

Export and Investment Promotion Planning System

88/89 Trade and Economic Overview

Mission: 301 ADDIS ABABA

Country: 572 DJIBOUTI

DJIBOUTI - ECONOMY

GNP WAS ESTIMATED AT DFR53.59 BN IN 1984, USING UN POPULATION FIGURES THIS GIVES GPN PER CAPITA OF \$750(DOWN FROM \$825 IN 1982). AS A GUIDE TO LIVING STANDARDS THIS IS HOWEVER, DISTORTED FIRST BY THE HIGH COST OF MANY GOODS IN DJIBOUTI BECAUSE OF TRANSPORT COSTS & THE SMALL SIZE OF THE LOCAL MARKET; AND SECOND BY THE CO-EXISTENCE OF A LARGE AND WELL PAID EXPATRIATE COMMUNITY. IN PRACTICE, MOST DJIBOUTIANS LIVE AT SUBSISTENCE LEVEL OR BELOW, AT LIVING STANDARDS COMPARABLE WITH THOSE ACROSS THE BORDERS, IN SOMALIA & ETHIOPIA. A CONDITION REFLECTED IN GOVERNMENT FIGURES FOR ADJUSTED GNP PER CAPITA OF UNDER \$300. THE ECONOMY ITSELF IS BASED VERY LARGELY ON SERVICES, CENTERED ON THE PORT, RAILWAY & FRENCH MILITARY GARRISON, WHICH ACCOUNTED FOR OVER 50 PER CENT OF GDP IN 1984. THERE ARE NO MINERALS OF ANY SIGNIFICANCE, MANUFACTURING IS EMBRYONIC, AND AGRICULTURE IS SEVERELY CONSTRAINED BY SHORTAGES OF BOTH LAND AND WATER. FUTURE PROSPECTS THUS DEPEND LARGELY ON DJIBOUTI'S ABILITY TO BECOME A REGIONAL SERVICE CENTRE AND ON ITS ABILITY TO UPGRADE ITS FACILITIES AND EXPERTISE. THE GOVERNMENT'S DEVELOPMENT PROGRAMME DOES ENVISAGE GROWTH IN THE CONTRIBUTION OF MANUFACTURING AND AGRICULTURE TO THE ECONOMY, BUT ITS IMPACT HAS THUS FAR BEEN LIMITED. THE FRENCH INFLUENCE ON THE ECONOMY REMAINS VERY STRONG. FRANCE PROVIDES MOST OF DJIBOUT'S IMPORTS, AND SUBSTANTIAL BUDGETARY AID(AS WELL AS CONSIDERABLE FOREIGN CURRENCY FOR THE TECHNICAL AND MILITARY PERSONNEL PROVIDED UNDER VARIOUS AGREEMENTS). BUDGET AID AND TECHNICAL ASSISTANCE IS NOW BEING REDUCED, AND DJIBOUTI IS LOOKING FOR OTHER TRADING PARTNERS, PARTICULARLY IN THE ARAB WORLD. SAUDI ARABIA AND THE USA HAVE BOTH SHOWN A DESIRE TO REPLACE AT LEAST PARTIALLY FRANCE OVER THE LONG TERM.