

Export and Investment Promotion Planning System

88/89 Trade and Economic Overview

Mission: 301 ADDIS ABABA

Country: 274 ETHIOPIA

FOLLOWING THE 84-85 DROUGHT ETHIOPIA'S ECONOMY SHOWED SOME RECOVERY IN 86. OWING TO IMPROVED RAINFALL & WEATHER CONDITIONS GDP GREW AT A RATE 11.3% IN REAL TERMS COMPARED TO THE GDP DECLINE OF 6.5% IN 85. HOWEVER WITH AN ESTIMATE 5M PEOPLE STILL UNDER IMMEDIATE THREAT & REPORTS OF PROLONGED DROUGHT IN ERITREA TRIGRAY & WOLLO PROVINCES, THE NEED TO ALLOCATE MONEY FROM THE ECONOMY'S SMALL RESOURCES TO ASSIST IN THE COUNTRY DROUGHT & FINALLY WITH A POPULATION GROWTH OF 2.9% THERE IS LITTLE HOPE THAT THE GOV'T WILL BE ABLE TO IMPROVE ECONOMIC CONDITIONS. THE AGRICULTURAL SECTOR HAS A SIGNIFICANT IMPACT ON THE AGGREGATE PERFORMANCE GENERATING ABOUT 90% OF THE COUNTRY'S EXPORTS & PROVIDING ABOUT 85% OF THE EMPLOYMENT. THE MANUFACTURED SECTOR ACCOUNTS FOR 10% OF GDP & IS HEAVILY DEPENDENT ON AGRO-BASED INDUSTRY. THE COUNTRY CONTINUES TO HAVE A LOW CAPACITY TO GENERATE FOREIGN EXCHANGE & IS TOTALLY DEPENDENT ON IMPORTS FOR EVENTUAL DEVELOPMENT INPUTS LIKE MACHINERY & EQUIPMENT TRANSPORT, FUEL ETC. THE WEAK EXPORT STRUCTURE COMBINED WITH A FAST GROWING IMPORT REQUIREMENT WILL CONTINUE TO LEAD TO A WIDENING TRADE DEFICIT ALONG WITH A DETERIORATING BALANCE OF PAYMENT WHICH THE INFLOW OF LOANS ASSISTANCE & TRANSFER WILL HARDLY COVER. ASSISTANCE & TRANSFER WILL HARDLY COVER.

- GDP 11.3 (85/86)
- AGRICULTURAL SECTOR'S SHARE 41%
- INDUSTRIAL SECTOR'S SHARE 18.5%
- SERVICES SECTOR'S SHARE 40.5%
- IMPORT 941.59 US\$ (83/84)
- EXPORT 449.24 US\$ (83/84)