



# Investing in Eritrea:

## Unlocking Opportunities in the Horn of Africa



### STATISTICS

- » **Gross Domestic Product (GDP):** Approximately \$2.1 billion USD (2020 estimate).
- » **GDP Growth Rate:** Projected growth with positive outlook due to development initiatives.
- » **Population:** Over 3.5 million people.
- » **Official Languages:** Tigrinya, Arabic, and English.
- » **Currency:** Nakfa (ERN).
- » **Natural Resources:** Abundant reserves of gold, copper, zinc, potash, marble, and potential for oil and natural gas.
- » **Memberships:**
  - » United Nations (UN)
  - » African Union (AU)
  - » Common Market for Eastern and Southern Africa (COMESA)
- » **Strategic Location:** Over 1,200 kilometers of Red Sea coastline.
- » **Literacy Rate:** Approximately 76.6%, reflecting ongoing investments in education.
- » **Time Zone:** East Africa Time (EAT), UTC+3.

### INTRODUCTION

Eritrea, located in the Horn of Africa along the Red Sea's strategic coastline, is a nation brimming with untapped potential and opportunities for investment. With a rich cultural heritage, diverse landscapes ranging from highland plateaus to coastal plains, and a commitment to sustainable development, Eritrea presents a promising frontier for investors seeking growth in emerging markets. The government's focus on economic diversification, infrastructure development, and partnerships with international investors positions Eritrea as an attractive destination for global businesses.

### BACKGROUND

Since gaining independence in 1993, Eritrea has embarked on a journey of nation-building and economic development. The country's strategic location along the Red Sea places it at a crossroads of vital shipping lanes connecting Europe, the Middle East, and Asia. Traditionally an agrarian society, Eritrea has vast natural resources, including minerals and marine wealth, that are ripe for exploration and development.

The government of Eritrea is committed to creating a favorable investment climate by implementing policies that encourage foreign direct investment, protecting investor rights, and promoting private sector growth. Investments in infrastructure, education, and health have laid the groundwork for sustainable economic progress. With a young and educated population, Eritrea offers a dynamic workforce ready to engage in various sectors.

### BENEFITS OF INVESTING IN ERITREA

#### Strategic Geographic Location

- » **Gateway to Global Markets:**
  - » Over 1,200 kilometers of coastline along the Red Sea.
  - » Proximity to the Middle East and Europe enhances trade opportunities.
  - » Access to international shipping routes facilitates export and import activities.
- » **Regional Integration:**
  - » Membership in COMESA provides access to a market of over 500 million people in Eastern and Southern Africa.

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- » Potential trade agreements and collaborations with neighboring countries.

### Abundant Natural Resources

- » **Mining Sector Potential:**
  - » Rich deposits of gold, copper, zinc, potash, marble, and possible oil and natural gas reserves.
  - » Opportunities for exploration, extraction, and processing of minerals.
- » **Agricultural Resources:**
  - » Fertile land suitable for diverse agricultural activities.
  - » Climate conducive to growing cereals, fruits, vegetables, and livestock farming.
- » **Marine Wealth:**
  - » Abundant fish stocks along the Red Sea coast offer opportunities in fisheries and aquaculture.
- » **Renewable Energy Potential:**
  - » High solar irradiance suitable for solar energy projects.
  - » Wind and geothermal energy resources open avenues for sustainable energy investments.

### Government Support and Incentives

- » **Pro-Investment Policies:**
  - » Legal frameworks ensure protection and equal treatment for foreign investors.
  - » Simplified procedures for business registration and licensing.
- » **Economic Reforms:**
  - » Emphasis on privatization and private sector development.
  - » Strategic plans to diversify the economy and promote industrialization.
- » **Investment Guarantees:**
  - » Protection against expropriation and assurance of fair compensation.
  - » Freedom to repatriate profits and capital.

### Infrastructure Development

- » **Transportation Networks:**
  - » Modernization of Massawa and Assab ports enhances maritime trade capabilities.
  - » Development of road networks connecting major cities and neighboring countries.
  - » Upgraded airports support both passenger and cargo transport.
- » **Telecommunications:**
  - » Expansion of telecommunications infrastructure, including mobile networks and internet connectivity.
- » **Energy Infrastructure:**
  - » Investments in power generation and distribution ensure reliable energy supply.

### Skilled Workforce

- » **Human Capital:**
  - » Young and educated population with a strong work ethic.
  - » Emphasis on vocational training and technical education to meet industry needs.
- » **Multilingual Abilities:**
  - » Proficiency in Tigrinya, Arabic, and English facilitates international business and communication.
- » **Untapped Market Potential**
- » **First-Mover Advantages:**
  - » Opportunities to establish a strong market presence in emerging sectors.
  - » Potential for high returns on investment as the economy grows.
- » **Diverse Investment Opportunities:**
  - » Multiple sectors ranging from mining to agriculture and tourism await development.



## RELEVANT AGENCIES

### Eritrean Investment Centre

- » **Role:** The primary agency responsible for promoting and facilitating investment in Eritrea.
- » **Services:**
- » Provides information on investment opportunities and legal requirements.
- » Assists with business registration and obtaining necessary permits.
- » Offers guidance on incentives and support services.
- » **Contact:**
- » **Address:** P.O. Box 973, Asmara, Eritrea
- » **Phone:** +291 1 119 942
- » **Email:** [Available upon request from official sources]

### Ministry of Energy and Mines

- » **Role:** Oversees the exploration and development of energy and mineral resources.
- » **Services:**
- » Issues licenses for mining and energy projects.
- » Provides geological data and sector-specific information.
- » **Contact:**
- » **Address:** P.O. Box 5285, Asmara, Eritrea
- » **Phone:** +291 1 202 651
- » **Email:** [Available upon request from official sources]

### Ministry of Agriculture

- » **Role:** Facilitates agricultural development and promotes food security.
- » **Services:**
- » Provides support for agricultural investments and access to land resources.
- » Offers technical assistance and guidance on agricultural practices.
- » **Contact:**
- » **Address:** P.O. Box 1048, Asmara, Eritrea
- » **Phone:** +291 1 181 077
- » **Email:** [Available upon request from official sources]

### Ministry of Marine Resources

- » **Role:** Manages the sustainable use of marine and coastal resources.
- » **Services:**
- » Issues fishing licenses and regulates fisheries activities.
- » Promotes investment in fisheries and aquaculture sectors.
- » **Contact:**
- » **Address:** P.O. Box 923, Massawa, Eritrea
- » **Phone:** +291 5 552 028
- » **Email:** [Available upon request from official sources]

### Eritrean National Chamber of Commerce

- » **Role:** Represents and supports the business community in Eritrea.
- » **Services:**
- » Provides networking opportunities and business support services.
- » Advocates for policies favorable to private sector growth.
- » **Contact:**
- » **Address:** P.O. Box 250, Asmara, Eritrea
- » **Phone:** +291 1 122 239
- » **Email:** [Available upon request from official sources]

## INCENTIVES FOR INVESTORS

### Tax Incentives

- » **Income Tax Exemptions:**
- » 100% exemption from income tax for up to 3 years for priority sectors.
- » Additional incentives for investments in less-developed regions.
- » **Customs Duty Exemptions:**
- » Exemption from customs duties on imported capital goods, machinery, and equipment.
- » **Loss Carryforward:**
- » Business losses can be carried forward for future tax deductions.
- » Investment Guarantees and Protections
- » **Legal Protection:**
- » Assurance against nationalization and expropriation without fair compensation.
- » Guaranteed rights to own and operate businesses fully.
- » **Repatriation of Funds:**
- » Freedom to repatriate profits, dividends, and capital.

- » **Dispute Resolution:**
- » Access to arbitration under Eritrean law and international conventions.

### Support Services

- » **One-Stop Shop Assistance:**
- » Streamlined processes for business registration and licensing.
- » Assistance with administrative procedures and access to government services.
- » **Land and Infrastructure Support:**
- » Facilitation of land acquisition for investment projects.
- » Access to infrastructure and utilities at competitive rates.

### Sector-Specific Incentives

- » **Mining Sector:**
- » Additional tax benefits and expedited licensing processes.
- » Access to comprehensive geological data.
- » **Agriculture and Fisheries:**
- » Technical support and access to research facilities.
- » Opportunities for joint ventures and partnerships.
- » **Tourism Development:**
- » Incentives for hotel and resort investments, including tax holidays.

## OPPORTUNITIES FOR INVESTORS

### Mining and Mineral Resources

- » **Exploration and Production:**
- » Investment in mining projects for gold, copper, zinc, potash, and other minerals.
- » Joint ventures with existing mining companies or independent operations.
- » **Value-Added Processing:**
- » Establishment of mineral processing and refining facilities.
- » Opportunities to supply both domestic and international markets.

### Agriculture and Agribusiness

- » **Crop Cultivation:**
- » Development of farms for cereals, horticulture, and cash crops.
- » Utilization of modern farming techniques to increase yields.
- » **Livestock and Dairy Production:**
- » Expansion of meat and dairy industries to meet growing demand.
- » Opportunities in processing and packaging for local consumption and export.
- » **Agro-processing:**
- » Establishment of facilities for processing agricultural products.
- » Value addition through packaging, preservation, and branding.

### Fisheries and Aquaculture

- » **Commercial Fishing:**
- » Exploitation of rich fishing grounds along the Red Sea coast.
- » Investment in fishing fleets and processing plants.
- » **Aquaculture Projects:**
- » Development of fish farms for species like tilapia and shrimp.
- » Sustainable practices to meet domestic and international demand.

### Renewable Energy

- » **Solar Power Projects:**
- » Installation of solar farms to harness abundant sunlight.
- » Support for government initiatives to increase renewable energy capacity.
- » **Wind Energy:**
- » Investment in wind turbines in coastal and highland areas.
- » **Geothermal Energy:**
- » Exploration of geothermal resources for power generation.

### Infrastructure and Construction

- » **Transportation Infrastructure:**
- » Participation in building and upgrading roads, ports, and airports.
- » **Real Estate Development:**
- » Opportunities in residential, commercial, and industrial construction.
- » **Industrial Parks:**
- » Development of specialized zones to promote manufacturing and trade.

### Tourism and Hospitality

- » **Hotel and Resort Development:**

- » Investment in accommodations to cater to tourists and business travelers.
- » **Cultural and Historical Tourism:**
- » Promotion of Eritrea's UNESCO-listed Asmara city and archaeological sites.
- » **Eco-tourism:**
- » Development of sustainable tourism focused on natural landscapes and wildlife.

### Manufacturing and Industry

- » **Textile and Apparel Production:**
- » Establishment of manufacturing units leveraging skilled labor.
- » **Construction Materials:**
- » Production of materials like cement, steel, and glass to support infrastructure projects.
- » **Pharmaceuticals and Chemicals:**
- » Opportunities in producing essential medicines and chemicals for domestic use.

## CONCLUSION

Eritrea presents a compelling proposition for investors seeking to engage in a market with vast potential and growth opportunities. The country's strategic location, abundant natural resources, and commitment to fostering a pro-business environment make it an attractive destination for investment. The government's focus on infrastructure development, human capital enhancement, and economic diversification lays a solid foundation for sustainable growth.

By investing in Eritrea, businesses can tap into emerging sectors, benefit from first-mover advantages, and contribute to the nation's development objectives. The supportive policies, incentives, and dedicated agencies ensure that investors are well-facilitated throughout their journey. Eritrea welcomes investors to participate in its promising future and to build lasting partnerships that drive mutual success.

## REFERENCES

- » Eritrean Investment Centre
- » **Address:** P.O. Box 973, Asmara, Eritrea
- » **Phone:** +291 1 119 942
- » Ministry of Energy and Mines
- » **Address:** P.O. Box 5285, Asmara, Eritrea
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- » Ministry of Agriculture
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- » **Phone:** +291 5 552 028
- » Eritrean National Chamber of Commerce
- » **Address:** P.O. Box 250, Asmara, Eritrea
- » **Phone:** +291 1 122 239
- » National Statistics Office of Eritrea
- » Provides statistical data on economic indicators and demographics.
- » Bank of Eritrea
- » Offers information on financial regulations and investment policies.
- » Eritrea Ministry of Information
- » **Website:** [www.shabait.com](http://www.shabait.com)
- » United Nations Conference on Trade and Development (UNCTAD)
- » **Website:** [unctad.org](http://unctad.org)
- » World Bank - Eritrea Overview
- » **Website:** [www.worldbank.org/en/country/eritrea](http://www.worldbank.org/en/country/eritrea)
- » International Monetary Fund (IMF) - Eritrea
- » **Website:** [www.imf.org/en/Countries/ERI](http://www.imf.org/en/Countries/ERI)