

Ethiopia – a brief overview

In 1974, a military junta, the Derg, deposed Emperor Haile SELASSIE (who had ruled since 1930) and established a socialist state. Torn by bloody coups, uprisings, wide-scale drought, and massive refugee problems, the regime was finally toppled in 1991 by a coalition of rebel forces, the Ethiopian People's Revolutionary Democratic Front (EPRDF). A constitution was adopted in 1994, and Ethiopia's first multiparty elections were held in 1995. A border war with Eritrea late in the 1990s ended with a peace treaty in December 2000. In November 2007, the Eritrea-Ethiopia Border Commission (EEBC) issued specific coordinates as virtually demarcating the border and pronounced its work finished. Alleging that the EEBC acted beyond its mandate in issuing the coordinates, Ethiopia has not accepted them and has not withdrawn troops from previously contested areas pronounced by the EEBC as belonging to Eritrea. In August 2012, longtime leader Prime Minister MELES Zenawi died in office and was replaced by his Deputy Prime Minister HAILEMARIAM Desalegn, marking the first peaceful transition of power in decades.

Economy of Ethiopia

Ethiopia's economy is based on agriculture but the government is pushing to diversify into manufacturing, textiles, and energy generation. Coffee is a major export crop. The banking, insurance, telecommunications, and micro-credit industries are restricted to domestic investors, but Ethiopia has attracted significant foreign investment in textiles, leather, commercial agriculture and manufacturing. Under Ethiopia's constitution, the state owns all land and provides long-term leases to the tenants; land use certificates are now being issued in some areas so that tenants have more recognizable rights to continued occupancy and hence make more concerted efforts to improve their leaseholds. While GDP growth has remained high, per capita income is among the lowest in the world. Ethiopia in 2014 will continue construction of its Grand Renaissance Dam on the Nile – a controversial five billion dollar effort to develop electricity for domestic consumption and export.

Key Industries and agriculture of Ethiopia

The largest industries of Ethiopia are food processing, beverages, textiles, leather, chemicals, metals processing, cement. While main agriculture produce are cereals, pulses, coffee, oilseed, cotton, sugarcane, potatoes, khat, cut flowers; hides, cattle, sheep, goats; fish.

Ethiopia's major trading commodities and partners

The major exporting commodities of Ethiopia are coffee, khat, gold, leather products, live animals, oilseeds. Its major export partners include China (13%), Germany (10.8%), US (8%), Belgium (7.6%) and Saudi Arabia (7.6%). The commodities imported by Ethiopia are food and live animals, petroleum and petroleum products, chemicals, machinery, motor vehicles, cereals and textiles which it mainly imports from China (13.1%), U.S. (11%), Saudi Arabia (8.4%) and India (5.4%).

Economic Relations between Pakistan and Ethiopia

Pakistan and Ethiopia shares historic ties which can be considered as a bridge to deepen economic cooperation. Ethiopia welcomes investors from Pakistan for the realization of common development. The country attaches special importance to uplift Ethio-Pakistan links to a new high. The Diplomats of both the countries have urged the need to lay a foundation for the close cooperation and partnership of the two countries' business communities to set-up a platform that would elevate economic growth and development into new heights. Ethiopia is committed to prevent impediments related to trade, investment and business climate and wanted to foster enabling conditions for business persons and investors. However Pakistan's relations with Africa in general and Ethiopia in particular are not commensurate with the real trade potential and existing goodwill. There is a need for more concerted efforts to strengthen trade and economic ties with African countries.

Bilateral Trade Relations between Pakistan and Ethiopia

Pakistan and Ethiopia shares healthy bilateral trade relations however trade potential still possess room for the furtherance of enhanced trade volumes. During Fiscal Year 2014, Pakistan exported goods of worth \$ 7.73Mn as against \$ 11.16Mn in the last Fiscal Year 2013 showing a decline of 30%. Similarly Pakistan's import from Ethiopia also fell by 22% as it imported goods from Ethiopia of worth \$ 21.38Mn during Jul.'13-Jun.'14 as against \$ 27.47Mn in the same period last year. The trade balance is in the favour of Ethiopia by \$ 13.65Mn.

The commodities that Pakistan exports to Ethiopia include rice, woven cotton fabrics, cotton waste, tarpulins, cane, articles of apparel and clothing, leather and articles, articles of Wood, matches, medical and surgical instruments etc. The commodities imported by Pakistan from Ethiopia include dried edible vegetables, coffee, tea, mate, spices, oil seed, oleagious fruits, grain, seed and fruit etc.

Potential for enhancing bilateral trade between Ethiopia & Pakistan

In FY14, Pakistan's export to Ethiopia has been down by 22% where noticeable decline has been observed in the exports of clay, chalk, portland cement, pharmaceutical products, plastics and articles thereof, prepared glues and adhesives, plates, sheet, films, synthetic filament yarn, cereals etc. The efforts should be made on the gov't's part to channel ways for bringing back the exports to the same level as it was in the past.

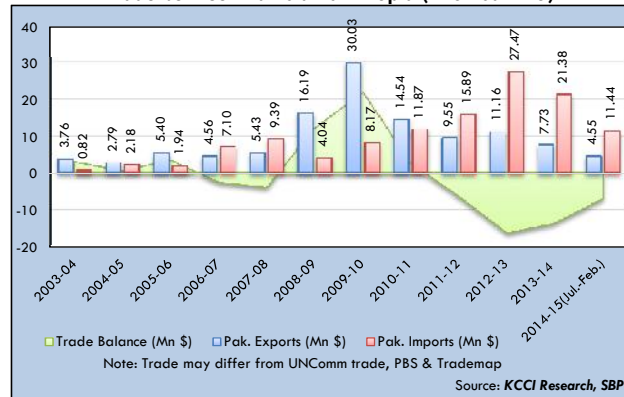
Similarly, as Ethiopia is an African country which is chiefly dependent on imports of cereals, textiles, food and live animals, chemicals and machinery, Pakistan should focus on exporting all these items to Ethiopia as our neighboring countries have grabbed extensive share in these areas.

Economic Indicators

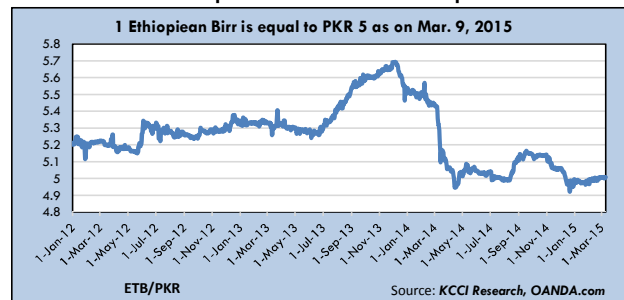
Indicators	Unit	2012	2013 est.	Change
GDP (PPP)	\$ Bn	110	118.20	7.07%
GDP per Capita	\$	1,300	1,300	-
GDP growth	%	8.5	7.0	-1.50%
Forex Reserves	\$ Bn	3.27	3.38	3.36%
External Debt	\$ Bn	10	12	19.54%
Exports	\$ Bn	3.04	3.21	5.76%
Imports	\$ Bn	10.25	10.68	4.20%
Trade Balance	\$ Bn	-7.21	-7.47	-3.54%
Current Account	\$ Bn	-2.03	-2.74	-35.11%
CPI	%	22.9	8.4	-14.50%
Unemployment	%	17.5	N/A	N/A
Lendign Rate	%	14.50	12.0	-2.50%

Sources: KCCI Research, CIA Factbook

Trade between Pakistan & Ethiopia (FY04-Jan.'15)



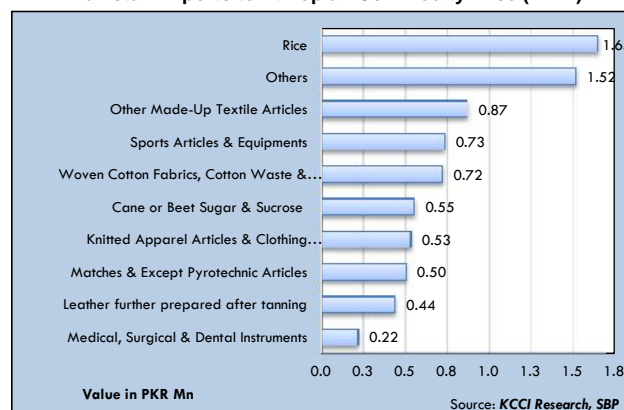
Ethiopian Birr Vs. Pakistani Rupee



Key Memberships

Ethiopia has its participation in ACP, AfDB, AU, FAO, G-24, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRC, IGAD, ILO, IMF, IMO, IOC, IOM, IPU, ISO, ITSO, ITU, MIGA, NAM, OPCW, PCA, UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNISFA, UNMIL, UNOCI, UNWTO, UPU, WCO, WHO, WIPO, WMO

Pakistan Exports to Ethiopia - Commodity Wise (FY14)



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