

## East Africa Trade and Investment Hub Support to Ethiopia



*Muya Ethiopia's scarf color chart. Muya weavers sell to the U.S. market through AGOA, earning more than four times what they would have earned by selling to the domestic market.*

### OVERVIEW

The East Africa Trade and Investment Hub promotes two-way trade with the U.S. under the African Growth and Opportunity Act (AGOA) and facilitates investment and technology to drive East African trade growth intra-regionally and to global markets. The Hub is the U.S. Government's flagship project under the Trade Africa initiative.

USAID has a strong history of supporting Ethiopian companies to export under AGOA through its trade hub projects. The USAID East Africa Trade Hub (Trade Hub) began working in Ethiopian footwear in 2012. In just over a year, they facilitated over \$1.5 million in sales to the U.S. In 2013, Ethiopia exported \$35 million through AGOA<sup>1</sup>. The Trade Hub supported 30 percent of this.<sup>2</sup>

### USAID HUB ASSISTANCE TO ETHIOPIA 2014 to present

In 2015, the new USAID East Africa Trade and Investment Hub (the Hub) supported Ethiopia to export 33 percent of its total AGOA exports, or **\$15.6 million**. Most of this support came in the form of trade show facilitation and business linkages.

In September 2015, the Hub's investment and technology team facilitated a **multi-million dollar investment transaction** between U.S. family-owned private investment firm Schulze Global International and dairy firm MB (Family Milk) Private Limited Company (PLC). MB PLC (Family Milk) is an Addis Ababa-based company that operates and owns a milk production facility that processes over 20,000 liters of milk per day. The direct investment capital from Schulze Global will support expansion of the company's milk production capacity to over 60,000 liters a day through the purchase of more efficient processing machinery. More than 600 jobs are expected to be created as a result. The Hub carried out a review of the existing milk distribution system and provided recommendations to the company on how to increase the efficiency of its overall milk distribution strategy across the country. The fulfillment of these recommendations was integral to Schulze Global's decision to invest.

In October 2015, the Hub supported **Origin Africa Presents: Africa Sourcing and Fashion Week**, a three-day trade expo in Addis Ababa, Ethiopia, to raise the profile of East African designers and manufactures, and draw investment to the region. U.S. Ambassador to Ethiopia Patricia M. Haslach joined President Mulatu Teshome to open the event. **A total of 3,000 domestic and international visitors, representing 26 countries, attended.**

The Hub's directors of trade promotion and investment led discussions during the seminar series of the event, educating attendees on AGOA and investment opportunities.

#### Ethiopia Quick Facts

*(In relation to trade and investment)*

- AGOA exports 2013 = \$35 million
- AGOA exports 2014 = \$41 million
- AGOA exports 2015 = \$47.9 million
- Ethiopia has the world's lowest cost of electricity
- In 2014, the McKinsey apparel industry survey named Ethiopia on its short list of future sourcing destinations.
- H&M, Primark, Tesco and others are now sourcing garments from Ethiopia

<sup>1</sup> Source: U.S. Department of Commerce

<sup>2</sup> Source: Final Report East Africa Trade Hub, 2014



The Hub followed Origin Africa 2015 with support for the **Africa Investment Forum (AIF) 2015**. The Hub's Director of Investment moderated a panel entitled: *Agribusiness in East Africa: Investment Opportunities and recent case studies*. The Hub's Director of Trade Promotion and AGOA moderated a panel on textiles and apparels. There were nearly 300 attendees, including 20 international investors from the European Union and the EAC. The goal was to promote the East African Community as an investment destination by highlighting opportunities and resources in the region. Ethiopian President Hon. Mulatu Teshome and the former German President Horst Kohler opened the event.

**IMPACT HIGHLIGHT: Traditional Weavers Connect with Export Market**

Selamawit Teklu lives on the outskirts of Addis Ababa, Ethiopia in a town known for the high numbers of traditional weavers from southern Ethiopia settling there. Many of these weavers have been displaced from areas of conflict. Traditional weavers are respected for their skills and tradition, yet Selamawit and her neighbors are viewed as social outcasts with little upward mobility. Most work from home to produce traditional Ethiopian wraps called *gabis*, which they sell to the local market through a series of middlemen.

In 2013, a USAID-supported program changed the prospects of 100 women including Selamawit. Implemented by the Center for African Women Economic

Empowerment (CAWEE) and the USAID East Africa Trade Hub, the effort readied these weavers to produce for export.

“We take the skills they already possess and raise them to the next level,” says Tadesse Mekuria, a CAWEE trainer. Trainees learned new methods, developed new patterns and color combinations, and generally raised the quality of their products.

Muya Ethiopia, a top exporter of high-end traditional Ethiopian products, employed 50 percent of the trained weavers. Muya Partner Jacques Dubois says that as of October 2015, nearly all of those weavers are still with Muya. He estimates that they make four times the monthly salary they would have earned selling to a domestic market.

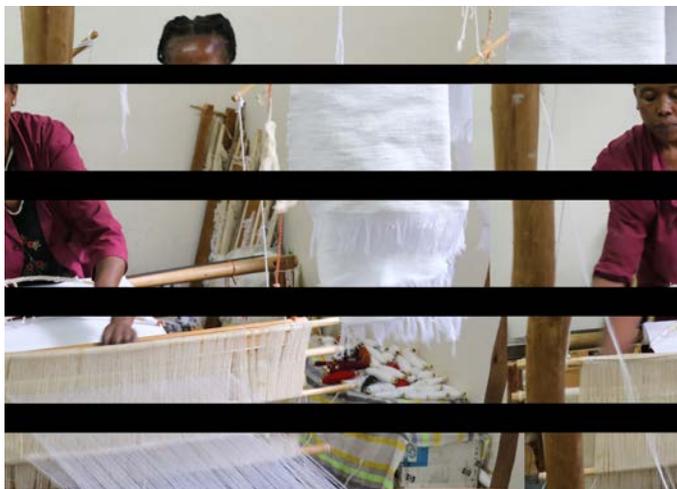
“Getting trained and skilled weavers is instrumental for exporting companies to be able to continuously supply to the export market and meet demands of international buyers,” said Sara Abera, owner of Muya Ethiopia.

Selamawit says the skills training changed her life. She joined Muya Ethiopia as a professional weaver. “I see myself continuing in this line of work...trading on a higher path that will lead me to interact with global entrepreneurs.”

Nearly all 100 of the first class of CAWEE trainees found placement in export-focused companies, 90 percent of which are owned and managed by women.

Trainings have also produced a multiplier effect. Selamawit has already taught her younger brother the skills she learned, and export-driven companies like Muya Ethiopia are expanding – increasing the demand for trained weavers and solidifying Ethiopia’s status as a producer of fine crafts and textiles.

U.S. Ambassador Donald Booth summed up the program: “With this women-led initiative, Ethiopian companies can meet the growing U.S. demand for high-quality, traditionally-made Ethiopian crafts. Everyone benefits – U.S. customers, Ethiopian business owners, and traditional weavers.”



CAWEE was able to use the “Connecting 100 Traditional Weavers to the Export Market” as a showcase for a larger initiative. As of November 2015, CAWEE now works with 1,500 women throughout Ethiopia. CAWEE also expanded to other sectors, encompassing more than traditional weaving. The women participants are increasing their aspirations, skill sets, and incomes as a result.

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