



**Introduction by  
The Rt Hon Lord Hurd  
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Chairman of the FIRST  
Advisory Council**

**I**t gives me great pleasure to introduce this official FIRST report on the Republic of Djibouti to mark the EU Africa Summit in Brussels. We at FIRST would particularly like to thank La Présidence de la République de Djibouti for their help and guidance in the preparation of this significant publication. We are especially grateful to HE Ismail Omar Guelleh, President of the Republic of Djibouti for contributing such an important and wide-ranging interview to this official report.

The Republic of Djibouti occupies an important strategic geographic location at the intersection of the Red Sea and the Gulf of Aden and performs a key role as a transshipment portal for trade with the East African Highlands and for shipments between Europe. The government maintains longstanding ties with France as well as with the United States, hosting significant military bases of those countries.

Under Presidential Guelleh's leadership Djibouti has experienced strong economic growth with GDP increasing by some 5 per cent in 2013. The economy is based on service activities given its strategic location as a deep water port acting as a transit port for refuelling. Seventy percent of the port activity involves imports, exports and re-exports (including coffee from land-locked neighbour, Ethiopia). President Guelleh has made a priority of increasing the prominence of the financial and communication sectors as part of Djibouti's overall development plan.

Djibouti now offers the international investment community an improving investment environment with the launch of a large number of development projects aimed at highlighting the country's business and commercial potential. The government of Djibouti is working towards becoming a middle income country by 2035 and has also introduced policies to help private sector industry including relaxing the tax

burden on commercial entities. Significant investment has also been directed at the telecommunications infrastructure, the fishing and agro-processing sector and supporting the small business community. Business will be helped with lower energy costs following the completion of a 56 megawatt geothermal power plant due by 2018. Help for this project has come from The World Bank, OPEC and The Global Environmental Facility.

Djibouti has also played an important diplomatic role in the region especially in promoting peace and good relations with its neighbours. It places particular emphasis on pursuing peace and stability in Somalia based on its adherence to the principle of collective security and was host to the UN sponsored talks which led to the peace deal in 2008. Djibouti also hosts the Secretariat of the Intergovernmental Authority on Development (IGAD), a regional trading block consisting of Djibouti, Ethiopia, Kenya, Somalia, Sudan, South Sudan and Uganda.

The government of Djibouti works closely with supranational agencies such as the UN and has developed a multi-dimensional strategy to attract foreign direct investment including: legal and regulatory reforms, investment in infrastructure, specific sector targeting, stimulating private public dialogue and strengthening investment related initiatives. Given this steady progress on economic reform the outlook for Djibouti's trade and investment growth is positive with opportunities for international investors in tourism, agriculture, fishing, energy, financial services and banking, telecommunications and infrastructure development.

We at FIRST are delighted to have been asked to produce this official publication and hope that it contributes to the further development of Djibouti's international profile and support for its investment objectives. **E**