

ETHIOPIA

In 1996, the U.S. trade surplus with Ethiopia was \$113 million, a decrease of \$2 million from the U.S. trade surplus of \$115 million in 1995. U.S. merchandise exports to Ethiopia were \$148 million, unchanged from the level of U.S. exports to Ethiopia in 1995. Ethiopia was the United States' ninety-eighth largest export market in 1996. U.S. imports from Ethiopia were \$35 million in 1996, an increase of \$2 million (6.1 percent) from the level of imports in 1995.

IMPORT POLICIES

Ethiopia levies fairly high customs duties on a wide range of imports, despite three reductions in the past two years. The most recently tariff schedule reduction occurred in January 1997, although there has been some delay in publishing it. The new tariff schedule offers considerable decreases in most duties, but it especially targets imported goods that enhance exports. There are no quantitative restrictions on imports, and import licensing requirements do not present a notable barrier to trade, although customs clearance remains a hindrance to the business of importing. Not only is the process of clearance slow, but imported goods are sometimes charged at an attributed value instead of at invoice values, even when the invoice has been certified by trade officials of the exporting country.

SERVICES BARRIERS

No foreign firm may participate in domestic banking or insurance services under Ethiopia's Investment Proclamation of June 1996. Professions must be licensed by the government to practice in Ethiopia.

INVESTMENT BARRIERS

In addition to excluding foreign participation from financial services (banking and insurance), Ethiopia's June 1996 Investment Proclamation prohibits participation in several other sectors, including telecommunications, large-scale (over 20 megawatts) power production, and small services (such as barber shops).

OTHER BARRIERS

Because of Ethiopia's history as a Marxist regime (1974-91), much of the formal economy remains under state control. The Government of Ethiopia is gradually privatizing state-owned enterprises, but many sectors remain owned and operated by the government.

Bribery and corruption do not appear to present obstacles to U.S. trade or investment in Ethiopia. Nonetheless, U.S. investment remains low at less than \$10 million annually. Ethiopia is a relatively new market for U.S. goods and services. Nevertheless, the level of interest by U.S. firms in marketing in Ethiopia is increasing.

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