new openness of the sector could also help drive interest and investment.

### **Export Containerisation:**

Export containerisation has been a major initiative under Ethiopia's National Logistics Strategy to enhance trade competitiveness. Previously, Ethiopian exports were packed into containers in neighbouring coastal country ports, which incurred fees paid in foreign currency. Containerising domestically provides benefits including the following:

- Protects goods from theft/damage during overland transport;
- Maintains product quality standards;
- Reduces the need for foreign currency – for example, local containerisation eliminates the average USD110 fee per container charged at Djibouti Port; and
- Creates local jobs.

The initiative has seen major success for coffee exports, with 98 per cent of coffee exports now containerised and shipped by rail. Containerisation of other agricultural exports is rising as well, though not yet matching coffee.

While infrastructure improvements, competitive services, and exporter experience have driven increases, challenges remain. Smaller exporters may lack scale for direct containerisation. Seasonal production fluctuations strain capacity. Further awareness creation for exporters on the benefit of export containerisation, investments in transportation networks, equipment and facilities are still needed. Addressing these constraints while maintaining affordability will be key for further expansion of export containerisation and its national benefits.

### **Perishable shipments / cool chain development:**

Ethiopia has significant potential to expand production and export of perishable goods, including fruits, vegetables, flowers, and meat. The country is positioned to become a leading global exporter in horticulture across these categories. However, growth in fruits, vegetables and meat has lagged behind food grains and flowers. A key constraint has been the lack of cold chain infrastructure enabling cost-effective sea freight.

Recognising this vast unmet potential, the government has prioritised horticulture as a strategic sector for agricultural production and export growth. The goal is to catalyse horticulture development, supporting economic and social progress. But realising the country's full potential as a major fruit, vegetable, meat and flower exporter requires building out efficient cold chain logistics solutions.

Among several key initiatives under the National Logistics Strategy, cold chain logistics was an early priority area. A feasibility study for cold chain infrastructure has been completed, with an avocado value chain assessment providing insights on needs and opportunities. Trial avocado shipments validated the potential for integrated rail-sea cold freight. A funding proposal was submitted to the Dutch government to finance new cold chain facilities. Approval was also obtained to provide incentives for investors willing to participate in cold chain services.

These efforts aim to address key gaps, including lack of refrigerated trucks, cold storage facilities, pre-cooling facilities, and reefer containers. Partnerships with experienced cold chain operators can provide technical expertise. Continued infrastructure development and operator incentives will be crucial to enable growth in horticultural exports requiring cold chains. This can transform Ethiopia's potential as an exporter of fruits, vegetables, and meats.

### **Expansion of Mojo Logistics Hub**

The Mojo dry port expansion project, which aims to develop Mojo Dry Port into a Logistics Hub, is advancing, with financing from a USD150m loan from the World Bank Group. When the expansion project has been completed, the operational capacity of the Mojo terminal will have doubled, and the terminal will have been transformed into a Logistics Hub.

Concurrent to the implementation of the expansion project, a common use study for the Mojo Logistics Hub has been finalised which, when implemented, should increase the participation of private sector investors and so increase the service delivery efficiency of the Logistics Hub.

One of the services to be provided in Ethiopia's dry ports is export consolidation. The export consolidation programme was designed to increase the market competitiveness of export products (especially textiles and clothing). The aim is to pack clothing and garments manufactured in Ethiopia into containers at source and transport the full container by rail from source (industrial park) to the seller's warehouse, usually, in the case of textiles, in Europe and the United States of America.

### **Establishing Free Trade Zones**

Establishing Free Trade Zones (FTZs) has been a key strategic priority under Ethiopia's National Logistics Strategy. The goal is to streamline foreign trade by reducing the high costs and delays of the current logistics system.

Since the strategy's approval, the National Logistics Council has approved a National Special Economic Zone (SEZ) programme. Within this broader initiative, the Dire Dawa Free Trade Zone was selected as a pilot project and fast-tracked.

The SEZ/FTZ programme aims to spur rapid economic growth and industrialisation. By concentrating infrastructure and streamlining processes, trade costs and delays can be cut dramatically. This facilitates foreign trade and positions Ethiopia as a logistics and manufacturing hub in the Horn of Africa. SEZs are also expected to create jobs, stabilise prices, boost exports and investment, and support import substitution.

Since the SEZ programme was launched, the following has been achieved:

- Macro policy and legal frameworks have been drafted, with the SEZ policy having been approved by the Council of Ministers;
- Institutional structures have been adjusted to administer FTZs; and
- Dire Dawa Free Trade Zone was inaugurated in August 2022.

Continued progress will require coordinated efforts across government agencies and private stakeholders. Further upgrading of trade-related infrastructure, implementing expedited customs and administrative procedures, establishing business incentives, and attracting companies to locate in the FTZs will be critical. Success in Dire Dawa can catalyse additional zones countrywide.

### **Establishment of Corridor Management Institutions**

One of the priority initiatives selected for implementation was the establishment of a corridor management institution for the Ethio-Djibouti Corridor. As Ethiopia is a landlocked country, it relies on neighbouring coastal countries' ports for its import and export activities. Over 90 per cent of Ethiopia's import and export operations utilise ports in Djibouti. At present the annual freight volume on this corridor exceeds USD20 billion. However, the corridor is currently not being managed effectively, with Ethiopian agencies working in a fragmented manner alongside their counterparts in Djibouti. This has resulted in difficulties in addressing problems that arise along the corridor. To tackle this challenge, the establishment of a Corridor Management Institution (CMI) has been deemed necessary. Substantial progress has been made in this regard, including the completion of a comprehensive study, the commitment of both Ethiopia and Djibouti to the establishment of the CMI, through the signing of a Memorandum of Understanding, multiple rounds of discussions held in both countries, the formation of national technical teams, and ongoing negotiations. It is anticipated that the CMI for the Ethio-Djibouti Corridor will be established in the near future.

**Other notable achievements** in implementing the National Logistics Strategy include:

- The preparation and approval of Ethiopia's Logistics Performance Index (LPI) study for 2020 and 2021, based on the World Bank's Key Performance Indicators, approved by the National Logistics Council (NLC); and
- Approval by the NLC of a national coordinating mechanism for the import of dry bulk shipments, which is currently in the preparation stage for implementation.