ETHIOPIA

In 1997, the U.S. trade surplus with Ethiopia was $51 million, a decrease of $62 million from the U.S. trade surplus of $113 million in 1996. U.S. merchandise exports to Ethiopia were $121 million, a decrease of $27 million (18.4 percent) from the level of U.S. exports to Ethiopia in 1996. Ethiopia was the United States' 104th largest export market in 1997. U.S. imports from Ethiopia were $70 million in 1997, an increase of $35 million (100 percent) over the level of imports in 1996.

IMPORT POLICIES

Ethiopia has significantly reduced customs duties on a wide range of imports over the last three years. The most recent tariff reductions in January 1997 offer considerable cuts in most duties, and especially target imported goods that enhance exports. Tariff rates range from 0 to 50 percent, with an average of 25 percent. The Ethiopian government pledged to reduce import duties further to an average of 20 percent by the year 2000. Sales tax rates are 4 percent for a selected list of agricultural goods and "essential" goods such as pharmaceuticals, books and printed materials, hides and skins, and cotton. For all other goods, the sales tax rate is 12 percent. Ten excise tax rates exist (ranging up to 200 percent) that are applied equally to domestically produced and imported goods. Neither quantitative restrictions on imports nor import licensing requirements present a notable trade barrier although customs clearance remains a hindrance to the business of importing. Not only is the clearance process slow, the imported goods are sometimes charged at attributed values instead of at invoice values, even when the invoices have been certified by trade officials of the exporting country. The government requires that all imports be channeled through Ethiopian nationals registered as official import or distribution agents.

SERVICES BARRIERS

No foreign firm may participate in domestic banking or insurance services under Ethiopia's Investment Proclamation of June 1996. No regulations exist on international data flows, data processing use, or foreign firms. Providers of professional services must be licensed by the government to practice in Ethiopia.

INVESTMENT BARRIERS

In addition to excluding foreign participation in financial services (banking and insurance), Ethiopia's June 1996 Investment Proclamation prohibits participation in several other sectors, including telecommunications, large-scale (over 25 megawatts) power production, and small services (such as barber shops). Soon, Ethiopia is expected to adopt reforms to open up its energy, telecommunications and defense sectors to foreign investors. Other areas that limit foreign investor partnerships with domestic investors include engineering, metallurgical, pharmaceutical, basic chemical, petrochemical and fertilizer industries. Ethiopia and Eritrea allow the duty-free import and export of locally-produced goods across their borders; Ethiopia depends heavily on Djibouti as a transshipment port.

Ethiopia

OTHER BARRIERS

During Ethiopia's rule by a Marxist regime (1974-91), much of its formal economy came under government control. Since that time, however, Ethiopia has privatized nearly 200 state-owned firms. Although the government still owns and operates large firms in many sectors of the economy, it is steadily progressing toward its stated goal of relinquishing most of those properties.