U.S. Department of State
FY 2000 Country Commercial Guide: Ethiopia

The Country Commercial Guides for Ethiopia was prepared by U.S. Embassy Addis Ababa and released by the Bureau of Economic and Business in July 1999 for Fiscal Year 2000.

I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Ethiopia's commercial environment, using economic, political and market analyses. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. government agencies.

With a population of nearly 62 million and a growth rate of 3 percent, Ethiopia is already the third most populous country in Africa after Nigeria and Egypt. It covers 1.3 million square kilometers (slightly less than twice the size of Texas), making it the ninth largest country on the continent. With a per capita income of roughly $120 in 1998, however, Ethiopia ranks as one of the poorest countries in the world. As a land-locked country and with current hostilities with Eritrea in the north, Ethiopia has been forced to shift and use the Djibouti port for nearly all of its trade.

Despite its poverty, Ethiopia has been among the top ten U.S. markets in sub-Saharan Africa over the last several years, although U.S. exports to Ethiopia declined from $148 million in 1996 to $88 million in 1998. The agricultural sector, consisting mostly of peasant farms, accounts for roughly 50 percent of the nation's gross domestic product, 85 percent of total Ethiopian employment, and 70 percent of its exports. To achieve long-term economic and social development goals, and to feed a rapidly growing population, the government of Ethiopia focuses on agricultural development as the catalyst for economic growth. The nation’s strategy also includes controlling population growth, strengthening domestic industry, privatizing non-strategic enterprises, and increasing reliance on free market forces and the private sector to expand exports and supplant imports.

Ethiopia's reform program has achieved demonstrable success in stabilizing the economy, reducing poverty, and aiding the transition to a free market system. From 1993-1998, the country achieved an annual average economic growth rate of 6-7% and an annual average inflation rate below 4%. In addition, its government budget deficit before donor grants is only 5-6 percent of GDP. However, Ethiopia has a large current account deficit resulting from a highly negative balance of trade and a high ratio of debt outstanding to exports and GDP. Increased military expenditures over the last 15 months, and a higher anticipated defense budget for this fiscal year, are expected to exacerbate these problems.

Ethiopia's primary exports are coffee, hides and skins, sesame seeds, pulses, chat, live animals, honey and beeswax, and fruits and vegetables. Coffee is by far the most important export commodity, constituting between 60-65 percent of exports by value each of the last six years.

The country’s main imports include motor vehicles, petroleum products, civil and military aircraft, spare parts, construction equipment, medical and pharmaceutical products, agricultural and industrial chemicals, agricultural machinery, fertilizers, irrigation equipment, and food grains. The major manufacturing subsectors in Ethiopia are food processing, beverages, textiles, clothing, and leather.

The principal obstacles to doing business in Ethiopia are: extreme poverty, which hinders the growth of a consumer economy; poor transportation infrastructure--especially the inadequate road and rail network; inconsistent telecommunications and other utility services; inability to obtain land quickly and cheaply; restrictions on foreign exchange and inadequacies of the banking system; regulatory hurdles for prospective exporters; and slow bureaucratic decision-making procedures.

Country Commercial Guides (CCG) are available for U.S. exporters from the National Trade Data Bank’s CD-ROM or through the internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the world wide web at http://www.stat-usa.gov; http://www.state.gov/; http://www.mac.doc.gov; and http://www.telecom.net.et/~usis-eth/. They can be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-ntis. U.S. exporters seeking general export information or assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-usa-trad(e) or by fax at (202) 482-4473.

II. ECONOMIC TRENDS AND OUTLOOK

A. MAJOR TRENDS AND OUTLOOK:

Ethiopia’s economic growth has surged since the downfall of the communist Derg regime in 1991, averaging 6-7% from 1993-1998. Ethiopia has maintained an average annual inflation rate below 4% during this same timeframe. Debt rescheduling agreements with Paris Club members in 1997-98 halved Ethiopia's debt to exports and debt to GDP ratios, though they remain high at nearly 600% and 80%, respectively. The country runs a severely negative balance of trade, however, which exceeded $550 million in 1998. Foreign exchange reserves have dropped to $500 million, equivalent to three months of import requirements.

Ethiopia's main imports consist of semifinished goods, crude petroleum and petroleum products, transport and industrial capital goods, medical and pharmaceutical products, motor vehicles, civil and military aircraft, raw materials, and agricultural machinery and equipment.

B. PRINCIPAL GROWTH SECTORS:

Coffee continues to be the most important export commodity in Ethiopia. For about twenty years up to 1996, coffee accounted for an average of 55 percent of the nation's total value of exports. This proportion has increased recently to an average of 63 percent of total export earnings from 1995-1998. A glut in the world supply of coffee, however, reduced Ethiopia's export earnings last year. In 1998/99, Ethiopia exported 110,000 metric tons of coffee, generating about $300 million, a decline of 22% in earnings from the previous year.

Ethiopia is estimated to have 75 million head of livestock, the largest concentration in Africa. It is difficult to calculate the sector's value, since a significant part of meat and dairy production is for subsistence purposes. In certain regions, particularly in the highlands, livestock is utilized only to support farming. Ethiopia's livestock continues to suffer from unpredictable weather conditions, diseases, and the lack of a coherent plan for the development of the sector. Although hides/skins and leather are Ethiopia's second most important export, the sector's huge potential remains largely untapped.

Ethiopia continues to take advantage of its wide-ranging ecological and climatic zones by diversifying and expanding agricultural production. Several products show significant export potential. Tea production has increased to nearly 4,000 metric tons and opportunities exist for expanded cultivation, processing and marketing. Ethiopia’s production of cotton and sugar cane cannot keep up with local industrial demand, but with proper technology and inputs could be increased several-fold. There are considerable opportunities for expanding the cultivation and export of dried fruits, cut flowers, and canned vegetable products. With over seven million bee colonies, Ethiopia is already the leading producer and exporter of honey and bee wax in sub-Saharan Africa but offers additional prospects for private investment. In addition, Ethiopia is interested in exploiting its forestry and fishing resources.

Gold, marble, limestone, and small amounts of tantalum are mined in Ethiopia. Other resources with potential for commercial development include large potash deposits, natural gas, iron ore, and possibly coal and geothermal energy. Ethiopia has only tapped a small portion of its potential hydroelectric power resources. Although oil deposits may exist, as yet there have been no discoveries and the country is totally dependent on imports for oil.

The manufacturing sector concentrates on the production of construction materials, metal and chemical products, and basic consumer goods such as food, beverages, clothing, and textiles. The sector is dominated by about 150 public enterprises, which account for more than 90 percent of its value. The production from state-owned enterprises is concentrated in food and beverages, textiles, clothing, leather products, tobacco, rubber, plastic, and cement.

Private sector manufacturing activity follows a similar pattern. Most of the 165 private sector manufacturing firms are involved in bakery products, textiles, footwear, and furniture production. In the short term at least, the sustainability of the manufacturing recovery is likely to be influenced by how well the private sector responds to market incentives, as well as by the capacity of public enterprises to adapt to the recently more competitive market environment.

C. GOVERNMENT ROLE IN THE ECONOMY:

To create a conducive environment for development, the Government of Ethiopia adopted a Five-Year Development Plan in 1995 that aims to enhance agricultural productivity, improve rural infrastructure, encourage private investment, promote participation of the private sector in the economy, mobilize external resources, and pursue appropriate macroeconomic and sectoral policies.

In pursuit of these goals, the government embarked on a program of economic reform, establishing the Ethiopian Privatization Agency to implement a phased privatization program. Ethiopia issued new laws opening banking and insurance to the domestic private sector. In 1995, the Government started selling most state-owned retail shops, hotels, and restaurants. To date, about 180 government entities have been privatized, including the Pepsi-Cola and Coca-Cola bottling plants, the St. George Brewery, and the Lega Dembi Gold Mine. Private companies are negotiating with the government over tenders for the Kenticha Tantalum Mine, the Calub Gas Company, and the Wonji-Shoa Sugar Factory. Enterprises valued at over three million dollars, such as major hotel chains, tanneries, textile mills and garment factories are being offered for sale, lease, management contract, or joint venture with the Government.

The government maintains complete ownership of all land in Ethiopia. A new legal framework allows the leasing of urban land, the value of which is established by public auction or via pre-set rates established by the market. In the agricultural sector, the Government abolished most marketing boards, which enabled farmers to sell their crops to the highest bidder. Parts of the market for agricultural inputs were liberalized, and coffee marketing has been opened to competition.

About 20 percent of Ethiopian imports are conducted through government tenders. The tender announcement is made public to all interested potential bidders, regardless of nationality of supplier or origin of the products/services.

Both Ethiopian and foreign suppliers, especially those from Italy, Germany, France, Japan, and the United Kingdom who have local representatives participate aggressively and tend to compete successfully. It is important that suppliers be involved at the earliest design stages to ensure that project specifications fit U.S. products.

The Investment Authority is responsible for coordinating new investment from foreign and domestic sources, although each of the nation’s eleven administrative regions has its own investment bureau, with growing capacities for promoting localized investment. The federal and regional authorities have issued a combined 4,818 investment permits for an estimated investment capital of $5 billion. Of these projects, 163 are foreign investments with a capital projection of $1.2 billion. A total of 283 of these projects became operational over the last calendar year. Recent legislation opened three formerly prohibited sectors to private investment, including large-scale hydro-electric projects, telecommunications, and defense industries. Banking, insurance, and many small-scale personal services remain closed to foreign investment.

Other areas of Government consideration include: formulating and implementing a national energy strategy, doubling the access to safe water and effective sanitation among the population, and addressing housing shortages by liberalizing the housing and construction markets.

D. BALANCE OF PAYMENTS SITUATION

Ethiopia's current account deficit before official transfers, which reflects a large trade deficit, grew slightly in 1998 to about $520 million, or 7.9% of GDP. External reserves fell to about $412 million, or just under three months of imports.

E. INFRASTRUCTURE:

Ethiopia's surface transport infrastructure is inadequate and underdeveloped. In fact, Ethiopia has the lowest road density per capita in the world. The country's main route from Addis Ababa to the port of Djibouti along the Assab road could become a bottleneck to the movement of goods, despite efforts currently underway to improve it. Only 21 percent of the highway network is paved, with few interconnecting links between adjacent regions and a grossly insufficient feeder road network. As a result, large parts of Ethiopia are isolated and dependent on pack animals for transport. The poor road sector has hampered economic development and remains an obstacle to economic integration, export growth, and the realization of greater economic potential in general.

With the help of the World Bank, the European Union, and the African Development Bank, and other donors, the Ethiopian Government is implementing a Road Sector Development Plan. This program aims to expand the road network by 80 percent by 2007, at a cost of $3.9 billion. The World Bank approved a loan for $309 million in 1998, the first of three loans planned. The program will also lead to the repair and renovation of major and minor trunk roads and help develop private road construction and contracting capacity. Reforms undertaken in support of the RSDP include privatizing state construction companies, liberalizing transport charges, and implementing a road fund for sustainable road maintenance.

Limited rail service links Addis Ababa with Djibouti via the eastern Ethiopian city of Dire Dawa. Passenger and cargo air transport service is provided by Ethiopian Airlines. Its international flights link the country with 43 cities on three continents, and its domestic service links 38 airfields and 21 landing strips with Addis Ababa.

Ethiopia has one of the lowest number of telephone lines per capita in sub-Saharan Africa. The Ethiopian Telecommunications Corporation (ETC), the government-owned service provider, plans to reach over 1% of the population by the year 2000 with the addition of 700,000 new telephone lines. Internally, direct microwave telephone links are available to most regional cities. A number of smaller towns also have automatic telephone services. International communications links are maintained through two satellite earth stations, providing telephone, telex, and television services. Digital telephone exchanges have also been installed recently and cellular phone service also commenced earlier this year. The ETC is planning to award the contract soon for the provision of wireless local loop within Addis Ababa.

III. POLITICAL ENVIRONMENT

A. Relations with the United States

U.S.-Ethiopian relations are very good, despite recent strains regarding the deportation of presumed Eritrean nationals and implementation of its reform program. The U.S. Government has a favorable view of events in Ethiopia since the fall of the communist Derg dictatorship. While encouraging Ethiopia to improve protection of human rights, the U.S. is generally supportive of the Federal Democratic Republic of Ethiopia and wants Ethiopia to prosper both economically and democratically. The U.S. has played an important role in supporting the peaceful resolution of the Ethiopian-Eritrean conflict.

The United States has had long and cordial relations with the Ethiopian people, even during periods when official relations between the governments was minimal. The U.S. provided massive humanitarian assistance to Ethiopia throughout the years of the Derg regime. Until the mid-1970's, the U.S. Peace Corps maintained one of its largest programs in Ethiopia. Although the Peace Corps returned to Ethiopia in 1996 with a group of volunteers to work in the education field, the program was suspended following the outbreak of hostilities with Eritrea in 1998.

Ethiopia is the largest recipient of U.S. economic assistance in sub-Saharan Africa. Although most U.S. assistance is in the form of emergency food aid, development assistance totaled about $45 million in FY 1998. Promoting a market economy, developing democratic institutions, and building understanding of the rule of law and respect for human rights are primary objectives of U.S. policy in Ethiopia. Ethiopia has made significant progress in each of these key areas, although additional work remains to be done.

B. MAJOR POLITICAL ISSUES AFFECTING BUSINESS CLIMATE

The main political issue affecting the business climate is the conflict between Ethiopia and Eritrea that began in May 1998. Even if the war ends soon, it has been a major strain on the Ethiopian economy, diverting resources that might otherwise go into infrastructure and discouraging potential investment.

C. BRIEF SYNOPSIS OF THE POLITICAL SYSTEM

Ethiopia has a parliamentary system of government. Nationwide elections were held in 1995 and are scheduled for the year 2000. The Ethiopian People's Revolutionary Democratic Front (EPRDF), a coalition of parties led by the Tigray People's Liberation Front (TPLF--the guerrilla movement that led the fight against the Derg), won the elections by a landslide and now controls all but a handful of legislative seats and government positions. Meles Zenawi, a Tigrayan who is chairman of the EPRDF, is Prime Minister. The EPRDF officially favors democracy and private enterprise, but has residual control-oriented tendencies developed during the TPLF's past as a Marxist guerrilla movement.

IV. MARKETING U.S. PRODUCTS AND SERVICES

A. DISTRIBUTION AND SALES CHANNELS:

Ethiopia requires that all imports be channeled through Ethiopian nationals registered with the government as official import or distribution agents. The importer or agent is required to apply for an import license with the Ministry of Trade and Industry and with the Controller of Exchange of the National Bank of Ethiopia to obtain access to foreign exchange.

B. INFORMATION ON TYPICAL PRODUCT PRICING STRUCTURES

All transactions in Ethiopia are conducted in the local currency, the "birr." Prices are generally very low for locally produced products while import prices reflect the high cost of transportation.

C. USE OF AGENTS AND DISTRIBUTORS; FINDING A PARTNER:

In Ethiopia it is not difficult to find experienced and reputable agents and distributors. To conduct business effectively and participate in local tenders, it is advisable for U.S. firms to appoint local agents to represent their products in Ethiopia. The Embassy maintains a list of experienced local representatives interested and able to assist U.S. companies in bids on major projects.

D. FRANCHISING:

Even with the relaxation in rules governing the convertibility and repatriation of Ethiopia’s currency, product quality control, banking regulations, and continuing foreign exchange convertibility issues make franchising difficult. Currently, there are no U.S. franchises operating in the country.

E. DIRECT MARKETING:

Limitations on foreign exchange and the reservation of import and export services to nationals makes direct marketing difficult.

F. JOINT VENTURES/LICENSING:

Foreign investment inflows through joint ventures are promoted and encouraged in Ethiopia. The following are the major criteria for the approval of joint venture proposals:

(A) Transfer, absorption, and adaptation of needed technology and know-how into the country;

(B) Improvement of the country's foreign exchange position;

(C) Utilization and development of the country's resources, including the generation of local employment, and;

(D) Development of forward and backward linkages, and increased added value in various economic sectors.

G. STEPS TO ESTABLISHING AN OFFICE:

All importers and exporters must be registered with the Ministry of Trade and Industry and obtain a business license. Foreign investors are required to seek project approval and receive incentives from the Ethiopian Investment Authority. The Ministry of Trade and Industry regulates imports and exports. Foreign exchange permits are required for all imports.

H. SELLING FACTORS/TECHNIQUES:

Methods used by successful competitors in the Ethiopian market place include active contact with key officials responsible for various major programs and projects, personal visits by representatives for initial market surveys, and contact with local representatives knowledgeable about future plans and market potentials.

I. ADVERTISING AND TRADE PROMOTION:

Advertising and trade promotion are important in the Ethiopian market. The Government-owned mass media (radio, television, and newspapers) and privately-owned magazines and newspapers are the major means of advertising. In Ethiopia, radio and newspapers have a wider audience than television, which is very limited. Some of the major English-language newspapers and magazines include:

Ethiopian Herald
P.O. Box 30701
Addis Ababa, Ethiopia
Tel: 251-1-123-879
251-1-112-041, 251-1-118-252

The Monitor
P.O. Box 22588
Addis Ababa, Ethiopia
Tel: 251-1-156-400, 251-1-511-880
Fax: 251-1-518-409

Addis Tribune
P.O. Box 2395
Addis Ababa, Ethiopia
Tel: 251-1-129-524, 251-1-118-613
Fax: 251-1-552-110

The Capital
P.O. Box 259
Addis Ababa, Ethiopia
Tel: 251-1-185-100
Fax: 251-1-533-323

Ethiopian Trade Journal
Ethiopian Chamber of Commerce
P.O. Box 517
Addis Ababa, Ethiopia
Tel: 251-1-518-240
Fax: 251-1-517-699

Nigdna Limat
Addis Ababa Chamber of Commerce
P.O. Box 2458

Addis Ababa, Ethiopia
Tel: 251-1-518-055, 251-1-513-814
Fax: 251-1-511-479

Entrepreneur
P.O. Box 26845
Addis Ababa, Ethiopia
Tel: 251-1-128-584

J. PRICING PRODUCTS:

All retail prices except petroleum, fertilizers and pharmaceuticals have been decontrolled.

K. SALES SERVICE/CUSTOMER SUPPORT:

Sales service is obtainable for products in most sectors. Neither consumer advocacy or protection associations currently operate in Ethiopia.

L. SELLING TO THE GOVERNMENT:

Government purchases account for about 60 percent of total imports, with funds coming from project loans by international financial institutions such as the World Bank.

M. PROTECTING PRODUCTS FROM IPR INFRINGEMENT

Regulations for the registration of patents and copyrights do not exist in Ethiopia. Some protection can be secured through registration of trademarks at the Ministry of Trade and Industry and the publication of cautionary notices in local newspapers in Ethiopia. In mid-1999, the Ethiopian Parliament began discussing a proposed copyright law to address many aspects of intellectual property protection.

N. NEED FOR A LOCAL ATTORNEY

Most of the necessary commercial and investment procedures and licenses can be handled through a local business agent.

O. PERFORMING DUE DILIGENCE

Due diligence and project analysis are highly recommended, though Ethiopia's investment provisions to not yet accord full privileges for pre-investment research.

V. LEADING TRADE PROSPECTS FOR U.S. BUSINESS

The following products, listed as essential items on the FDRE's priority list, represent the best prospects for products and services for U.S. exporters:

A. BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES:

Sector Rank: 1
Sector Name: Aviation
Industry Code: AIR
Ethiopian Airlines (EAL) continues to expand its routes throughout Africa, Europe, Asia, and the United States. It has expressed a desire to expand its fleet within the next several years. EAL has been an important regional client for U.S. aviation companies with an all-Boeing international fleet with primarily Pratt and Whitney engines. The company will continue to need aviation spare parts and ancillary equipment (loaders, forklifts, airport vehicles). In addition, several new charter airlines are showing some progress and may purchase additional small passenger and cargo planes.

Sector Rank: 2
Sector Name: Road Construction
Industry Code: CON
The World Bank and donor agencies are participating heavily in Ethiopia's Road Sector Development Plan (RSDP). Although U.S. firms are bidding and winning tenders to conduct road design and supervise construction, the country will also need vehicles (bulldozers, cranes, trucks, forklifts), vehicle attachments, both mechanized and non-mechanized equipment to level and pour the materials, and construction materials. Most projects open for international competitive bidding are funded by either the Ethiopian government or major international financial institutions in which the United States participates, such as the International Development Association (IDA) of the World Bank and the

African Development Fund (AFDF) of the African Development Bank (AFDB).

Sector Rank: 3
Sector Name: Telecommunications
Industry Code: TEL
Ethiopia continues to invest and seek donor assistance in expanding and upgrading its telecommunications network. With the lowest telephone line density in Africa, the Telecommunications Corporation has advertised the need for 760,000 new telephone lines over the next ten years. In addition, it plans to award a series of contracts for the provision of wireless local loops. Other projects contained within the ETC's development program for the next three years includes DRMAS stations, VSAT stations, coin-operated telephones, expanded internet, mobile telephones, and voice mail. All of these projects will require the necessary installation machinery, switches and equipment.

Sector Rank: 4
Sector Name: Hydro-Electric
Industry Code: ELP
Over the next several years, Ethiopia plans to triple its capacity to generate hydroelectric power, from 400 to 1200 megawatts. Although this will meet the current need, Ethiopia has an untapped natural potential to generate over 30,000 megawatts of hydroelectric power. The Ethiopian Electric Power Corporation (EEPCo) is interested in U.S. technology in this field and is regularly publishing tenders for expanding and renovating the civil and hydromechanic works for current generating stations and for the planning, design and construction of additional works.
Sector Rank: 5
Sector Name: Tourism
Industry Code: TRM
Ethiopia's tourism potential is largely untapped and should be of enormous interest to foreign and local visitors on historic, cultural, or eco-tourism expeditions. Ethiopia has an enormous diversity of wildlife (with many unique indigenous plant, bird, and mammal species), exotic landscapes, and architectural ruins of prehistoric, historical, and religious significance. Many tourist sites are completely undeveloped and the infrastructure (hotels, restaurants, tour facilities) are underdeveloped.

Sector Rank: 6
Sector Name: Airport Equipment
Industry Code: APG
The construction of Bole International Airport in Addis Ababa will be completed in mid-2000. The new terminal will need equipment, machinery, and structures related to indoor and outdoor facilities including baggage handling, shopping, dining, cargo storage, transfers, food preparation, and parking. Renovation and construction of several domestic terminals proceeds apace. The country will need navigation and communication devices, fire-fighting and safety equipment, and security equipment are needed for all of these new airports.

Other leading sectors for trade and investment include trucks, vehicles and spare parts (TRK) and medical equipment and pharmaceuticals (MED/DRG).

B. BEST PROSPECTS FOR AGRICULTURAL GOODS AND SERVICES:

Ethiopia is endowed with abundant agricultural resources and has a vast diversity in ecological zones. Because Ethiopia must import all of its urea-based fertilizer, the best prospect in this sector is for the manufacture or provision of agricultural chemicals. Given the primary focus of the economy on agriculture and the diversity of crops and products, large-scale agro-processing offers numerous opportunities. With the increased commercialization of this sector, there are growing demands for inputs of agricultural products by manufacturing industries and the provision of all-around support services such as the maintenance of tractors, harvesters, and other equipment such as grain silos, cold storage and transport. Ethiopia's cash crop production has enormous potential for growth, especially in coffee, tea, sugar, spices, and tobacco. Cotton is well integrated in the economy with a large number of textile and garment factories relying on domestic production. Ethiopia already produces beeswax, oilseeds, fruits and vegetables for exports but there is plenty of room for growth. A keen demand is anticipated for technical services in several areas, including hand farming implements and hand-powered tools and farming equipment, small-scale rural infrastructure equipment, water supply and sewage system machinery, such as irrigation pumps and well or bore-hole digging equipment.

VI. TRADE REGULATION AND STANDARDS

A. TRADE BARRIERS:

Sales tax rates are 4% for a selected list of agricultural goods and "essential" items, such as pharmaceuticals, books, and printed matter, hides/skins, and cotton. For all other goods, the sales tax is 12%. There are ten excise tax brackets, applied equally to domestically produced and imported goods, ranging from 10% for textiles and electronic products to 200% for alcoholic beverages.

B. CUSTOMS REGULATIONS:

Ethiopia's new pre-shipment inspection law requiring that all imports coming into the country must be checked for type, quality, origin, quantity and price in conformity with sales contracts before entering the country. Ethiopia signed a two-year pre-shipment inspection agreement with the Swiss-based, SGS. Beginning in October 1999, any consignment which has not been inspected by SGS cannot get clearance from the Customs Authority.

C. TARIFF RATES:

Ethiopia has reduced customs duties on a wide range of imports over the last three years. The most recent tariff reductions in January 1997 offer considerable decreases in most duties, but especially targets imported goods that enhance exports. Tariff rates range from 0 to 50%, with an average tariff rate approximately 20%. The government plans to reduce the maximum rate to 30% and the average tariff rate to 17-18% within the next three years.

D. IMPORT TAXES:

None other than those listed above.

E. IMPORT LICENSES:

All imports require permits from the exchange controller of the National Bank which are obtainable upon presentation of a valid import license and the provision of satisfactory information on costs and payment terms.

F. TEMPORARY ENTRY:

Bonded warehouse storage facilities are available for periods up to six months.

G. SPECIAL IMPORT/EXPORT REQUIREMENTS AND CERTIFICATIONS:

All exports require permit from the exchange controller of the National Bank. When applying for a permit an exporter must specify the goods to be exported its destination and value. The granting of a permit by the exchange controller enables the goods to pass through customs. The licensing system is used to ensure that foreign exchange receipts are transferred to the National Bank.

Most imports to Ethiopia require; (1) three certified copies of the commercial invoice, (2) two detailed copies of the manufacturers invoice, (3) a bill of lading or airway bill, and (4) pro-forma invoices. Documents that should accompany exports include; (1) export declaration, (2) sales contract, (3) invoice, and (4) insurance certificate or policy.

H. LABELING, MARKING REQUIREMENTS:

Shipping marks and labeling are required in all imported goods and should be identical on all documents.

I. PROHIBITED IMPORTS:

The Ministry of Trade and Industry has the power to restrict and/or limit imports and exports. There are restrictions on the importation of products that compete with locally produced goods, particularly in agricultural sectors. Automobile or motor vehicle imports require approval from the Ministry of Transport and Communications. The import of arms and ammunitions, except by the Ministry of National Defense, is totally prohibited.

J. WARRANTY AND NON-WARRANTY REPAIRS

Regulations in this category are applicable only to the terms of the sales or services contract.

K. EXPORT CONTROLS:

Ethiopia maintains restrictions and taxes on the export of coffee and chat and regulates the sale of petroleum products.

L. STANDARDS:

The Ethiopian Quality and Standards Institute regulates all exports and imports. Standards are consistent with international norms and do not act as a barrier to U.S. products. Government procurement is by competitive bidding. There are no burdensome administrative procedures or special document requirements.

M. FREE TRADE ZONES:

Ethiopia does not operate or allow the development of free-trade zones, although a transshipment port is available in Djibouti.

N. MEMBERSHIP IN FREE TRADE ARRANGEMENTS:

In 1992, Ethiopia became eligible to participate in the Generalized System of Preferences (GSP). Ethiopia is considering applying for membership in the World Trade Organization (WTO). It is a member of the Common Market for Eastern and Southern Africa (COMESA).

O. CUSTOMS CONTACT INFORMATION:

The Customs Authority is a branch of the Ministry of Finance. The General Manager is Yeshitila Aytenfisu (Tel: 251-1-511639; Fax: 251-1-551355).

VII. INVESTMENT CLIMATE

A.1. OPENNESS TO FOREIGN INVESTMENT:

The Government of the Federal Democratic Republic of Ethiopia (GFDRE) is committed to ensuring that private capital plays a significant role in the economy. To this end, it has eliminated discriminatory tax, credit, and foreign trade treatment of the private sector, simplified administrative procedures, and established a clear and consistent set of rules regulating business activities.

In June 1996, the Ethiopian government issued a revised investment code which, inter alia, provides incentives for development-related investments, reduces capital entry requirements for joint ventures and technical consultancy services, creates incentives in the education and health sectors, permits the duty free entry of capital goods (except computers and vehicles), opens the real estate sector to expatriate investors, extends the losses carried forward provision, cuts the capital gains tax from 40 to 10 percent, and gives priority to investors in obtaining land for lease.

The investment code prohibits foreign firm participation in the domestic banking or insurance services. Other areas of investment reserved for Ethiopian nationals include air transport services for more than 20 passengers or for cargo above 2700 kilograms, forwarding and shipping agency services, rail transport services, and non-courier postal services. Professional service providers must be licensed by the government to practice in Ethiopia.

Amendments to Ethiopia's investment proclamation issued in September 1998 allow Ethiopian expatriates and permanent residents to participate in areas formerly reserved for Ethiopian nationals. These areas include radio and television broadcasting services; retail and wholesale trade (except for locally produced goods); import trade; export of raw coffee, oil seeds, pulses, hides and skins, and live sheep, goats, and cattle not raised or fattened on the investor's farm; small and medium-scale construction; tanning of hides and skins up to "crust" level; non-rated hotels, pension houses, bars, nightclubs, tea rooms, coffee houses, and restaurants, excluding international and specialized restaurants; tour operation, travel agency, commission agency, and ticket offices; car hire and taxi transport services; commercial road transport and inland water transport services; bakery products and pastries for the domestic market; grinding mills for grains; barber shops, beauty salons, goldsmith shops, and tailoring services, excluding garment factories; building maintenance services; repair and maintenance of vehicles; saw milling, processing of logs, and the manufacturing of wood products for the domestic market; customs clearance services; museums, theaters, and cinema hall operation; and printing industries.

Although the investment code amendments maintained the exclusion on foreign participation in financial services (banking and insurance) and the other services noted above, they opened several formerly prohibited sectors to foreign investment: telecommunications, hydro-electric power generation (below 25 megawatts), and defense. Investment in telecommunications and defense, however, must be "in partnership with the Ethiopian government." Another provision expands the list of services open to foreign investment to include engineering, architecture, accounting, auditing, and business consultancies.

The Ethiopian government reviews investment proposals in a non-discriminatory manner; the screening process is not regarded as an impediment to investment, a limit to competition, or a means of protecting domestic interests.

Foreign firms are welcome to invest in privatization efforts of the Ethiopian government, although in some instances the government promotes joint ventures with Ethiopian private concerns rather than outright sales. Foreign firms participate through consultancy services preparatory to privatization or through tendering on advertised privatization opportunities. Ethiopia is progressing slowly toward its stated goal of relinquishing most, if not all, of its state-owned firms. To date, Ethiopia has privatized approximately 180 properties, mostly small enterprises in trade and other service sectors. In November 1998, the Ethiopian privatization agency published a list of 114 other firms to be divested in the near future, including breweries, hotels, textile and garment factories, construction and building materials industries, food factories, tanneries, and cotton, tea, and cereal farms. None of Ethiopia's utilities have been privatized to date, though the government is looking for foreign investor partners in telecommunications.

There are no discriminatory or excessively onerous visa, residence, or work permit requirements regarding foreign investors. Foreign investors do not face unfavorable tax treatment, denial of licenses, discriminatory import or export policies, or inequitable tariff and non-tariff barriers.

A.2. CONVERSION AND TRANSFER POLICIES:

The investment proclamation allows all foreign investors, whether or not they receive incentives, to freely remit profits and dividends, principal and interest on foreign loans, and fees related to technology transfer. Foreign investors may also remit proceeds from the sale of liquidation of assets, from the transfer of shares or of partial ownership of an enterprise, and funds required for debt service or other international payments. The right of expatriate employees to remit their salaries is granted in accordance with the foreign exchange regulations of the National Bank of Ethiopia. U.S. businesses represented in

Ethiopia do not encounter difficulties in the repatriation of dividends.

Ethiopia issued several proclamations in September 1998, that further liberalized the country's foreign exchange market. Under the new policy, the national bank sells foreign currency to commercial banks (one state-owned and five private banks) and other large corporations at a weekly auction. The commercial banks are free to establish their own exchange rates. Companies with an import license may obtain foreign currency directly from the commercial banks. Ethiopia's new laws also relaxed restrictions on individuals obtaining foreign currency for educational, medical, business, or holiday travel.

The birr has been fairly stable during the last twelve months, undergoing a gradual devaluation from 6.8 birr per U.S. dollar to the current 8.12 birr per dollar. Over this period, the differential between the auction-determined rate of exchange and the parallel (or "black-market" rate) has been nearly eliminated. Ethiopia's exchange rate has remained fairly stable due to the government’s conservative monetary policies and considerable foreign exchange reserves, though the government's recent military expenditures as a result of the border dispute with Eritrea have increased the budget deficit and reduced Ethiopia's foreign currency reserves.

A.3. EXPROPRIATION AND COMPENSATION:

Per Ethiopia’s 1996 investment proclamation, no assets of a domestic investor or a foreign investor, enterprise, or expansion may be nationalized wholly or partly, except in accordance with the regulations of the government and upon payment of adequate compensation. Such assets may not be seized, impounded, or disposed of except in accordance with a court order. No acts of expropriation have occurred under either the transitional government of Ethiopia (1991-95) or the federal democratic republic of Ethiopia, which assumed power in mid-1995. Given the Ethiopian government’s commitment to its structural adjustment program, its interest in attracting foreign capital, and its privatization efforts, the threat of nationalization appears minimal. Following the eruption of the Ethio-Eritrean border conflict in May, 1998, however, the Ethiopian government deported tens of thousands of people identified as Eritrean nationals and in many cases confiscated their property to pay for outstanding loans. Some of these cases will likely result in eventual court cases.

A.4. DISPUTE SETTLEMENT:

According to the investment proclamation, disputes arising out of foreign investment, which involve a foreign investor or the state, may be settled by means agreeable to both parties. A dispute which cannot be settled amicably may be submitted to a competent Ethiopian court or to international arbitration within the framework of any bilateral or multilateral agreement to which the government and the investor’s state of origin are contracting parties. No such investment disputes are known to have occurred in recent years.

Ethiopia’s judicial system remains underdeveloped, although efforts are underway to strengthen its capacity. While property and contractual rights are recognized, and there are written commercial and bankruptcy laws, there is thus far no experience by which to judge the level of acceptance of foreign court rulings.

A.5. PERFORMANCE REQUIREMENT/INCENTIVES:

Investors in specific areas may be eligible for investment incentives. These include agricultural development and agro-processing; agricultural production; manufacturing of equipment, machinery, spare parts, components and supplies, vehicle bodies, other products and assembly plants, and publishing or printed goods; large-scale capital road and building construction and other related works; rural transportation facilities; and the purchase of spraying machinery, trucks fitted with refrigeration facilities, or other equipment for support services.

An investor in one of these specified areas who meets the conditions for a qualifying investment certificate, and who produces evidence showing the exact amount of the capital invested within 30 days of commencement of operation, may qualify for incentives. Subject to the approval of the board of investment, the initial capital required for investment in areas of priority or in technology may be lowered as an investment incentive. Under revisions in Ethiopia's investment code, the education and health sectors are now eligible for incentives.

The specific incentives for domestic and foreign investors as well as incentives in existing enterprises include exemption from import duties and taxes for imports of capital goods and equipment, exemption from taxes for the import of spare parts up to 15 percent of the value of the capital invested; exemption from export duties and taxes for Ethiopian products or services that are destined for export, if approved by the board of investment; and exemption from tax on any remittance from any proceeds from the sale or transfer of shares in part or all of an enterprise by a domestic investor. Investors in relatively under-developed regions of Ethiopia are also eligible for exemption from income tax for up to five years at the discretion of the board of investment.

A.6. RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT:

Both foreign and domestic private entities have the right to establish, acquire, own, and dispose of most forms of business enterprises. State-owned enterprises have considerable de facto advantages over private firms, particularly in the realm of Ethiopia’s regulatory and bureaucratic environment, and including ease of access to credit and speedier customs clearance.

A.7. PROTECTION OF PROPERTY RIGHTS:

Secured interests in property are protected and enforced, although all land ownership remains in the hands of the state. One pending issue is the return of properties seized, "lawfully" or "unlawfully" during the Mengistu Haile-Mariam regime (1974-91). The government’s position is that property seized "lawfully," that is, by court order or through gazetting, remains the property of the state. The state may choose to sell such property if deemed appropriate. In most cases, property seized by oral order or other informal means is gradually being returned to lawful owners or their heirs through a lengthy judicial appeal process.

Land for investment purposes is obtained by lease, with prices set by periodic auctions with established market floors. Land leasehold regulations, however, vary in form and practice by region. The investment proclamation charges the investment authority with locating and facilitating the leasing of property by licensed investors.

There are currently no means of protecting intellectual property rights, patents, and/or copyrights in Ethiopia. Firms generally place notices in local newspapers to effect registration of their trademarks with the Ministry of Trade and Industry. In some cases, U.S. firms have been reluctant to sell products or franchise use of technology because of the lack of protection for intellectual property rights. Recognizing the need to redress this legal shortcoming, the Ethiopian Ministry of Information and Culture formulated a copyright law in June 1999 and called a meeting to discuss the draft legislation.

A.8. TRANSPARENCY OF THE REGULATORY SYSTEM:

Ethiopia’s regulatory system is considered fair and honest, but not necessarily open to outside examination. There are instances in which burdensome regulatory or licensing requirements have prevented the local sale of U.S. exports, particularly personal hygiene and health care products.

A.9. EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT:

While credit is available to investors on market terms, the 100 percent collateral requirement of the Commercial Bank of Ethiopia (CBE), by far Ethiopia’s largest bank, limits the ability of some investors to capitalize upon business opportunities. Foreign banking is not permitted in Ethiopia. Most of the commercial banks have correspondent relations with the Citibank office in Nairobi.

The Ethiopian government allowed loan interest rates to float in early 1998 (which previously had a ceiling of 10.5%) and established a minimum deposit interest rate of 7%. The government offers a limited number of 3-month T-bills but prohibits the interest rate from exceeding the savings deposit rate. In September 1998, Ethiopia reduced the minimum denomination of treasury bills to 5,000 birr ($700). The National Bank governor promised further modifications in the auction system to allow the interest rate on t-bills to be market determined.

There are no laws or regulations authorizing private firms to adopt articles of incorporation or association which limit or prohibit foreign investment, participation, or control. There are no private sector or government efforts to restrict foreign participation in industry standards-setting consortia or organizations. There are no known instances of private firms attempting to restrict foreign investment, participation, or control of domestic enterprises.

Ethiopia does not have a securities market, although a private sector initiative to establish a mechanism for buying and selling company shares is expected to begin by the year 2000. There are no "cross-shareholding" or "stable shareholder" arrangements used by private firms to restrict foreign investment through mergers or acquisitions.

A.10.POLITICAL VIOLENCE:

In recent years there have been no incidents of political violence involving investment projects and/or installations. The recent eruption of hostilities with Eritrea could lead to accidental and/or predetermined damage to investments, particularly in northern Ethiopia.

A.11.CORRUPTION:

Ethiopia works hard to combat corruption through a combination of social pressure, cultural norms, and legal restrictions. Although corruption exists, it is not, in post’s opinion, a significant barrier or hindrance to investment or trade in Ethiopia. A number of Ethiopian government officials have been removed from office and prosecuted for corruption over the past two years. Giving and receiving bribes are considered criminal acts, and bribes are not tax deductible. To our knowledge, no investors have ever been charged with corruption. The ministry of justice is the government entity with the primary responsibility to combat corruption.

B. BILATERAL INVESTMENT AGREEMENTS:

To date, Ethiopia has bilateral investment protection agreements and treaties with Italy, Greece, Israel, Switzerland, China, Qatar, Japan, Tunisia, United Kingdom, India, and Germany. The Investment Authority recently expressed an interest in discussing a bilateral investment treaty with the United States.

C. OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS:

The Overseas Private Investment Corporation (OPIC) is prepared to offer risk insurance and loans to U.S. investors in Ethiopia. OPIC provided political risk insurance in 1995 for a $48 million project by a U.S. firm to construct a sugar refinery. OPIC also provided risk insurance to a U.S. firm involved in a road design project and is participating in several other U.S. investment projects. The government is considering adoption of a revised OPIC bilateral treaty for Ethiopia. Ethiopia is a member of the Multilateral Investment Guarantee Agency (MIGA).

D. LABOR

In Ethiopia, the labor force is estimated at 35 million, of which 85% are employed in agriculture, mostly as peasant farmers. The government and armed forces are the most important sources of employment outside agriculture, providing work for almost 3 million people. The number of permanent and temporary workers employed in public sector manufacturing increased from 78,000 in 1978 to over 250,000 in 1997. Approximately 40% of the urban workforce is unemployed. The high urban underemployment is partially offset by the informal economy.

Labor remains readily available and inexpensive in Ethiopia. Skilled manpower, however, is scarce in many fields. Only about 300,000 workers are members of unions. Civil sector employees are not allowed to form unions. Most ILO core labor standards have been enacted into law, though Ethiopia continues to debate whether to sign the ILO’s international program to eliminate child labor (IPEC). Child labor is not a pressing issue in the formal economy, but it is common in rural areas and in the informal economy in urban areas. Employees are statutorily prohibited from hiring youngsters under the age of 14. There are strict labor laws defining what sectors may hire "young workers," ages 14 to 18, but these are not always enforced.

Ethiopia enjoys labor peace, despite growing union anxiety over the pace of the government's privatization and structural adjustment campaigns. Although union leaders acknowledge that privatization is key to Ethiopia's ability to compete in the global market, they worry about possible job losses during the transition. The government recertified the Confederation of Ethiopian Trade Unions (CETU) in April 1997. Since its recertification, CETU has focused on fundamental workers' concerns such as job security, pay increases, and health and retirement benefits. The right to form labor associations and to engage in collective bargaining is granted in the constitution. Workers who perform essential services are not permitted to strike.

Tripartitism emerged in May 1998 when the government licensed the Ethiopian Employers' Association (EEA). The EEA is dedicated to maintaining labor peace and works in harmony with the ILO, CETU and the Ministry of Labor and Social Affairs. Its leadership supports the adoption of all ILO core labor standards. In general, entrepreneurs believe that cooperating with labor is in their self-interest.

E. FOREIGN TRADE ZONES/FREE PORTS:

There are no areas designated as foreign trade zones and/or free ports in Ethiopia. The Ethiopian government used to benefit from access to the Eritrean free port of Assab. As a result of the Ethio-Eritrean border dispute, Ethiopian exports and imports through Assab are now prohibited. Ethiopia is diverting almost all of its trade through the port of Djibouti. Despite Ethiopia's efforts to clamp down on small-scale trade of contraband, unregulated exports of coffee, live animals, chat (a mildly narcotic leaf), fruit, and vegetables, and imports of cigarettes, alcohol, textiles, electronics, and other consumer goods continues.

F. FOREIGN DIRECT INVESTMENT STATISTICS:

From its inception in July 1992 through August 1998, the Ethiopian Investment Authority has approved 163 foreign investment projects with total projected capital investment of 9.0 billion birr ($1.2 billion). Of these projects, 90 are wholly foreign-owned and 73 are joint ventures with local partners. U.S. investors are responsible for 11 of these new projects, with a total future expected investment of 244 million birr ($30 million). Current U.S. direct investment in Ethiopia is estimated at about $9 million. Ethiopia's major foreign investors include Saudi Arabia, South Korea, Kuwait, and Italy.

U.S. companies with the most significant presence and participation in Ethiopia's economy include Mobil Oil, Cargil, Sheraton Hotel, Lucent Technologies, Crown Cork & Seal, Coca-Cola, Pepsi-Cola, F.C. Schaffer, Pioneer Hi-Bred Seeds, DHL International, Federal Express, United Parcel Service, Caterpillar, Mack Truck, General Motors, Xerox, John Deere, and Navistar.

VIII. TRADE AND PROJECT FINANCING

A. BANKING SYSTEM:

In line with its new economic policies, the Government of Ethiopia allowed the establishment of private banks and insurance companies in 1994, but prohibited foreign ownership of such companies. The first private bank -- Awash International -- started operations in late 1994 and now has six branches in Addis Ababa and two in the Oromiya Regional State. Five additional private banks have started operations since then. Dashen Bank now has five branches in Addis Ababa and seven in regional capitals. The Bank of Abyssinia opened a second branch in Addis Ababa in early 1997. Wegagen Bank started operating five branches in Addis Ababa in June 1997. The two newest private banks to being operating are NIB International and United Bank. Ethiopia now has seven private insurance companies -- United, Africa, Nile, Nyala, Awash, National, and Global -- which opened for business from 1994-1997.

The Commercial Bank of Ethiopia (CBE) operates 167 branches, with total assets of over $3 billion as of July 1996. It also holds over $1.5 billion on deposit. Ethiopia’s banking system is conservative, and generally regarded to be sound.

The National Bank of Ethiopia (NBE) will continue to foster monetary stability and a sound financial system, maintaining credit and exchange conditions conducive to the balanced growth of the economy. The NBE may engage with banks and other financial institutions in the discount, rediscount, purchase, or sale, as the case may be, of duly signed and endorsed bills of exchange, promissory notes, acceptances, and other credit instruments with maturities of not more than 180 days from the date of their discount, rediscount, or acquisition by the bank. The bank may buy, sell, and hold foreign currency notes and coins and such documents and instruments, including telegraphic transfers, as are customarily employed in international payments or transfers of funds.

B. FOREIGN EXCHANGE CONTROLS:

All transactions in foreign exchange must be carried out through authorized dealers under the control of the National Bank. All payments abroad require licenses issued by the Controller of Exchange. All exports are licensed by the Controller to ensure the surrender of foreign exchange proceeds, and shipments require permits issued by that office.

C. GENERAL AVAILABILITY OF FINANCING:

The Ethiopian government relies on grants and external borrowing on highly concessionary terms to finance the external current account deficit; this will necessitate efforts to strengthen the government's capacity to meet donors' documentation and other requirements in order to ensure timely and expeditious disbursements. An effort will also be made to improve debt management by strengthening debt monitoring and analytic capability.

D. HOW TO FINANCE EXPORTS/METHODS OF PAYMENT:

Despite its thrust to attract foreign investment, Ethiopia will continue to depend on the international donor community for concessional financing.

E. TYPES OF AVAILABLE EXPORT FINANCING:

Ethiopia is currently "off cover" for the services of the Export-Import (ExIm) Bank of the United States. Further macroeconomic progress may eventually result in higher credit risk ratings, leading to access to ExIm Bank financing.

F. AVAILABILITY OF PROJECT FINANCING

Although the local private banks have additional capital to lend, they often require a large percentage of any loan in collateral, which must usually consist of cash or durable capital. The National Bank must approve loans from overseas institutions that require hard currency debt repayments. Project capital is available for many projects in roads, energy, health and education from the International Development Association of the World Bank or the African Development Bank. The International Finance Corporation provides some equity financing for private sector projects.

G. TYPES OF PROJECTS:

A list of the new and existing projects funded by major financial institutions like the International Development Association (IDA) and the World Bank includes:

1. Project: Livestock Resource Development
   Project Size: 3 million USD
   Implementing Agency: Ministry of Agriculture

2. Project: Crop Development
   Project Size: 10 million USD
   Implementing Agency: Ministry of Agriculture

3. Project: Road Sector III
   Project Size: 300 million USD
   Implementing Agency: Ethiopian Roads Authority
   Projective Objectives: The project will support the government's road sector development program components which includes (a) rehabilitation, upgrading, strengthening and maintenance of trunk and major link roads and rural roads and (b) institutional strengthening and capacity building for the Ethiopian Roads Authority.

4. Project: Geological Surveys
   Project Size: 2.4 million USD
   Implementing Agency: Ministry of Mines and Energy

5. Project: Energy Sector
   Project Size: 200.0 million USD
   Implementing Agency: Ethiopian Electric Power Corporation (EEPCO)
   Projective Objectives: To meet the growing domestic demand for electricity and export of energy by expanding transmission and generation capacity.

6. Project: Power Generation
   Project Size: 150.0 million USD
   Implementing Agency: Ministry of Mines/Energy (MME)
   Projective Objectives: Project will facilitate the installation of gas turbines (about 80MW) and rehabilitate electricity distribution in Addis Ababa.

G. BANKS WITH CORRESPONDENT U.S. BANKING ARRANGEMENTS:

Currently, the following are Ethiopian banks with correspondent relationships with U.S. banks:

Commercial Bank of Ethiopia
P.O. Box 255
Addis Ababa, Ethiopia
Tel: 251-1-515-004
Fax: 251-1-514-522

Awash International Bank
P.O. Box 12638
Addis Ababa, Ethiopia
Tel: 251-1-612-919
Fax: 251-1-653-685

Bank of Abyssinia
P.O Box 12947
Addis Ababa, Ethiopia
Tel: 251-1-514-752
Fax: 251-1-514-754

Dashen National Bank
P.O. Box 12752
Addis Ababa, Ethiopia
Tel: 251-1-654-073, 251-1-650-286
Fax: 251-1-653-037

Wegagen Bank
P.O. Box 1018
Addis Ababa, Ethiopia
Tel: 251-1-655015
Fax: 251-1-654870

IX. BUSINESS TRAVEL

A. BUSINESS CUSTOMS:

Ethiopians are formal during the first meeting and become less so once friendship is developed. Persons are universally addressed by first name rather than by last name (no family name). For a man, the common title (comparable to "Mister") is "Ato" and for a woman is "Weizero" (Mrs.) if married and "Weizerit" (Miss) if single. Business is often conducted at the office, over lunch or dinner. Business entertainment may be conducted at relaxed events such as the Azmari Bet (traditional music place), restaurants, or even in personal residences. Business hours are usually from 8:30 am or 9 a.m. to 5 p.m. (17:00) or 6 p.m. (18:00). Most businesses close during the lunch hour. Visitors must declare hard currency upon arrival and may be required to present the declaration upon departure.

There are strict penalties for exchanging money on the black market. Credit cards are not widely accepted.

Ethiopia's main dish is called "wot," which is meat or vegetables cooked in a hot, spicy sauce. This is traditionally eaten with a flat, spongy bread called "injera." In larger hotels and restaurants menus are to international standards. In Addis Ababa there are a number of restaurants serving Continental, Italian, French, Greek, Armenian, Middle Eastern, Indian, and Chinese food.

There are more than 80 major language groups in Ethiopia, although the national language, Amharic, is spoken throughout the country. Oromiffa and Tigrinya are other widely-used Ethiopian languages. English is the second official language and is understood in most towns and among the educated sector of the population.

B. TRAVEL ADVISORY AND VISAS:

A passport and visa are required of all travelers. Airport visas are not available to travelers departing from or traveling through countries where an Ethiopian diplomatic mission is located. Evidence of immunization against yellow fever is also required upon entry. Visa applications and instructions are available at the Ethiopian Embassy in Washington, D.C. A departure tax of $20.00, payable in U.S. dollars, is levied on all foreign travelers.

C. HOLIDAYS (FISCAL YEAR 2000)

September 12	Timket - Ethiopian New Year
September 28	Meskel - the Finding of the True Cross
January 7	Ethiopian Christmas
January 8	Id al-Fetir (subject to change)
January 19	Ethiopian Epiphany
March 2	Victory at Adwa
March 16	Id al-Adha (subject to change)
April 28	Good Friday
April 30	Orthodox Easter Sunday
May 1	International Labor Day
May 5	Ethiopian Patriots’ Victory Day
May 28	Downfall of the Derg
June 14	Mowlid/Prophet's Birthday (may change)

D. BUSINESS INFRASTRUCTURE:

There is a shortage of housing in Ethiopia. Business travelers generally seek lodging in hotels in larger cities.

Prophylaxis against malaria (not necessary in Addis Ababa due to its elevation) is advisable if trips are planned to lower elevations, including Dire Dawa. Throughout Ethiopia, it is essential to drink only boiled, filtered water or bottled mineral water, which is widely available.

U.S. business travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives" available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; tel: (202) 512-1800; fax: (202) 512-2250. Business travelers to Ethiopia seeking appointments with U.S. Embassy Addis Ababa officials should contact the Commercial Section in advance. The Commercial Section can be reached at 011-251-1-551540 or 550666, ext. 331. Fax: 011-251-1-550174 or 551944. E-mail: US.comlib@telecom.net.et.

X. APPENDICES

A. Country Data:

Population - 60 million (mid-1998, approx.)

Population Growth Rate - approx. 3.0 percent per year
Religions - Orthodox (Coptic) Christian and Islam
Government System - in September 1995, the Transitional Government of Ethiopia turned over power to the Federal Democratic Republic of Ethiopia, a democratically-elected parliamentary government with regional governments based upon ethnicity.
Languages - Amharic, English, Oromiffa, and Tigrinya
Workweek - Monday through Friday (roughly 9 - 5)

B. Domestic economy (USD millions unless noted):

	1996	1997	1998
GDP at market price	6100	6450	6400
GDP Growth Rate	10.9	5.9	-1.0

GDP Per Capita (USD)	115	120	120
Gov't Spending as Percent of GDP	39	23.7	27.0
Inflation (percent)	10.0	-1.0	1.0
Unemployment (percent)	35	33	33
Foreign Exchange Reserves	905	584	412
Average Exchange Rate for USD 1.00	6.3	6.9	7.1
Foreign debt	10,150	9,529	9,812
Debt Service/ Exports Ratio	35	42	29
Price Index (1996 = 100)	100.0	99.9	101.3
U.S. Economic Assistance	87	77.3	98.2
U.S. Military Assistance	n/a	n/a	n/a

C. Trade:

Total Exports	410	604	610
Total Imports	1,413	1,403	1,430
Balance of Trade	-997	-799	-820
U.S. Exports to Ethiopia	148	121	88
U.S. Imports from Ethiopia	35	70	52
U.S. Share of Exports (percent)	8.5	11.5	8.5

U.S. Share of Imports (percent)	10.5	8.6	6.2

1997 - Preliminary
1998 - Estimates

Calculations are based on the current exchange rate (one U.S. dollar equals 8.12 Ethiopian birr)

Sources: Ethiopian government, IMF, World Bank, U.S. Embassy, and USAID publications

D. Investment Statistics:

The Investment Office of Ethiopia had licensed 3,531 investors (both domestic and foreign) with a total value of about $3.9 billion. Foreign investors have introduced capital estimated at $577 million. Although an accurate breakdown is not available, currently American direct investment in Ethiopia is estimated at about $9 million.

E. U.S. and Country Contacts:

1. Country government agencies:

Ministry of Finance
P.O. Box 1905
Addis Ababa, Ethiopia
Tel: 251-1-552-400
Fax: 251-1-551-355

Ministry of Agriculture
P.O. Box 63247
Addis Ababa, Ethiopia
Tel: 251-1-518-507
Fax: 251-1-513-042

Ministry of Mines and Energy
P.O. Box 486
Addis Ababa, Ethiopia
Tel: 251-1-518-250
Fax: 251-1-515-788

Ministry of Economic Development and Cooperation
P.O. Box 1037
Addis Ababa, Ethiopia
Tel: 251-1-552-800

Fax: 251-1-553-844

Ministry of Trade and Industry
P.O. Box 2559
Addis Ababa, Ethiopia
Tel: 251-1-511-066
Fax: 251-1-514-288

Ministry of Transport and Communications
P.O. Box 1238
Addis Ababa, Ethiopia
Tel: 251-1-516-166
Fax: 251-1-515-665

Coffee and Tea Authority
P.O. Box 3222
Addis Ababa, Ethiopia
Tel: 251-1-518-088
Fax: 251-1-517-933

Ethiopian Privatization Agency
P.O. Box 11835
Addis Ababa, Ethiopia
Tel: 251-1-151270/150370
Fax: 251-1-513955

Ethiopian Investment Authority
P.O. Box 2428
Addis Ababa, Ethiopia
Tel: 251-1-510033/153432
Fax: 251-1-514396

Ethiopian Electric Power Corporation
P.O. Box 1233
Addis Ababa, Ethiopia
Tel: 251-1-550811
Fax: 251-1-551324

2. Country Trade Associations:

Ethiopian Chamber of Commerce
P.O. Box 517
Tel: 251-1-518-240
Fax: 251-1-517-699
Addis Ababa, Ethiopia

Addis Ababa Chamber of Commerce
P.O. Box 2458
Tel: 251-1-518-055
Fax: 251-1-511-479
Addis Ababa, Ethiopia

U.S. Ethiopia Trade & Economic Council
P.O. Box 9438
Addis Ababa, Ethiopia
Tel: 251-1-510-168, 150-040
Fax: 251-1-510-200

222 W. Ontario Street, #502
Chicago, IL 60610-3695
Tel: (312)-787-2716
Fax: (312)-787-2680

3. Country Market Research Firms:

Trade & Development Services International (TDSI)
P.O. Box 22508
Addis Ababa, Ethiopia
Tel: 251-1-510-100
Fax: 251-1-514-800

Nile Investment Pvt. Ltd.
P.O. Box 13487
Addis Ababa, Ethiopia
Tel: 251-1-611-997
Fax: 251-1-611-997

Limat Consultancy
P.O. Box 5360
Addis Ababa, Ethiopia
Tel: 251-1-513638
Fax: 251-1-512224

F. U.S. Embassy Trade-Related Contacts:

Louis Mazel
Political/Economic Section Chief
Cleveland L. Charles
Sr. Economic/Commercial Officer
P.O. Box 1014

Addis Ababa, Ethiopia
Tel: 251-1-550-666 and 251-1-550-399
Fax: 251-1-550-174 and 251-1-552-191
E-Mail: charlescl@addisababa.us-state.com

Beyene Moges
Commercial/Economic Specialist
Tilahun Habte
Commercial Assistant
Tel: 251-1-128-439
Fax: 251-1-551-944
E-Mail: us.comlib@telecom.net.et

G. Washington-based U.S. Government Contacts:

Douglas Wallace
Ethiopian Desk Officer
International Trade Administration
U.S. Department of Commerce
Washington, DC 20230
Tel: (202) 482-5149
Fax: (202) 482-5198
E-Mail: dwallace@ita.doc.gov

James Knight
Country Officer for Ethiopia
Office of East African Affairs
Bureau of African Affairs
U.S. Department of State
Washington, DC 20520
Tel: (202) 647-6485
Fax: (202) 647-0810

Dr. Ada Adler
Commercial Coordinator
Economic Policy Staff
Bureau of African Affairs
Department of State
Washington, DC 20520
Tel: (202) 647-6485
Fax: (202) 647-0810

H. Market Research:

The U.S. Embassy has recently conducted market research on the following major agricultural products and industries of Ethiopia: coffee, tea, hides/skins and leather, oilseeds and pulses, honey and beeswax, cotton, chat, cut flowers, and natural gum. In addition, the Embassy has prepared reports on the beer brewing industry, construction, telecommunications, soft drink and mineral water bottling, textiles, and minerals (gold, tantalum, gas).

I. Trade Event Schedule 1999-2000:

4th Addis Ababa Chamber
International Trade Fair
Exhibition Center, Meskel Square
Addis Ababa, Ethiopia
February, 2000