

Ethiopia's Industrial Parks: A Data Pack on recent performance

Sector Research Ethiopia

We review the 2019-20 performance of Ethiopia's industrial parks, which now consist of 10 active sites, 189 companies, and 71,000 employees. On the positive front, industrial park exports rose 16 percent to \$165mn this past year and they now make up nearly half of manufactured exports. However, their export performance is well below expectations, especially as the COVID pandemic reduced monthly exports and employment starting in April 2020. Looking ahead, though some long-standing challenges remain (labor and logistics), the coming on line of additional industrial parks, some switching in product mix by existing companies, and the now much more favorable exchange rate could bring gradually improving prospects.

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- **Macro context:** Ethiopia's industrial parks are a core component of the Government's plan to make the country a leading exporter of manufactured goods in Africa. Their performance is thus a key barometer of progress in this area and towards these aims.
- **Recent performance:** Ethiopia's ten active industrial parks (five government and five private) registered exports of \$165mn in 2019-20, up 16 percent from the year before and nearly four-fold the export levels of two years earlier (Tables 1-5). Industrial parks account for only 5 percent of total exports (\$165mn vs \$2988mn) but a much higher share—43 percent—of *manufactured* exports (\$165mn vs \$379mn). The three leading industrial parks are Hawassa (\$73mn in annual exports), Bole Lemi (\$44mn), and Eastern (\$15mn), together making up 80 percent of total exports, while those in Kombolcha, Mekelle, and Adama each registered annual exports of between \$4mn to \$9mn. While positive, these outturns for last year are only 54 percent of the targeted figures.
- **Outlook:** The Industrial Parks Development Corporation (IPDC) expects industrial park exports to reach \$400mn this fiscal year, which would be a 2.4x increase from last year's \$165mn outturn. This may be challenging if there is a slow pace in the global recovery and if continued logistics and labor-related challenges (including high employee turnover) act as a drag on company operations (Tables 6-8). At the same time, the prospect of capturing global investors' on-going diversification away from China/Asia remains in place and Ethiopia's attractiveness to such investors is still strong on many metrics. In addition, supply should be boosted by new industrial parks/companies already coming on line this year (the ICT Park, Debre Berhan, Dire Dawa, Jimma) and by existing companies switching their product mix to meet extra demand for textile-based PPE (e.g. masks). A much more competitive exchange rate is also now in place to help offset long-standing frictions in the business environment, while one measure of worker productivity (annual exports per employee) has doubled to \$2,000 per employee in FY 2019-20 from just \$1,000 two years ago. With latest industrial park data showing that exports have bounced back sharply in July 2020 (more than doubling to \$14mn from their April lows of just \$7mn), a recovery from the COVID-related shocks seems underway, pointing to the likelihood of moderately positive growth for the new fiscal year (Table 9).

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Table 1: Industrial Parks: Overview of Names, Locations and Sector Specializations

Name of Industrial zone	Location	Main Industry	Owner	Area(Ha)	Progress
1 Eastern Industry Zone	Oromia, Dukem	Mixed Sectors	Private	400	Operational
2 Bole Lemi Industrial Park I	Addis Ababa	Textile and Leather	Government	187	Operational
3 Hawassa Industrial Park	SNNPR	Textile and Garment	Government	300	Operational
4 Mekelle Industrial Park	Tigray	Garment	Government	1,000	Operational
5 Kombolcha Industrial Park	Amhara	Garment	Government	800	Operational
6 Adama Industrial Park	Oromia	Textile & Garment, Machinery & Equip	Government	2,000	Operational
7 Huajian Industrial Park	Lebu, Addis Ababa	Shoes	Private	138	Operational
8 Mojo George Shoe Industrial Zone	Oromia, Mojo	Leather	Private	86	Operational
9 Velocity/ Vogue	Mekelle	Textile and Garment	Private	177	Operational
10 DBL	Mekelle	Textile and Garment	Government	79	Operational
11 Debre Birhan Industrial Park	Amhara	Textile and Agro-processing	Government	1,000	Inaugurated
12 Jimma Industrial Park	Oromia	Garment	Government	150	Inaugurated
13 Dire Dawa Industrial Park	Dire Dawa	Assembling, Garment, Foods	Government	4,068	Under construction/finalization
14 Kilinto Industrial Park	Akaki, Addis Ababa	Pharmaceuticals, medical equipments	Government	279	Under construction/finalization
15 Bahir Dar Industrial Park	Amhara	Garment	Government	1,000	Under construction/finalization
16 Aerti Industrial Park	Amhara	Construction products, home appliance	Private	100	Under construction/finalization
17 Yirgalem Integrated Agro-Industrial Park	SNNPR	Agri-products processing	Government	109	Under construction/finalization
18 Airlines and Logistic Park	Addis Ababa	Transportation	Government	200	Planning stage
19 Kingdom Linen Industry Zone	Dire Dawa	Linen	Private	1,000	Planning stage
20 Bure Integrated Agro-Industrial Park	Amhara	Agri-products processing	Government	155	Planning stage
21 Bulbula Integrated Agro-Industrial Park	Oromia	Agri-products processing	Government	263	Planning stage
22 Baeker Integrated Agro-Industrial Park	Tigray	Agri-products processing	Government	151	Planning stage

Source:EIC

Table 2: Tenants at Ethiopia's Operational Industrial Parks

1. Eastern IP		
1 ABYSINO MANUFACTURING PLC	41 HANSOM KINFENGDA MANUFACTURING PLC	81 SHENG DA TEXTILE MANUFACTURING PLC
2 AISAI RECYCLED PLASTIC MANUFACTURING PLC	42 HC&HG FURNITURE MANUFACTURING PLC	82 SHUAIJIE TEXTILE
3 AISAI SHICUN STEEL PIPE	43 HONGCHANG TEXTILE PRINTING AND DYING PLC	83 SHUNFA TEXTILE MANUFACTURING PLC
4 AOFAN	44 HONGHUA LI PLC	84 SINO WEAVING TECHNOLOGY PLC
5 AOXANG	45 HQ AND ZA MANUFACTURING PLC	85 SLS TEXTILE MANUFACTURING PLs
6 ARAEK INDUSTRIAL PLC	46 HUA XIN METAL METAL PLC	86 SMART SHIRTS MANUFACTURING PLC
7 AROVA PLASTICS PLC	47 HUAJIA ALUMINIUM INDUSTRY PLC	87 START SHOE AND SLIPER MANUFACTURING PLC
8 ASHE TEXTILE PLC	48 HUAIJIAN INTERNATIONAL	88 TGS TEXTILE AND GARMENT
9 Asia chemical plc	49 HUI HUANG INDUSTRIAL PLC	89 TY WOOD MANUFACTURING PLC
10 ASTER TESFAYE	50 JILI ELECTRONIC PLC	90 UNILEVER MANUFACTURING PLC
11 BAISHENG FIBER MANUFACTURING PLC	51 JILI PLASTICS PLC	91 vast ocean textile manufacturing plc
12 Baohua garment manufacturing plc	52 Jiuding chemicals industry plc	92 VECTORY metyal
13 BECONNECTED LABLING PLC	53 JINDAL GARMENT MANU. PLC	93 VIVA GARMENT
14 BECONNECTED PRINTING PLC	54 JORE TEXTILE S MANUFACTURING PLC	94 WA WAE
15 CHANG JIANG CHEMICALS SOAP	55 KAIPU MANUFACTURING PLC	95 WAN XIAN STEEL MAN. PLC
16 CHEER CHEMICAL FIBER PLC	56 KEPA TEXTILE PLC	96 WEIQIN ZHOU
17 COLORFUL TEXTILE PLC	57 KOK MILK MANUFACTURING PLC	97 WENZHENG ZHU MANFU PLC
18 DI YUAN CERAMICS	58 L AND H BUILDING MATERIALS PLC	98 WILD HORSE AUTOMOTIVE MANUFACTURING PLC
19 DONG FANG SPINNING PRINTING AND DYING PLC	59 LAINHE FOOD MANUFACTURING PLC	99 WU ZHEN MIAO PLC
20 DONG FANG XIONG DI TEXTILE MANUFACTURING F	60 LIANHE METAL	100 WU ZHEN MIAO Glove
21 DONGXU TEXTILE PLC	61 LIDA TEXTILE PLC	101 XINMAOTAI FASHION HOME
22 E TRUCK MOTOR MANUFACTURING PLC	62 LINDE GARMENT (ETHIOPIA) PLC	102 XUWU TEXTILE MANUFACTURING PLC
23 EAST MOTORCYCLE MANUFACTURING PLC	63 LISA TEXTILE PLC	103 YAFI JUICE MANUFACTURING PLC
24 EAST STEEL PLC	64 LIU DUO	104 YANG FAN MOTORS (LIFAN MOTORS PLC
25 EASTERN INDUSTRY ZONE PLC	65 LONTO GARMENT PLC	105 YILILAI GARMENT PLC
26 EJIA METAL PRODUCTS MANUFACTURING PLC	66 MICHOT DIAPER MANUFACTURING	106 YUECHEN INDUSTRY PLC
27 ESTEEM FOOD PRODUCTS PLC	67 MINGSHENG SHAN	107 YOGO PLASTIC MANUFACTURING
28 ETERNAL TEXTILE PLC	68 NEW BRILLIANT MANUFACTURING PLC	108 Yong Wang Textile PLC
29 ETHIO INDIA PACKING PLC	69 NEXGN (ETHIOPIA) MANUFACTURING PLC	109 ZEHAO TEXTILE PLC
30 ETHIOPIA GIANT WHEEL SCHINCE AND TECHNOLOG	70 ORIENT JUNVO TEXTILE	110 ZHAO XIN WANG PLC
31 FENG HE	71 ORIENTAL STEEL MANUFACTURING PLC	111 ZHEN ZHEN IRON AND STEEL MANU
32 FH SHOE PLC	72 PUREWOOD PULP PAPER AND PACKAGING PLC	112 ZHONGSHUN CEMENT MANUFACTURING PLC
33 FUBANG STEEL PRODUCTS	73 QUN ZHAN HOME TEXTILES PLC	113 ZSZ ELECTRONIC MANUFACTURING PLC
34 GONG QINGHAI PLC	74 RAINBOW GARMENT PLC	114 CWC CANAVAS SHOES MANUFACTURING
35 GREATWALL PACKING MATERIAL PLC	75 RICHY FOOD PROCESSING MANUFACTURING PLC	115 XINDA SHOE
36 GUANYAN HE	76 RIGHT POINT ELECTRODE MANUFACTURING PLC	116 XIAOBLE TEXTILE PLC
37 GULI FOODS PLC	77 SAIL TEXTILES PLC	117 JULIAN
38 GUANGYING TEXTILE	78 SANSHENG NEW-TYPE BUILDING MATERIALS PLC	118 ZIXING PACKAGING INDUSTRY PLC
39 HAI BO MANUFACTURING PLC	79 SANSHENG(ETHIO) PHARMACEUTICALS PLC	
40 HANBON CONSTRUCTION MATERIAL PLC	80 SHADEKA SPERPARTS MANUFACTURING PLC	

2. Hawassa IP
1 Arvind Lifestyle Apparel Manufacturing PLC
2 Best International Garments PLC
3 Chargeurs Fashion Technologies PLC
4 EPIC Apparel PLC
5 Everest Apparel Ethiopia Share Company
6 Hela Indochine Apparel PLC
7 Hirdaramani Garment PLC
8 Indochine Apparel PLC
9 Isabella Socks Manufacturing PLC
10 ITL Apparel
11 JAS
12 JP Garment
13 JP Textile Ethiopia PLC (WUXI)
14 KGG Garment
15 NASA
16 Ontex Hygienic Disposables PLC
17 PTU/ Century Garment
18 PVH Arvind Manufacturing PLC
19 Quadrant
20 Silver Spark Apparel Ethiopia PLC (Raymond)
21 Sumbiri Intimate Apparel
22 TAL Garments Manufacturing PLC

3. Bole Lemi IP
1 Arvind Lifestyle Apparel Mfg. PLC
2 Ashton Apparel Manufacturing PLC
3 Evertop Sportswear
4 George Shoe Ethiopia PLC
5 Jay Jay Mills Garment PLC
6 Kei Engineering Constancy
7 LYU Shoutao Factory PLC
8 New wide Garment Ethiopia Branch Company
9 Shin TS ETP Garment PLC
10 Sumec
11 Vestis Garment production PLC

6. Kombolcha IP
1 Carvico Ethiopia PLC
2 Pungkook Ethiopia Bag Manufacturing PLC
3 Saytex Spinning PLC
4 Trybus Bbridgetex Ethiopia PLC
5 seyang kombolcha garment plc
6 FUANLAI kombolcha ethiopia plc

4. Huajian IP
1 Amazz
2 Ao Fan
3 Chan Hange
4 Huajian International
5 Youbang

5. Mekelle IP
1 KPR Exports PLC
2 SCM Garment Knit Tex PLC
3 Luarence FootWear Manufacture
4 Strathmore Apparel manufacturing PLC,

7. Adama IP
1 Antex Textile PLC
2 Kingdom Linen Ethiopia PLC
3 Sunshine Ethiopia Wool Textile PLC

8. George Shoes IP
1 George Shoes Tannery

9. Velocity IP
1 Velocity Garment

10. DBL IP
1 DBL

Source: EIC

Table 3: Exports by Industrial Parks: FY 2019-20

	Export (USD)	% Share
Hawassa IP	72,988,852	44%
Bole Lemi IP	44,228,520	27%
Eastern IP	15,391,531	9%
Kombolcha IP	9,096,234	6%
Mekelle IP	5,407,193	3%
Huajian Shoes City IP	4,897,561	3%
Adama IP	4,443,708	3%
DBL IP	3,999,518	2%
George shoes IP	2,587,009	2%
Velocity IP	1,928,360	1%
Total	164,968,485	100%

Source: EIC

Table 4: Industrial Parks as Share of Total Manufactured Exports

	FY 2017-18	FY 2018-19	FY 2019-20
Total Manufactured Exports	436	437	379
Textile & Textile Products	104	153	169
Leather & Leather Products	132	117	72
Meat & Meat Products	102	89	67
Electronics	35	31	38
Chemicals & Construction inputs	25	16	8
Other	38	31	25
Industrial Park Exports	45	141	165
Ind Parks share of total manufactured expoi	10%	32%	43%

Source: MOTI, ERCA, EIC and Cepheus Research estimates of manufactured exports sub-total

Table 5: Industrial Park Exports Per Employee--Trends over past three years

	2017-18	2018-19	2019-20
Exports per year	\$ 44,818,323	\$ 141,004,122	\$ 164,968,485
No of Employees (Year-average)	43,932	63,982	80,802
Exports per employee per year:	\$ 1,020	\$ 2,204	\$ 2,042

Source: EIC and Cepheus Research compilation

Table 6: Employment for FY 2019/20

	Employment	% Share
Hawassa	25,026	35%
Eastern	18,279	26%
Bole Lemi	16,111	23%
Adama	3,598	5%
Kombolcha	1,958	3%
DBL	1,853	3%
Huajian	1,494	2%
Mekelle	1,457	2%
Velocity	1,305	2%
George Shoe	361	1%
Total	71,442	100%

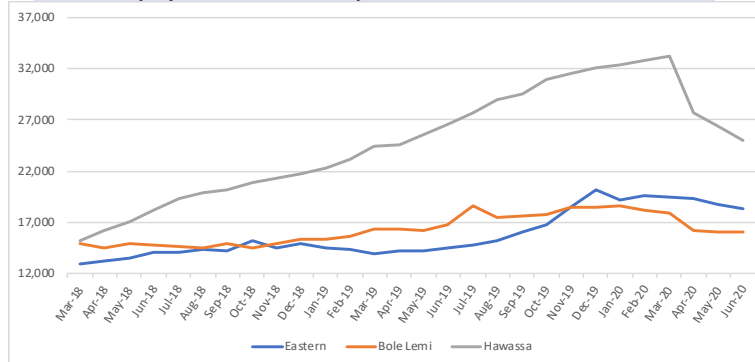
Source: EIC

Table 7: Monthly Labour Turnover (%)



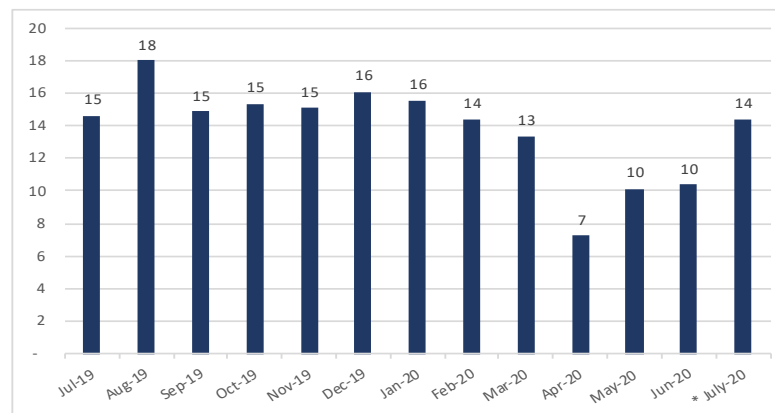
Source: EIC

Table 8: Employment number for Top IPS



Source: EIC

Table 9: Industrial Parks Exports on a Monthly Basis, (\$mns)



Source: EIC

*July 2020 exports figure excludes \$3mn of new ICT park exports

