وزارة الصناعة والتجارة والتموين

COUNTRY PROFILE AND EXPORT GUIDE

The Ministry of Industry, Trade and Supply
Phone: 5629030
www.mit.gov.jo

COUNTRY PROFILE AND EXPORT GUIDE

ETHIOPIA

This guide is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents do not necessarily reflect the views of USAID or the United States Government.

CONTENT

ETHIOPIA: PROFILE & EXPORT GUIDE

OUTLOOK: 2015 – 2016

Doing Business Report , 2015	
Overall Ranking (189 countries)	*148*
Global Competitiveness Report 2015-2016	
GCI score(1-7) Best	3.7
Overall Rank (Rank/140)	109
Transparency International Report - Corruption Perception Index, 2014	
Overall Ranking *0 (highly corrupt) to 100 (very clean)*	*33*

Outlook Image 1: Ethiopia

EASE OF DOING BUSINESS RANKING

TYPES	STARTING A BUSINESS	DEALING WITH CONSTRUCTION PERMIT	REGISTERING PROPERTY	PROTECTING INVESTORS	PAYING TAXES	ENFORCING CONTRACTS
2015	168	28	104	154	112	50
2014	165	30	102	143	109	51

ADDITIONAL INSIGHT

STOCK EXCHANGE CAPITALIZATION	NO STOCK EXCHANGE
NET OFFICIAL DEVELOPMENT ASSISTANCE	US $ 3.2 BILLION
URBAN POPULATION (% OF TOTAL)	17%
FOREIGN DIRECT INVESTMENT	US $ 278.5 BILLION
INTERNET PENETRATION RATE	1.5 %
MOBILE PHONE SUBSCRIPTION RATE	22%
TOTAL OIL PRODUCTION	CURRENTLY EXPORING
GLOBAL TERRORISM INDEX	37 * 1 IS MOST TERRORISM. 116 IS LEAST
MO IBRAHIM GOOD GOVERNANCE RATING	33 * 1 IS BEST GOVERNANCE. 52 IS WORST GOVERNANCE

Source: https://asokoinsight.com/countries/ethiopia/

Table 1: General Profile, 2015-2016

Socio-Economic Indicators		**Sectoral/Technology Indicators**	
Population, Total	97 mn	Mobile cellular subscribers *(per 100 people)*	31.59
Urban population growth *(annual %)*	4.84	Internet users *(per 100 people)*	2.9
Life Expectancy at birth, total *(years)*	60.95(2013)	Gross enrollment ratio, primary, both sexes (%)	83.63 (2006)
Fertility rate, total(births/women)	4.4(2013)	Gross enrollment ratio, secondary, both sexes (%)	29.03 (2006)
GDP at market prices(current US$)	55.6 bn	Agriculture, value added, % *of GDP*	41.92
GDP growth (annual %)	10.28	Industry, value added, % *of GDP*	14.66
FDI, net inflows (BoP current US$)	1.2 bn	Services, value added, % *of GDP*	43.42
Environmental Indicators		**Trade Indicators**	
Energy use *(Kg of oil equivalent per capita)*	493.47 (2012)	Merchandise trade *(% GDP)*	42.46
CO_2 emissions *(metric tons per capita)*	0.084 (2011)	Exports of goods and services *(% of GDP)*	11.64
Electric power consumption *(kwh/capita)*	57.43 (2012)	Imports of goods and services *(% of GDP)*	29.09
		High-technology exports *(% of manufactured exports)*	2.37 (2013)

Source: World Development Indicators

PESTLE ANALYSIS

Political

Situated in the East of Africa, Ethiopia is neighbors with Somalia to the South East, Djibouti to the East and Eritrea to the North. Ethiopia went through a destructive civil wars between 1974 and 1991 that has exhausted the country's major resources. In 2015, Ethiopia held elections that resulted in a term in office for the current ruling party. Ethiopia is Africa's second most populous country and fastest-growing economy. Currently, Ethiopia is going through the transformation into an open economy and hence stressing the importance of industrialization in a country that has so far depended heavily on agriculture. Major infrastructure projects are being carried out that will facilitate trade and take the country into a new level of openness and investment. Ethiopia is yet to join the WTO, but currently serves as Chair of the COMESA Authority – essentially, governing Africa's largest regional economic community for the 2015 – 2016 period.

Economic[1]

Strong economic performance since the mid-2000s has helped turn Ethiopia into one of the fastest growing non-oil producing economies on the continent, with average annual growth rates above 11 percent between 2004 and 2008. Like many sub-Saharan African countries, the country has enjoyed a period of rapid growth and the recent period of rapid growth, initially led by agriculture, has become more broad-based, with mining, services, and manufacturing sectors generating an increasing share of output. In 2013/14, agriculture accounted for 40.2% of GDP, 80% of employment and 70% of export earnings.[2]

To address remaining issues, the Ethiopian government followed a 5-year development strategy it implemented in November, 2010 focused on promoting growth through high public investment. The strategy involved concentrating government expenditures on human capital and social sectors and a dominant role for public enterprises in undertaking critical infrastructure investments.[3]

As a result, Ethiopia's exports are growing rapidly – with Ethiopia becoming one of the world's largest exporters in the world of cut flowers.[4] It also helps that Ethiopian Airlines is one of Africa's most reliable and profitable infrastructural public enterprises in Africa. The national carrier already carries two-thirds of Africa's air freight and recently made plans to expand its cargo capacity and range, particularly in West Africa.[5] This development especially reflects Ethiopia's facilitation of *just-in-time* supply chain participation. What Ethiopia has achieved in the perishable export sectors of flowers, vegetables, and meat, it is now seeking to do for labor-intensive manufacturing by establishing industry parks in which all firms will be authorized economic operators (AEOs).[6]

---

[1] On June 2, 1984, the Hashemite Kingdom of Jordan and what is now the Federal Democratic Republic of Ethiopia signed a trade agreement[1] that allowed the two countries to export commodities to each other for FY 1984/1985. Then, Ethiopia exported items such as coffee, animal and animal products, oil seeds and pulses, tomato paste, spices and even military shoes. For its part, Jordan exported fertilizer, cement, tobacco leaves, cigarettes, computer paper, ballpoint pens, textiles, insulators, electric conduits, boxes and fittings plus insulators from polystyrene, welding bars and even shaving blades. Thirty years later, Jordan garners over US$230,000,000 from exporting mineral/chemical fertilizers to Ethiopia. Alternatively, Jordan imports US$85,417,191 worth of good from Ethiopia; a figure that's slightly less than what it imports from South Africa.[1] Today, Ethiopia is amongst the fastest growing non-oil economies in the world. However, Ethiopia is still a poor country where agriculture – its share of GDP has declined steadily over the past decade - continues to form the backbone of the economy.

[2] Admit ZERIHUN WONDIFRAW, Haile KIBRET & James WAKAIGA, ***Ethiopia 2015***, African Economic Outlook © AfDB, OECD, UNDP 2015, p. 4 http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2015/CN_data/CN_Long_EN/Ethiopia_GB_2015.pdf

[3] IMF Country Report No. 14/304, ***The Federal Democratic Republic of Ethiopia,*** *Selected Issues Paper,* International Monetary Fund, Washington, DC, October 2014, https://www.imf.org/external/pubs/ft/scr/2014/cr14304.pdf

[4] Deloitte, Ethiopia, A Growth Miracle, 2014 Deloitte & Touche, http://www2.deloitte.com/content/dam/Deloitte/za/Documents/strategy/za_ethiopia_growth_miracle_july2014.pdf

[5] Kurt Davis, Jr, Ethiopia: Ripe and Open for Business, Africa Policy Journal, Harvard Kennedy School, January 16, 2014, https://apj.fas.harvard.edu/ethiopia-ripe-and-open-for-business/

[6] Henok Assefa, Derk Bienen & Dan Ciuriak, Ethiopia's Investment Prospects: A Sectoral Overview, African Review of Economics and Finance, Vol. 4, No.2, Grahamstown, South Africa, June 2013

According to the National Bank of Ethiopia, the country increased imports from US$4,195 million in Qtr1 2015 to US$4,213.40 million in Qtr2 2015. Overall, imports averaged US$2,532.33 between 2006 until 2015 - reaching an all-time of US$4,382.60 million in the fourth quarter of 2014.[7] China is Ethiopia's main source of imports since 2008 when it overtook the European Union. Similarly, imports from Kuwait to Ethiopia rose dramatically, and in 2015, Ethiopia's main trading partners were China with 18% of total imports, Saudi Arabia with 13%, the U.S. with 9%, and then Russia and India take the last top positions.[8] Nonetheless, countries like Kuwait and the UAE are doing brisk business with Ethiopia and note that UAE's exports such as fertilizer, palm oil, computers and telephony could be because the UAE plays a conduit role in its special economic zones for the goods and services from other regions and countries.

Social

With a population growth rate of just under 3 percent, Ethiopia's people are broken down into the Oromo 34.4%, Amhara (Amara) 27%, Somali (Somalie) 6.2%, Tigray (Tigrinya) 6.1%, Sidama 4%, Gurage 2.5%, Welaita 2.3%, Hadiya 1.7%, Afar (Affar) 1.7%, Gamo 1.5%, Gedeo 1.3%, Silte 1.3%, Kefficho 1.2%, other 10.5%. The country is mostly Ethiopian Orthodox [43.5%] and there's a significant Muslim population [33.9%]. The median age is about 17.7 years for both males and females, and more than 43 per cent of Ethiopians are below 15 years of age. The next biggest population group is between the ages of 25 and 54 [29.31]. There are less than 20 million Ethiopians between the ages of 15 and 24. One of the oldest Christian Churches is in Ethiopia, the Ethiopian Orthodox Church, and it has become a unique cultural heritage site. Major languages spoken in Ethiopia are Amharic, Oromo, Tigrinya, Somali.

Technology

Ethiopia is one of the few African countries with a public monopoly on information and communication technology (ICT). However, the country has seen substantial growth over the last five years – between 2010 and 2015. According to *Research Africa*[9], Ethiopia's mobile telecommunications grew from a mere 1.2 million subscribers in 2007, to a projected 28 million subscribers by the end of 2015. The same study shows that internet and data subscribers grew sevenfold from 31,400 in 2007 to 221,000 in 2011, and

[7] http://www.tradingeconomics.com/ethiopia/imports

[8] *Ibid*

[9] http://www.researchictafrica.net/publications/Evidence_for_ICT_Policy_Action/Policy_Paper_3_-_Understanding_what_is_happening_in_ICT_in_Ethiopia.pdf

that by 2012, the voice communication coverage had reached 64%, a significant progression given Ethiopia's start from a low base. A recently expired management contract with *France Telecom* improved performance for Ethiopia Telecom (ETC), although the government, as recently as 2013, rejected calls to privatize ETC and to allow market competition, citing the need for higher profits from the company to subsidize an unrelated railway project.

Nonetheless, the government has been investing in communications infrastructure to offset low communications penetration. A vendor credit scheme supported by US$1.5 billion in finance from the Export-Import Bank of China (EXIM) in 2007 and implemented by the Chinese firm *Zhongxing Telecom Corporation* (ZTE), has generated 10,000 kilometers of fiber and expansion of the mobile communications in August, 2015 the Ethiopian Government launched an ICT village aimed at offering a world class business environment with expanded services and increased trade facilitation. Located in the Bole Lemi industrial area, the ICT village will have functional zones to include business, assembly and warehouse, commercial, and administration. [10] Lastly, Ethiopia still lags behind in deploying ICT infrastructure, particularly broadband. More investment is needed in regional communications networks to allow all trade posts to be integrated into single windows and ensure the continuity of data transmission.

Table 2: ETHIOPIA'S TELECOMS - ESTIMATED MARKET PENETRATION IN 2015- 2016

Market	Penetration rate
Mobile	34%
Fixed	1.0%
Internet	2.3%

Source: BuddeComm based on various sources

[10] For more information, visit the Government of Ethiopia website at: http://www.ena.gov.et/en/index.php/social/item/927-ethiopia-opens-state-of-the-art-ict-village#sthash.SG4ATVL4.dpuf

Recent Developments in Ethiopia's ICT Sector include:

i. BelCash Technology Solution partnered with 2 banks to launch mobile money service
ii. Ethio Telecom launched LTE in Addis Ababa and the country manufactures mobile phones
iii. Huawei and ZTE share a US$1.6 billion contract to develop an LTE network and expand 3G service throughout Ethiopia, and as a result, ETC provides over US$300 million to the government for infrastructural spending.

Legal

Ethiopia is a federal state with a parliamentary system of government. The country follows a civil-law legal system with the federal constitution being the supreme law of the land. Below this constitution are proclamations enacted by the parliament; regulations made by the Council of Minsters; and then directives made by lower organs of the state. International treaties ratified by the state are also integral parts of the law of the land and are parallel to proclamations. A Commercial Code was enacted in 1960 and has been under revision for several years. It is known that business practices are informal and depend on local relations and hence do not necessarily measure up to international standards. A number of pieces of legislation have been passed by the Federal government in this area - such as a competition law and an urban land lease law with the objective of increasing transparency to produce a more conducive environment for private sector development and attract international investment.

Environment

Ethiopia has its share of environmental issues ranging from deforestation, soil erosion, and desertification in rural areas, to high levels of air pollution and mismanagement of domestic and industrial wastes in the capital Addis Ababa. Ethiopia has been making an effort to counter environmental degradation, They have signed over ten international multilateral agreements on topics including biological diversity, climate change, desertification, and organic pollutants. In Addis Ababa the rate of urbanization and industrialization was way too quick to plan for environmental sustainability adequately. The influx of industry has led to a spike in carbon emissions, and lax environmental laws could not prevent local and multinational industrialists from dumping their waste in a hazardous manner polluting the scarce water sources.

In rural areas there has been a staggering loss of forests, it is estimated that 90% of Ethiopia's forests have disappeared over the last 100 years. The rate of deforestation is whopping 1500-2000 square km annually. The primary reason for this deterioration is logging to make room for agricultural products to export and the exploitation of the forests resources for fuel wood and construction materials. Development projects have also contributed to this wide deterioration.

As is usually the case with deforestation, soil erosion and depletion are quick to follow. Soil degradation has adversely affected agricultural productivity in Ethiopia. Another issue is the lack of accountability in environmental law, although Ethiopia has adopted various international standards to adhere to, however, they are rarely enforced.

EXPORT GUIDE | ETHIOPIA

Although Ethiopia is currently engaged in economic reform and liberalization, the Federal Government of Ethiopia is still heavily involved in most economic sectors and the service sector is, for instance, very difficult for foreigners penetrate. **Importantly,** all imports must be channeled through Ethiopian nationals who are registered as *Official Import* or *Distribution Agents* with the *Ministry of Trade and Industry*, and they must attain prior permission from banks who also need to get permission from the National Bank of Ethiopia. Nonetheless, while it can take up to 75 days to clear imports, with inconsistent tax assessments and excessive penalties, Ethiopia remains one of the world's fastest growing economies; and as **Tables 1** and **2** below show, other export nations are doing brisk business with Ethiopia in specific products that Jordan is competitive.

Table 3: Product Exporters to Ethiopia – 2013/2014 | Specific [Jordanian] Sector

<table>
<tr><th>No.</th><th>Specific Sector | Products</th><th>Export Partners</th><th>Percentage</th></tr>
<tr><td rowspan="3">1.</td><td rowspan="3">Construction
Note that this includes Prefab Buildings, Transport Equipment, Machinery, Pipes, Stone, Marble and Granite</td><td>China</td><td>43</td></tr>
<tr><td>Italy</td><td>23</td></tr>
<tr><td>Brazil | U.S. | India</td><td>19 | 8.4 | 5.2</td></tr>
<tr><td colspan="4">Please See: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/eth/show/8429/2013/</td></tr>
<tr><td rowspan="3">2.</td><td rowspan="3">Leather & Garments
Note that this includes clothing accessories, bovine, carpets, rugs, textile floor coverings plus embroideries and knitted Fabrics</td><td>China</td><td>53</td></tr>
<tr><td>India</td><td>5.3</td></tr>
<tr><td>Thailand | South Africa</td><td>4.6 | 1.4</td></tr>
<tr><td colspan="4">Please See: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/eth/show/8429/2013/</td></tr>
<tr><td rowspan="3">3.</td><td rowspan="3">Furniture
Note that this includes wooden building products, carpentry, including doors, windows, wooden frames, and decoration works</td><td>China</td><td>28</td></tr>
<tr><td>UAE | South Korea</td><td>5 | 3.8</td></tr>
<tr><td>Italy</td><td>4.1</td></tr>
<tr><td colspan="4">Please See: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/eth/show/8429/2013/</td></tr>
</table>

No.	Specific Sector | Products	Export Partners	Percentage
4.	**Therapeutic & Medical Supplies** Note that this includes veterinary products, disposables such as gloves & syringes and other medical Instruments	**India**	25
		China | Netherlands	22 | 20
		Belgium | U.S.	19 | 9.1
Please See: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/eth/show/8429/2013/			
5.	**Printing, Packaging & Stationary** Note that Kenya provides Ethiopia with up to 46% of its pen and pencil products. This list includes note pads, *et al*	**India**	30
		Indonesia	24
		China	18
Please See: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/eth/show/8429/2013/			
6.	**Engineering & Electric** Note that this includes pumps, cranes, elevators, escalators, metal electrical home appliances, light fixtures, wiring and accessories	**China**	39
		Germany | Italy	17 | 12
		Spain | UK	9 | 7.5
Please See: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/eth/show/8429/2013/			
7.	**Chemical & Cosmetics** Note that this includes medical cosmetics, beauty products as well as other generic cosmetics	**Tunisia**	48
		China | Ghana	21 | 9.9
		France | South Africa	9.6 | 7.7
Please See: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/eth/show/8429/2013/			
8.	**Food Supplies, Agricultural & Livestock** Note that this includes fruits, vegetables, food stuff, livestock, mineral water, alcoholic and soft drinks	**India**	42
		France | U.S.	22 | 21
		Saudi Arabia | China	18 | 8.1
Please See: http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/eth/show/8429/2013/			
9.	**Mining** Note that this mining sector specifically excludes petroleum – although this is Ethiopia's main import but includes Asphalt, Phosphate and Potash	**UAE**	37
		Bahrain	30
		China | Belgium	18 | 18

Please note that these facts and figures are collated from the ***Observatory of Economic Complexity.*** *This site is a comprehensive way to attain specific details on international trade. For more information, please visit:* ***www. atlas.media.mit.edu/en/***

Table 4: Service Exporters to Ethiopia – 2013/2014 | Specific [Jordanian] Sector

No.	Specific Sector | Services	Export Partners	Percentage
10.	Services: **Education**	Please see Note 1 Below	N/A
11.	Services: **Clean Technology**	Please see Note 2 Below	N/A
12.	Services: **Clinical Research Outsourcing**	Please see Note 3 Below	N/A
13.	Services: **Medical Tourism**	Please see Note 4 Below	N/A
14.	Services: **Architecture & Engineering**	Please see Note 5 Below	N/A
15.	ICT: **Programming | Mainframe Computer**	China | India | Malaysia	23 | 4.3 | 2.1
	ICT: **Consultancy, Data | Related Activities**	China | India | Malaysia	23 | 4.3 | 2.1

	ICT: **Computer Repair | Peripheral equipment**	Other Asia | China | Japan	13 | 6.1 | 2.5

*Please note that info on **ICT Sector Services** is collated from the **Observatory of Economic Complexity.** This site is a comprehensive way to attain specific details on international trade. For more information, please visit: **www. atlas.media.mit.edu/en/***

Note 1: Education Services Sector

Because Ethiopia continues to have challenges in the quality and efficiency of its education sector, Jordanian educationists have an opportunity to partner with Ethiopia's Ministry of Education and the World Bank in higher education, teacher training, and education reform. In a Comprehensive Report from 2015, the World Bank noted that Ethiopia has achieved *moderately satisfactory* results following expenditure of over USD $600 on curriculum development, teacher development, school improvement, management and capacity building. Specifically, Jordan's various e-services could benefit from the fact that more than USD $ 34 million was spent on using ICT to improve learning and teaching quality.

Additionally, please note that: (i) a 2012 Study revealed that three million children remain out of school at the primary level; (ii) a quarter of first grade students dropped out of school during the 2012/13 academic year; (iii) Enrolment has steadily risen from 55% in 2000, 81% in 2005, 102% in 2010 and 130% in 2012; (iv) The Technical and Vocational Education and Training (TVET) sector is being revitalized; (v) There's a network of 36 universities across Ethiopia, and (vi), UNESCO strongly suggests that the Ministry of Education is open to partnership with Jordan.

Note 2: Clean Technology [Solar & Wind] Services Sector

Of the Top Companies exporting solar energy solutions to Ethiopia, 40% are Chinese,[11] 20% are American[12], 20% are Canadian[13] while Taiwan and Mexico have 10% each of this market. As for wind technology, Ethiopia has only the *Ashegoda Wind Farm* generating 120 MW of electricity per year and the *Adama Wind Farm*, producing 51MW annually. Ethiopia has an annual average daily irradiation of 5.5 kWh /sq. m/day and more than 7 meters per second at 50 m above ground level for wind energy.

Note 3: Clinical Research Outsourcing Service Sector

In 2013, because Ethiopia spent almost USD $ 15 million on chemical testing equipment from Germany [20%], China [20%], France [15%] and the United States [12%], the assumption here is that Ethiopia is consulting with these four countries and outsourcing some of its clinical research to them.

[11] Shengtai Solar Energy Science and Technology Co., based in Zibo, China Solar LTD, based in Shenzhen City, GH Solar Energy Systems based in Hangzhou, and Shenzhen Global Solar Energy Technology Co. Ltd, based out of Shenzhen. Each manufactures solar cells, panels and systems ranging from 0.1W-320W, and exports to Ethiopia via companies like Pulse General Business PLC, and Sigma Electric PLC.

[12] *SunPower* and *PowerFilm*, Inc.

[13] *Invensun* and *Amazing Solar*

Note 4: Medical Tourism Service Sector

Based on Ethiopia's demand for medical tourism, Jordan's medical sector could join more than a dozen other hospitals from countries like Thailand, Dubai, India, Turkey, Saudi Arabia and South Africa by opening up representative offices for its hospitals. For instance, in 2015, 1,000 Ethiopians traveled to Thailand's *Bumrungrad International Hospital* – an increase of over 1,000% from just three years ago.

Note 5: Architecture & Engineering Service Sector

Because China provides between 26% and 39% of Ethiopia's engineering and architectural equipment, it may be safe to say that an equitable proportion of Ethiopia's utility, transport, geotechnical, residential and non-residential architectural and engineering services are Chinese. The rest come from Germany [17%] and Italy [12%].

Market Entry Options | Products & Services

1. Because of a foreign exchange shortage in Ethiopia, direct export as agents and distributors – as well as licensing, franchising and direct marketing - from Jordan would be very difficult.
2. Ethiopia requires that all imports must go through Ethiopian nationals who are Official Registered Import or Distribution Agents
3. Like the U.S. State Department notes, it is not difficult to find experienced and reputable agents in Ethiopia in all sectors – from construction to mining. Hence, Jordanian businesses can partner or enter into joint ventures with a whole host of registered importers such as those listed online at **2Merkato** | www.2merkato.com, the biggest business portal in Ethiopia.

Import Requirements | Documents | Guarantees, *etc.*

1. The Ethiopia Ministry of Trade has mandatory testing and verification against 124 Compulsory Ethiopian Standards (CES). These regulate categories such as Food and food products; Chemical products; Textile, leather, plastic and rubber; Construction materials; Electrical & electronics
2. Apart from printing, stationary and mining, Jordan's main sectors would require a *Certificate of Conformity* pre-shipment, and must present the original document to Ethiopian Customs for clearance. Other documents include the *Request for Certification*; *Proforma invoice*, *Final Invoice*, *Test Reports* from an accredited ISO 17025 laboratory, and *product markings/label templates*

3. Every consignment of qualifying goods is to be physically inspected at origin by an approved third party inspection company before shipment. Examples of these include *Intertek* and *SGS*. However, depending on the nature of the product, laboratory testing or documentary verification to demonstrate compliance with relevant Ethiopian standards will be required.
4. All Jordanian sectors would be much better placed to work with Ethiopia's *Approved Providers of New Certification Services* such as SGS and Intertek. As international organizations, both SGS and Intertek work with governments such as Ethiopia to do *pre-shipment inspection*, destination inspection, conformity assessment or pre-export verification (PVoC) to standards and both firms would issue Jordanian businesses with mandatory certification; clearing customs smoothly.
5. Ethiopia's Proclamation No. 173/1999 Council of Ministers Regulations to Determine the Fees Payable on Pre- Shipment Inspection Services No. 56/1999 means that an importer must contact Customs Authorities to pay a PSI program deposit of 1% of the CIF value. (This deposit will, after importation of the goods, be offset against the Pre-Shipment Inspection Programme Fee). Against payment, importer will obtain a prepayment receipt which will have to be added to all other documents required to import goods. The inspection will not be conducted without payment of this PSI fee.
6. A certificate of inspection (CoI) is issued to evidence the compliance of a shipment. A non-conformity report (NCR) is issued if verification activities such as testing or inspection show discrepancies against the verification criteria. Exporters will be informed accordingly and given sufficient time to make the necessary corrections.
7. Regulated goods imported without a *Certificate of Inspection* from an authorized third party inspection body will be subject to systematic local inspection, sampling and testing by Ministry of Trade upon arrival of the goods. Clearance will not be authorized until satisfactory test results are available.
8. Importers or agents must apply for an *import license* with the Ministry of Trade and Industry; and for *a line of forex* with the Controller of Exchange and *National Bank of Ethiopia*. Any purchase worth more than USD $ 5000 should be processed either through a *letter of credit* (LC) or Cash Against Document (CAD).
9. Importers who secure foreign currency should use *Ethiopian Shipping and Logistics Services Enterprise* (for Sea Transport) or *Ethiopian Airlines* to transport their cargo. If these carriers do not call at a specific port, the carriers *must* give the importers a waiver.

Duties | Tariffs | Taxes | Jordanian Imports

1. The Ethiopian Government levies taxes in imported goods in sequential order. These are customs duty, excise tax, VAT, surtax and withholding tax.
2. Please note that prices of all products, except petroleum, fertilizers and pharmaceuticals, are based on a customs duty where the Harmonized System code is applicable, a 15% VAT, a 2% withholding tax, and an excise tax that's dependent on the type of product.
3. With the original price of of the goods and services, taxes will be multiplied by **customs duty;** this total will then be multiplied by the applicable **excise duty;** this will then be multiplied by the **15% VAT,** which will then be multiplied by a **withholding tax of 3%.**

Table 5: Tariffs on Specific Sectors

No.	Specific Sector	Tax Calculator
1.	**Construction Materials**	Unit of Measurement: **Unit +** Customs Duty Rate: 35% + Excise Tax: 30% to 35% + VAT: 15% + Sur Tax: 10% + Withholding Tax: 3%
2.	**Leather & Garments**	Unit of Measurement: **Unit +** Customs Duty Rate: 35% + Excise Tax: 0% to 35% + VAT: 15% + Sur Tax: 10% + Withholding Tax: 3%
3.	**Furniture**	Unit of Measurement: **Unit +** Customs Duty Rate: 35% + Excise Tax: 30% to 60% + VAT: 15% + Sur Tax: 10% + Withholding Tax: 3%
4.	**Therapeutic & Medical Supplies**	Unit of Measurement: **KG/Unit +** Customs Duty Rate: 35% + Excise Tax: 0% to 30% + VAT: 15% + Sur Tax: 10% + Withholding Tax: 3%
5.	**Printing, Packaging & Stationary**	Unit of Measurement: **KG/Unit +** Customs Duty Rate: 35% + Excise Tax: 0% + VAT: 15% + Sur Tax: 10% + Withholding Tax: 3%
6.	**Engineering & Electric**	Unit of Measurement: **Unit +** Customs Duty Rate: 35% + Excise Tax: 0% to 35% + VAT: 15% + Sur Tax: 10% + Withholding Tax: 3%
7.	**Food Supplies, Agricultural & Livestock**	Unit of Measurement: **KG/Unit +** Customs Duty Rate: 35% + Excise Tax: 0% to 100% + VAT: 15% + Sur Tax: 10% + Withholding Tax: 3%

No.	Specific Sector	Tax Calculator
8.	**Mining**	Unit of Measurement: **KG +** Customs Duty Rate: 35% + Excise Tax: 0% to 30% + VAT: 15% + Sur Tax: 10% + Withholding Tax: 3%
9.	**Chemical & Cosmetics**	Unit of Measurement: **KG +** Customs Duty Rate: 35% + Excise Tax: 0% to 100% + VAT: 15% + Sur Tax: 10% + Withholding Tax: 3%

Table 6: Sample of Excisable Items

Item	Type of Excisable item	Excise Tax Rate (%)
1	Any type of sugar (in solid form) excluding molasses	33
2	All type of soft drinks (except fruit juices	30
3	Perfumes and Toilet Waters	30
4	Water bottled or canned in a factory	20
5	All types of beer and stout	50
6	All types of wine	50
7	Whisky	50
8	Other alcoholic drinks	100
9	Tobacco leaf	20

Taken from the Ethiopia Revenue & Customs Authority: http://www.erca.gov.et/images/Documents/Customs/Others/1457.pdf

Sanitary & Phytosanitary Measures | Ethiopia

1. Most SPS issues in Ethiopia are related to live animals, with the Animal & Fisheries Resources Development and Regulatory Department as the main public authority responsible.
2. In regard to testing, while SPS measures may serve legitimate purposes, exporters report extra formalities, time, and costliness that restrict or inhibit exports. Obtaining SPS approvals also reportedly involves tedious and substantial documentation and bureaucratic procedures

Non-Tariff Barriers | Ethiopia

Like the other sub Saharan African countries, Ethiopia has eight categories of NTBs that have been identified as most restrictive to trade. These include (i) government participation in trade and restrictive practices tolerated by governments; (ii) lengthy customs and administrative entry procedures; (iii) technical barriers to trade and sanitary and phyto-sanitary measures; (iv) specific limitations including quantitative restrictions, and quotas; (v) charges on imports; (vi) transport, clearing and forwarding; (vii) issues related to transit clearance; and (viii) procedural restrictions. Importantly, Ethiopia is, apparently, applying the health and sanitation measures judiciously, and so, fortunately, NTBs of the SPS-related category are less frequent than in the past. The most notorious NTBs are the customs and administrative entry procedures, followed by transport, clearing and forwarding, and other procedural problems.[14]

Table 7: Non-Tariff Barriers on Specific Sectors

No.	Specific Sector	Non-Tariff Barriers
1.	**Construction Materials**	**Dangote Cement** from Nigeria invested US$450m in 2015 to double its current production capacity to 5Mt/yr at its Oromia Plant. The Nigerian cement producer has already received a 36ha plot of land from Oromia State, near the plant's site in Mugher, Adebern Wereda.
2.	**Leather & Garments**	While import taxes on both leather and textile imports have been reduced, Ethiopia has one of Africa's largest livestock numbers and this may compete directly with Jordan.
3.	**Furniture**	No Specific Non-Tariff Barriers |e Please see General NTBs
4.	**Therapeutic & Medical Supplies**	No Specific Non-Tariff Barriers | Please see General NTBs
5.	**Printing, Packaging & Stationary**	No Specific Non-Tariff Barriers | Please see General NTBs
6.	**Engineering & Electric**	Goods traveling by road must have seals applied by Ethiopian customs (cargoes taken by rail do not have to be sealed, but are frequently the subject of private security arrangements as the CDE does provide cover against theft or wear and tear).
7.	**Food Supplies, Agricultural & Livestock**	Eight different institutions are involved to process the import of live animals and food, with significant transaction costs. This is critical for perishable goods such as meat, where these administrative arrangements have to be

[14] Please note that an online system to provide systematic and transparent processes for the identification and elimination of barriers to trade was developed by the Tripartite Arrangement. It is a systematic way of capturing, storing, monitoring and tracing progress towards elimination of NTBs among the tripartite countries.

No.	Specific Sector	Non-Tariff Barriers
		completed, which take at least seven days.
8.	**Mining**	No Specific Non-Tariff Barriers | Please see General NTBs
9.	**Chemical & Cosmetics**	Once taxes and duties are paid and the collection slip issued, the customs declarations are examined by banks and by the NBE Ethiopian (for reasons of currency control). This process can take months, leading to delays in payment among the forwarding agents (since the operation is not complete).

General Non-Tariff Barriers

1. The requirement to purchase foreign currency in advance, at the rate and on the terms set by the national monetary authorities. For instance, opening an account in foreign currency is limited to international organizations, diplomatic groups, a few specific foreign investors [currently, Chinese businesses are favored], foreign nationalities working with such institutions, foreign citizens of Ethiopian origin and Ethiopians in the diaspora.
2. Because Jordanians do not possess any special status in Ethiopia, this could pose a significant non-tariff barrier to business, Ethiopian banks are eligible to open accounts with different banks abroad subject to reporting to the National Bank of Ethiopia for subsequent registrations. Additionally, payment in hard foreign currency among residents of Ethiopia is prohibited. Nonetheless, it's important to note that foreign investors can borrow from abroad having registered at the NBE.
3. Burdensome pre-shipment inspection: the imports are subject to inspection before loading, which is accompanied by prior checking of the bills provided by foreign suppliers
4. The procedures for taking goods through customs and placing them under customs authority are carried out, on a preferential basis, by the Ethiopian company MTS, which has offices in Ethiopia and Djibouti
5. Goods intended for import into Ethiopia must be recorded on a customs declaration submitted in advance to an Ethiopian customs office and containing the information relating to the advance deposit. Taxes, duties and deposits must be paid.

6. Ethiopian customs make checks all along the land route (at the Djibouti Ethiopia border and at every Ethiopian town). Checks at railway stations are even more common, and cause frequent incidents because of the delays involved.

Key Import Stakeholders | Ethiopia

1. The Ethiopia Revenue and Customs Authority and Ministry of Trade – Ethiopia
2. Approved Providers of New Certification Services such as SGS and Intertek.
3. 2Merkato | www.2Merkato.com - Business and Commerce Website
4. The Ethiopian Chamber of Commerce and Sectorial Associations

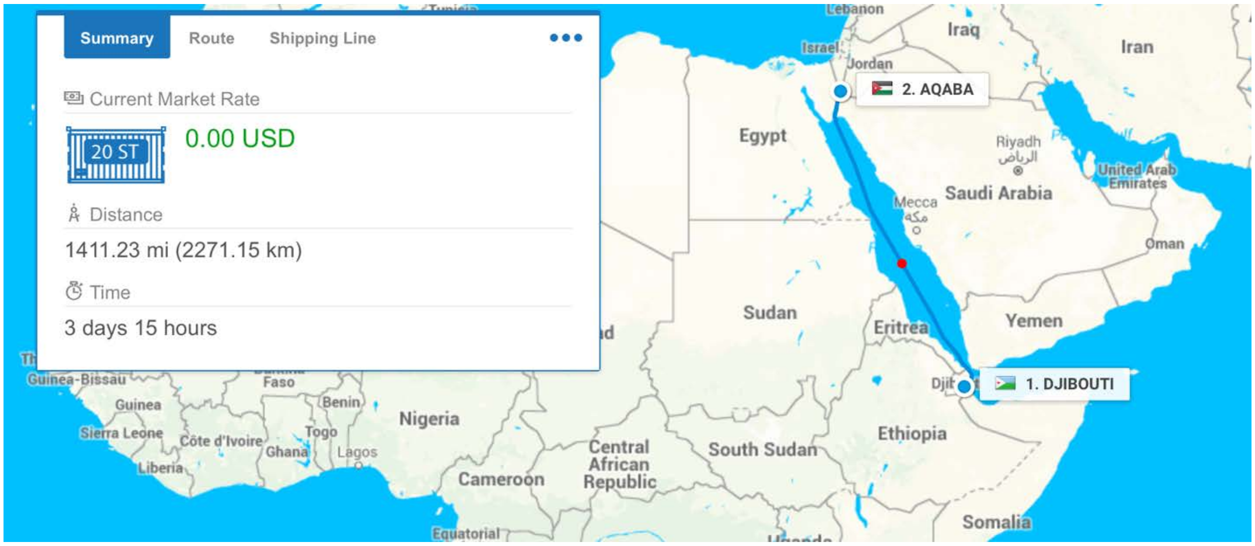
Contact: **Mr. Endalkachew Smie |** Deputy Secretary General, *Operations*

Tel: +251-115518309 Fax: +251-115517699 | E-mail: endalkachews@ethiopianchamber.com

Import Infrastructure & Logistics | Ethiopia

In terms of infrastructure, as of November 2015, the Ethiopia and Djibouti governments are working on overseeing the completion of a 752-kilometre (481-mile) railway, financed and built by China, linking the port capital of Djibouti with landlocked Ethiopia's capital Addis Ababa. With the first scheduled train expected to use the desert line by end of 2015, there's a chance that instead of traveling for two days on a congested mountain road from Ethiopia to Djibouti, a capacity of 3,500 tons - goods will reach the port of Djibouti on a railway line in less than ten hours. Interpretively, instead of taking two days to get to Djibouti from Addis Ababa, and then spending three days and fifteen hours on the 2,271 kilometers at sea between Djibouti and Aqaba in Jordan, goods between Jordan and Ethiopia is a four days period.

Image 1: Sea route from Djibouti to Aqaba, Jordan



SPECIAL COMMENT ON DJIBOUTI

Most major changes in Djibouti's strategic importance over the past 20 years have been driven by:

i. The Ethiopian– Eritrean war of 1998–2000
ii. The rapid economic transformation in Ethiopia
iii. Shifts in U.S. strategy in Africa and the Arabian peninsula since 9/11
iv. The upsurge in piracy along the Gulf of Aden and Somali coasts.

Nonetheless, in regard to Ethiopia, Djibouti owes its existence to its port and as a railhead for highland Ethiopia. In the first two decades of Djibouti's independence, port facilities were gradually expanded. Activities spread to include the handling of transshipments of containers, but Ethiopia remained the port's principal customer. Eritrea's independence from Ethiopia in 1991, and with it the latter's loss of sovereignty over the ports of Massawa and Assab initially had a limited impact on trade flows via Djibouti. However, following the war between Ethiopia and Eritrea in 1998–2000, the former channeled almost all of its imports and exports via Djibouti and relocated its merchant fleet to the city's port.

Interestingly, there is another opportunity for Ethiopia to have further access to the sea: Although this would be further away from Jordan, Mogadishu's proxy to Addis Ababa has apparently prompted Somali officials to reportedly considering a project to expand container capacity at the Port of Berbera. Also, the Kenya Ports Authority has just signed a contract to build a port at Lamu, which could create competition for Djibouti in the medium term.

Importantly, with *Ethio Telecom* and *Ethiopian Airlines* providing revenue for Ethiopia's infrastructure, projections are that projects such as these could come actually into fruition since the country is now spending about US$60 billion – about 41% of GDP on infrastructure.

Table 8: Sample Shipping Paths & Costs - Jordan to Ethiopia

Scheduled Route	Aqaba Terminal Jordan > Jebel Ali Terminal 2 U. A. E. > Dorale Container Terminal Djibouti > Addis Ababa					
Mode of Transport	Ocean > Ocean > TRUCK					
Place of Receipt	Aqaba , Jordan	**Rate Validity**	From 01-Mar-2016 to 31-Mar-2016			
Place of Delivery	Addis Ababa , Ethiopia	**Service Mode**	CY/SD			
Last Acceptance Date	01-Mar-2016	**Commodity**	FAK			
Transit Time	29 day(s)					
Surcharge Name	**Basis**	**Currency**	**20 DRY**	**40 DRY**	**40 HDRY**	**Surcharge**
Basic Ocean Freight	Container	USD	535	1000	1000	Freight
Congestion Fee Destination	Container	USD	0	0	0	Freight
Congestion Fee Origin	Container	USD	0	0	0	Freight
Peak Season Surcharge	Container	USD	0	0	0	Freight
Export Service	Container	JOD	15	20	20	Origin
Documentation Fee Origin	Bill of Lading	JOD	12	12	12	Origin
Inland Haulage Import	Container	USD	2756	4899	4899	Destination

Please note that the following about this shipping sample above:

1. It is garnered from a reputable shipping company and while indicatory for study purposes, it is accurate for the dates mentioned above, and this sample quote is not valid for hazardous cargo, unless otherwise specified and only applies to the weight and type of cargo declared. At time of booking, hazardous cargo is subject to the acceptance policy of involved ports & vessels.
2. Transit time, scheduled routing and/or mode of transport, if provided in this quotation, are indicative only and the Carrier does not undertake that the Goods shall arrive or be available at the Port of Discharge or the Place of Delivery (as applicable) at any particular time nor that it shall be carried by the scheduled routing or the mode of transport indicated.

3. An invoice for the service is issued based on information received on the Shipping Instruction provided and exchange rates are indicative only and may therefore differ from the exchange rates on the invoice.
4. Please note that the total per surcharge type (freight, origin & destination) outlined herein are for guidance only and shall in no way prejudice the responsibility of the Merchant for payment of Freight and other charges in accordance with the terms and conditions of the governing Bill of Lading, including in particular but without limitation.

FINANCIAL SECTOR | ETHIOPIA

Today, public banks account for 67% of total deposits and 55% of loans and advances in Ethiopia. The banking sector includes under 20 commercial banks, with the state recently allowing the local private sector to participate in banking. So, while foreign ownership remains strictly barred, private banks have generally outperformed their state-owned counterparts and their market share of resource mobilization exceeds that of public banks. Still, government dominates lending, controls interest rates, and owns the largest bank, the Commercial Bank of Ethiopia (CBE). In fact, although Ethiopia's banking sector's total assets increased by 13.3% in the FY 2013 – 2015, that country's financial intermediation remains at levels below sub Saharan Africa averages with 3 public banks constituting 77% of total banking sector assets. The Commercial Bank of Ethiopia, alone, holds 80% of the total outstanding loans and investment used to finance public investments, while the Development Bank of Ethiopia holds treasury bills. At the same time, private sector credit has been in decline since 2008 66.5% in 2007/08 to 40.1% in 2013/14.

Ethiopia's banking sector is characterized by high urban concentration of branches and low rural banking density, with the banking sector focused on 'corporate' finance. Note that credit allocation is skewed towards short-term loans and large-scale trade finance in urban areas. In the same vein, money and capital markets are neither extensively developed nor do securities markets – save for the regular treasury bills – have a major presence in Ethiopia. Government bonds, which are dominated by state institutions, are occasionally issued to finance fiscal deficit and to absorb excess liquidity, and inter-bank money market operation is very low.

For the financial sector, the National Bank of Ethiopia is a juridical entity and has always been the sole regulator of the financial service sector of Ethiopia. NBE has a monopoly on all foreign exchange transactions and supervises all foreign exchange payments and remittances, and for Especially after 1991, with the end of socialism and introduction of free- market economy in Ethiopia, the bank got more powers and also acts both as a central and commercial bank. Importantly, the National Bank of Ethiopia's supervision capacity is weak, bank infrastructure poor and payment system very rudimentary. At the moment, the banking system mainly provides basic commercial banking products. But the finance sector has shown increasing performance over the past twenty years with proliferation of actors and services, and increasing profit and growth-rate. Although innovative products are not as rife as other Eastern African countries like Kenya, credit cards, ATMs, mobile and Internet banking have been introduced.

Nonetheless, Ethiopia's banks seem to be well capitalized and profitable. Compared with 2013, total capital of the banking industry increased by 13.2% and reached Birr 26.4 billion by the end of June 2014. As a result, the system-wide capital adequacy ratio increased to 17.2% at the end of March 2014 (it was 14.6% at the end of March 2013) and remains well above the 8% minimum requirement.[15] Though banks' operating costs appear to have increased, the profitability of the banking sector remains high with return on assets (ROA) and return on equity (ROE) at 3.1 and 44.6%, respectively (as of end March 2014).[16] Both are well above the sub Saharan Africa average of 2 per- cent for ROA and 17% for ROE at end 2013 Asset quality has also improved over time, with non- performing loans at less than 3% of banks' total loan portfolio at the end of March 2014.[17]

Our overall understanding of Ethiopia's financial sector can be said to be in its state because Ethiopia is not a member of the World Trade Organization. This could be one of the main reasons international business may have to surmount additional challenges when it comes to importing into Ethiopia. For instance, WTO members cannot, for the most part, take restrictive measures like quota, requirements of form and maximum foreign-shareholding other than what is listed in their schedule under the General Agreement on Trade in Services (GATS). Any such measures that violate the market-access obligation must be clearly inscribed. That is, when states join the WTO they have agreed to give market access and once that commitment is registered in their schedule, they cannot retrieve and take restrictive

[15] Geiger, Michael Tobias; Moller, Lars Christian. *Fourth Ethiopia Economic Update: overcoming constraints in the manufacturing sector*. Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/2015/07/24756616/fourth-ethiopia-economic-update-overcoming-constraints-manufacturing-sectorhttp://documents.worldbank.org/curated/en/2015/07/24756616/fourth-ethiopia-economic-update-overcoming-constraints-manufacturing-sector

[16] ibid

[17] ibid

actions. This is not the case in Ethiopia and its one of the world's poorest performers in the financial services sector.[18]

Please note the following:

1. Importers must get licenses to secure foreign currency. Any purchase worth more than $ 5000 is processed either through letter of credit (LC) or Cash Against Document (CAD).
2. Importers who secured foreign currency should use Ethiopian Shipping and Logistics Services Enterprise (ESLSE for Sea Transport) or Ethiopian Airlines (in case of Air Transport) to transport their cargo. If these carriers do not call at specific ports, the carriers will give the importers a waiver. However, the Ministry of Industry has recently sent a list of manufacturers to the National Bank of Ethiopia who are exempted from the requirement to use ESLSE.
3. Like the other sub Saharan African countries, Ethiopia has eight categories of NTBs that have been identified as most restrictive to trade. These include (i) government participation in trade and restrictive practices tolerated by governments; (ii) lengthy customs and administrative entry procedures; (iii) technical barriers to trade and sanitary and phyto-sanitary measures; (iv) specific limitations including quantitative restrictions, and quotas; (v) charges on imports; (vi) transport, clearing and forwarding; (vii) issues related to transit clearance; and (viii) procedural restrictions. Importantly, Ethiopia is, apparently, applying the health and sanitation measures judiciously, and so, fortunately, NTBs of the SPS-related category are less frequent than in the past. The most notorious NTBs in Ethiopia are the customs and administrative entry procedures, followed by transport,

---

[18] Nonetheless, its important to note that Ethiopia has, since 2003, been working to attain WTO membership, and in this regard, it would be required to make commitments in the financial services sector. Of course, as an LDC, Ethiopia is likely to be given some flexibility in assuming liberalization commitments. However, it must agree to some threshold of liberalization although this will be a daunting but inevitable task especially because it has, thus far, taken over 12 years to accede to the WTO. Some of the reasons, in the past, include the first Ethiopian transition from command to market economy in 1991 was premature and the country was not ready to make the multilateral liberalization that was requested by the WTO. After Ethiopia started its accession process, the war with Eritrea (1998-2000) was another reason for the delay. Recently, institutional restructuring at the Ministry of trade and industry (2012) has been another reason. Moreover, the 2005, 2010 and the 2015 election retarded the pace of the accession. However, more importantly, fear of risk in the financial service sector is the main reason for deliberate slowdown by the Government of Ethiopia.

clearing and forwarding, and other procedural problems.[19]

4. The current foreign exchange control regime means that illicit finance, such as the proceeds of smuggling or currency brought into the country by immigrant workers, most likely uses transference channels that are outside the regulated banking system. With these money flows occurring outside the narrow banking system, it is more difficult for Ethiopian authorities to regulate and disrupt these flows because the criminals are using methods that are inevitably more opaque than those that are closely and transparently regulated in the formal banking industry. Although the Ethiopian government is believed to have shut down some networks that were operating illegally, monitoring their usage would be challenging for any government
5. Ethiopia's capital markets are mainly treasury bills and government bonds – these are transacted on a weekly basis, with government bonds issued occasionally. In December 2014, Ethiopia joined Ghana, Kenya, Senegal, and Ivory Coast in issuing a euro bond that raised US$1 billion to fund infrastructure-related projects for the electricity, railway, and sugar industry
6. Ethiopia has a B1 rating with a **stable** look by Moody´s Investors Service; a B by Standard & Poor's Corp. and Fitch ratings, four and five levels below investment grade. However, in spite of its economy's small size, low per- capita income and reliance on the agricultural sector, rating agencies agree that Ethiopia has strong growth prospects.
7. There are a total of 17 active insurance companies – most of which are private. Invariably, Ethiopia's insurance sector remains small and underdeveloped. The most significant expansion of the insurance branch network (59 new branches in one year) was led by 4 major insurance companies, including the state-owned Ethiopian Insurance Corporation, which opened 13 new branches in 2013/14. In total there are now 332 branches, of which over 50% are concentrated in Addis Ababa.
8. Relatively, with market retail premiums dominated by motor insurance, and compulsory insurance schemes include third-party policies, most insurance is targeted at the corporate market with a focus on general insurance. Hence, insurance premiums represent about 0.47% of GDP for non-life insurance, and 0.03% of GDP for life insurance since about 90% of the population does not have any type of formal insurance.[20]

---

[19] Please note that an online system to provide systematic and transparent processes for the identification and elimination of barriers to trade was developed by the Tripartite Arrangement. It is a systematic way of capturing, storing, monitoring and tracing progress towards elimination of NTBs among the tripartite countries.

[20] ibid