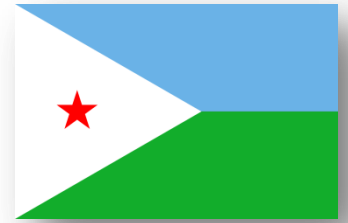


Djibouti

Country Note



Djibouti serves as a gateway to the Suez Canal, one of the world's busiest shipping routes. Djibouti's proximity to restive areas in Africa and the Middle East and its relative stability have made it a prized location for foreign military bases and ensured a steady flow of foreign assistance.

Why invest in Djibouti:

- Located on the 2nd shipping route of the world, where transit 60% of world traffic. The country is strategically positioned in the region, to serve hub for landlocked countries
- It enjoys a political stability
- Nationals and foreigners alike enjoy the same rights
- Its currency is pegged to the US dollar and is freely convertible, with a weak inflation rate
- It has a financial system, free of exchange control, allows totally free currency transfer
- Its economy is development oriented and in full swing (such as major infrastructure projects)
- Its Telecom system ranks it among the best in Africa, with station of SEA ME WE and EIG sub-marine fiber cables
- Investments operations in the country are eligible to funding and insurance covers from Regional and International Financial Institution
- Djibouti is a natural gateway to a market of over 400 million inhabitants

Quick Facts

The Republic of Djibouti

Capital: Djibouti

- Population: 923,000
- Area: 23,200 sq km (8,950 sq miles)
- Languages: French, Arabic, Somali, Afar
- Religion: Islam
- Life expectancy: 57 years (men), 60 years (women)
- Currency: Djiboutian franc

Investment Opportunities in Djibouti

Aside from some limited natural resources, Djibouti's economy is largely dependent on trade. Djibouti encourages foreign investment by ensuring 100% foreign ownership in the private sector.

Transport & Logistics: The sector is a major contributor to the country's GDP owing to its port facilities. the government plans to increase the number of ports by separating them into specific functions and build new railway lines to serve them, a network which will include new oil refineries, livestock terminals, potash and salt exporting facilities.

Telecom: Djibouti's telecom sector represents an untouched domestic market with various products including mobile services, fixed lines and broadband, where the state-owned Djibouti Telecom has the monopoly.

Banking: Djibouti's banking sector is competitive and hosts 11 banking groups in total. Recently, it has achieved significant growth by providing an excellent macroeconomic framework for investors and now accounts for 10% of GDP.

Renewable Energy: It has considerable potential energy resources, including wind, solar and geothermal energy. However, the country, like others in the region, lacks production capacity. Energy development is one of the crucial aspects of Djibouti's future plans and the government encourages the private sector to invest in energy development by promoting a supportive business climate. In addition, the country is aiming to have 100% of its energy come from renewable sources by 2020.

Bilateral Trade & Investment

Trade: Bilateral trade is on the increase and is in India's favor. Trade in 2014-15, stood at US\$ 239.43 million (India's exports US \$ 237.96 million and India's imports US \$ 1.47 million). Most of the trade with Djibouti actually serves the growing market in Ethiopia. The main items which have shown increase in Indian exports are: iron & steel products, paper and plastic products.

Investment: So far there has been no direct Indian investment in Djibouti by Indian companies however, in the area of rural electrification, IRCON had conducted feasibility study for rehabilitation works of rural electrification in Djibouti. M/s Kirloskar had supplied generator sets for power production.

Djibouti is keen to develop economic and development partnership with India especially in the areas of education, health, information technology, agriculture, small scale industries, portable electricity generation, fisheries and water resource development.

Sources:

Ministry of External Affairs, India: http://www.mea.gov.in/Portal/ForeignRelation/Djibouti_09_02_2016.pdf

National Investment Promotion Agency: <http://www.djiboutinvest.com/>