

RPTBL

TRADE AND INVESTMENT PROMOTION PLANNING SYSTEM

89/90 TRADE AND ECONOMIC OVERVIEW

Mission: ADDIS ABABA

Country: DJIBOUTI

THE COUNTRY'S ECONOMY, WITH LACK OF STATISTICAL DATA, IS VERY DIFFICULT TO INTERPRET. HOWEVER, ACCORDING TO AFDB REPORTS, DURING THE 1982-86 PERIOD, THE COUNTRY EXPERIENCED A NEGATIVE REAL GROWTH RATE OF AROUND 1.10% PER ANNUM. OVER THE SAME PERIOD AGRICULTURE AND INDUSTRY WITNESSED A SLIGHT REVIVAL OF ACTIVITY. THESE SECTORS CONTRIBUTED 5% AND 10% RESPECTIVELY TO GDP FORMATION, WHILE SERVICES CONTRIBUTED 70%. THE FRENCH MILITARY PRESENCE REMAINS AN IMPORTANT SOURCE OF FOREIGN EXCHANGE.

THE TRADE BALANCES INDICATED A GROWING DEFICIT THROUGHOUT THE 1981-85 PERIOD. THE IMPORT-EXPORT RESERVE RATIO DROPPED STEADILY FROM 61% IN 1981 TO 43% IN 1985. THIS DEFICIT IS STRUCTURAL, SINCE THE COUNTRY IMPORTS MOST OF THE COMMODITIES NEEDED FOR LOCAL CONSUMPTION. MAJOR EXPORTS CONTAIN RE-EXPORTED COMMODITIES, (LIVE ANIMALS, HIDES AND SKINS, COFFEE AND FOOD ITEMS).

PRINCIPAL IMPORTS ARE FOOD STUFFS, MACHINERY AND TRANSPORT EQUIPMENT. MAJOR TRADE PARTNERS AND BENEFICIARIES OF THE PORT ARE FRANCE, ETHIOPIA, MEDITERRANEAN COUNTRIES AND OTHER NEIGHBOURING STATES. TRADE RELATIONS WITH CANADA ARE MAINLY ATTRIBUTED TO CIDA AID PROGRAMS.

AT PRESENT, DJIBOUTI IS HEAVILY DEPENDENT ON FOOD IMPORTS, WHICH IT PAYS FOR OUT OF ITS MEAGRE RESOURCES TO MEET THE NUTRITIONAL REQUIREMENTS OF THE PEOPLE. DOMESTIC PRODUCTION HARDLY COVERS 10% OF REQUIREMENTS. WITH REGARD TO FISCAL POLICY, GOVERNMENT HAS ADOPTED A PRAGMATIC STRATEGY, MATCHING EXPENDITURES TO RESOURCES. THE AUSTERITY MEASURES TAKEN HAVE LED TO AN IMPROVED FISCAL BALANCE, DESPITE THE STRICT LIMITS AND CONSTRAINTS IMPOSED BY THE RELIEF AND CLIMATE OF THE COUNTRY.