

ETHIOPIA

TRADE SUMMARY

In 2001, the U.S. goods trade surplus with Ethiopia declined from \$137 million to \$32 million. U.S. goods exports to Ethiopia were \$61 million in 2000, a decline of 63 percent from 2000. U.S. goods imports from Ethiopia in 2001 were \$29 million, up about 1 percent from 2000. Ethiopia is the United States' 129th largest export market.

In 2001, the stock of U.S. foreign direct investment in Ethiopia was estimated at \$44 million, an increase of about 12.9 percent from 1999.

IMPORT POLICIES

Tariffs are an important source of government revenue. The tariff structure, per se, does not constitute a meaningful trade barrier to access the Ethiopian market. A greater deterrent to imports is the strict foreign exchange control regime administered by the national bank. An importer must apply for an import permit and obtain a letter of credit for 100 percent of the value of imports before an order can be placed.

Delays in customs clearance remain a barrier to trade. If Ethiopia hopes to utilize AGOA textile and apparel benefits, these bottlenecks must be reduced. Goods are sometimes charged duties on the basis of imputed values instead of the transaction value listed on the invoice. Ethiopia continues to maintain a pre-shipment inspection regime.

STANDARDS, TESTING, LABELING AND CERTIFICATION

The Ethiopian Quality and Standards Institute regulates all exports and imports. Standards are consistent with international norms and do not act as barriers to U.S. products. Pharmaceuticals that have been extensively tested and licensed in

other countries are allowed to enter the Ethiopian market with no further testing.

GOVERNMENT PROCUREMENT

Government procurement is by competitive bidding. There are no burdensome administrative procedures or special document requirements.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Ethiopia joined the World Intellectual Property Organization in 1997. The Patent, Technology and Development Department regulates patents and industrial property. The existing copyright law is part of the 1960 civil code and is so general that it is difficult to apply. Lack of resources makes enforcement a problem. The Ministry of Youth, Sports and Culture has introduced a new bill providing for copyright protection. Ethiopian artists, authors, playwrights, translators and musicians have lobbied for this new legislation because of widespread piracy.

SERVICES BARRIERS

No foreign firm may participate in the domestic banking or insurance sector under Ethiopia's investment proclamation of June 1996. Other areas of investment reserved for Ethiopian nationals include air transport services for more than 20 passengers, air cargo services above 2,700 kilograms, and forwarding and shipping agency services. In addition, foreign investors cannot invest in the following service areas: radio and television broadcasting; museums and theaters; printing; retail and brokerage; wholesale trade (excluding petroleum); construction (except for grade one contractors); hotels (other than star designated); motels, pensions, tea rooms, coffee shops, bars, nightclubs and restaurants (except for international or specialized establishments); tour operators and travel agencies; road and

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water transport, car hire and taxi cabs; barber shops and beauty salons; building and vehicle repair and maintenance.

Professional service providers must be licensed by the government to practice in Ethiopia. There are no regulations on international data flows or data processing use, although the state-owned Ethiopian Telecommunications Corporation maintains a monopoly on Internet service. There are no quotas on entry of foreign films into the country and no barriers to provision of services by foreign professionals. Engineering, architecture, accounting, auditing and business consultancy are open to foreign investment.

INVESTMENT BARRIERS

Ethiopia does not impose local content, technology transfer or export performance requirements on foreign investments. There are no restrictions on repatriation of earnings, capital, fees or royalties. Investment in telecommunications and defense must be in partnership with the Ethiopian Government.

ANTICOMPETITIVE PRACTICES

Competition policy falls under the purview of the Ministry of Trade and Industry. Ethiopian and foreign investors alike complain about the preference shown to party-owned businesses.

ELECTRONIC COMMERCE

There are no trade restrictions affecting electronic commerce. The monopoly on Internet service provision, however, has impeded the growth of e-commerce.

OTHER BARRIERS

Anti-corruption legislation was strengthened in 2001 and government officials have been tried and convicted for corruption. Corruption does not

appear to be a significant barrier to investment or trade.

U.S.-Ethiopian trade is at such a low level that if barriers were eliminated, the increase in exports would probably be less than \$10 million. The largest U.S. export to Ethiopia, aircraft and aircraft parts, is a priority to the government and not subject to any potential delays or other barriers.