Trade & Investment Section
Embassy of Pakistan
Addis Ababa, Ethiopia

IMPORT PROFILE REPORT, 2020
ETHIOPIA

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1. INTRODUCTION

Ethiopia is the second largest country of Africa in terms of population and one of the fastest growing economy in Africa. Presence of large public sector is one prominent feature of Ethiopian economy which is in transitional phase of becoming a market economy. Synopsis of some important economic facts and figure is presented in table below: -

Ethiopia	Federal Democratic Republic of Ethiopia	
Population	109 million as of 2019	
	2nd most populous nation of the African Continent	
	Most populous landlocked country of the world	
GDP (Nominal) 2020 Estimates[1]	Ethiopia	Pakistan
	$103.607 billion	$284.2 billion
Annual Growth[2]	Continuously averaging 10.9 % lead by Agricultural growth	
Per Capita Income (Nominal)[3]	$1,066	$1,388
Poverty[4]	Despite constant growth Ethiopia is one of the poorest country of the world with 30 % population living under $1.25 PPP a day, 50% without education and 77% without electricity.	
Top Import Partners	China (33.1%), United States (8.2%), India (7.4%), Japan (4.6%), Italy (4.4%), Turkey (4.1%), Kuwait (3.8%), Saudi Arabia (3.1%), Malaysia (2.3%) and Morocco (1.9%)	
Top Exports to countries	China (33.1%), Somalia (8.5%), United States (7.9%), Saudi Arabia (7.2%), Germany (6.8%), Netherlands (6.6%), UAE	

[1] World Economic Outlook Database, October 2019
[2] World Bank
[3] World Economic Outlook Database, October 2019
[4] World Bank, Ethiopia Poverty Assessment Report

	(4.5%), Switzerland (3.9%), Saudi Arabia (3.1%), Japan (3.5%) and Djibouti (3.4%)
Important Fiscal Issue	Ethiopia most of time suffers from acute shortage of foreign currency reserves due to which faces difficulty in Balance of Payment
State involvement in Economy	State is heavily involved in economic activity: - i. Currently engaged in infrastructural development projects including power production and distribution, roads, rails, airports and industrial parks. ii. Key sectors are state-owned, including telecommunications, banking and insurance, and power distribution. iii. Under Ethiopia's constitution, the state owns all land and provides long-term leases to tenants.
FDI	In recent years, Ethiopia has attracted roughly $8.5 billion in foreign direct investment (FDI):- i. mostly from China, Turkey, India and the EU; US FDI is $567 million. ii. Investment has been primarily in infrastructure, construction, agriculture/horticulture, agricultural processing, textiles, leather and leather products.

According to January 2020 release of report by World Fact Book on state of economy, Ethiopia's GDP grew at a rate between 8% and 11% annually for more than a decade before 2016. This growth was driven by government investment in infrastructure, as well as sustained progress in the agricultural and service sectors. More than 70% of Ethiopia's population is still employed in the agricultural sector, but services have surpassed agriculture as the principal source of GDP. However, despite the fact that Ethiopia made some progress toward eliminating extreme poverty, it still remains one of the poorest countries in the world, due to rapid population growth and a low starting base. Changes in rainfall resulted in the worst drought in 30 years in 2015-16.

Ethiopia's foreign exchange earnings are led by the services sector - primarily the state-run Ethiopian Airlines - followed by exports of several commodities. While coffee remains the largest foreign exchange earner, Ethiopia is diversifying exports, and commodities such as gold, sesame, khat, livestock and horticulture products. Manufacturing represented less than 8% of total exports in 2016.

Ethiopia plans to increase installed *power generation* capacity by 8,320 MW, up from a capacity of 2,000 MW, by building three more major dams and expanding to other sources of renewable energy aiming to *support industrialization in sectors*, such as *textiles and garments, leather goods, and processed agricultural products*. In 2017, the government *devalued the birr* by 15% to increase exports and alleviate a chronic foreign currency shortage in the country.

2. OVERVIEW OF IMPORT REGULATIONS

Ethiopian trade regime is heavily regulated and far from conformity with WTO model free trade regime. Import and export is subject to regulations and oversight of multiple government agencies. The manufacturers, in some cases, from around the globe are required to get their products registered and to submit an agency agreement between the manufacturer of the product for registration and the agent responsible for the import, distribution, and sale of the product in Ethiopia.

A brief description of such agencies is provided in table below: -

Ethiopian regulatory agencies involved in importation and export action

Sr. No.	**Agency**	**Area Regulated**	**Responsibilities**
1	Ministry of Trade (MoT)	All import and export goods	• Issues Import Release Permit • Issues Import Release Permit for Legal-Metrology Instruments • Issues Export Release Permit
2	Ethiopian Investment Commission (EIC) and Regional Investment Bureaus	All goods imported and exported by Investors	• Issues and renews Investment permit • Issues Custom Duty Free permission letter
3	National Bank of Ethiopia (NBE) and Commercial Banks (CBs)	Foreign currency	• Registers sales contract agreement • Issues Export Bank Permit • Issues Foreign currency Approval • Issues Bank import permit for: • Letter of Credit • (Open L/C) • Advance Payment • Approves Purchase of order for CAD
4	Ministry of Agriculture & Natural Resources (MOANR)	Import of plants, seeds, plant products, pesticides	• Issues Phytosanitary Certificate for re-export

		and fertilizers Export of animal feed, live animals and meat	• Issues Veterinary Health Certificate • Issues Export Permit for Animal Feed • Issues pre-import permit for plant & plant Products • Issues pre-import permit for fertilizers & pesticide • Issues import release permit for plant & plant Products • Issues import release permit for list of registered Pesticides
5	Ethiopian Conformity Assessment Enterprise (ECAE)	Conformity with accepted standards	• Issues Laboratory Test Report • Issues inspection report
6	Federal Transport Authority (FTA)	Import of vehicle	• Issues pre-import permit (Criteria specification) • Issues import release permit
7	Ethiopian Radiation Protection Authority (ERPA)	Import of radiation emitting equipment and machinery	• Issues pre-import permit (Criteria specification) • Issues import release permit
8	Food, Medicine and Health Care Administration and Control Authority (FMHACA)	Import & export of drugs, medical supplies or instruments, baby food, supplement food, cosmetics	• Issues pre-import permit and/or Special import permit • Issues export permit • Issues import release permit • Issues free sale certificate/letter • Issues health certificate • Issues list of registered drugs
9	Veterinary Drug and Feed Administration and Control Authority (VDFACA)	Import and export of veterinary drugs and animal feed	• Issues pre-import permit (Criteria specification) • Issues import release permit
10	Information Network Security Agency (INSA)	Import of communication and security equipment	• Issues pre-import permit (Criteria specification)

			• Issues import release permit
11	Ministry of Communication and Information Technology (MCIT)	Import of telecommunication and network equipment	• Issues pre-import permit (Criteria specification) • Issues import release permit
12	Ministry of Livestock and Fishery (MOLF)	Import of live animals, animal products, and export of animal feed	• Issues pre-Import permit for live animals & animal products • Issues import release permit for live animals & animal products • Issues international veterinary health certificate for cattle, sheep & goat, meat & meat product, Hide & Skin • Issues export permit for animal feed
13	ECCSA - Ethiopia Chamber of Commerce & Sectoral Association	Goods Export to Member states of COMESA and any countries which have no preferential treatment agreement	• Issue COMESA Certificate of Origin • Issue Ordinary Certificate of Origin

4. NON-TARIFF BARRIERS

4.1 Registration Requirements

Ethiopian Government is the prime health service provider in the country which cater for more than 95% of health service provided to the people. Ethiopian Food and Drug Authority issues guidelines for Registration of medical products. All manufacturers from the globe are required to get registered themselves as well as their medical supplies such as surgical dressings, surgical ligatures, sutures, Bio-therapeutic Protein Products and Vaccines, in order to be able to export such goods to Ethiopia. Moreover, for registration manufacturers are also require submit an agency agreement made between the manufacturer of the product for registration and the agent responsible for the import, distribution, and sale of the product in Ethiopia.

Moreover, all registered products are subject to subsequent registration of any post-approval variance in medicine, if applicable.

4.2 Import Licenses

Ministry of Trade issues import licenses without which nothing can be imported into Ethiopia. Obtaining an import license is a pre-requisite step to import a good through filing of manual application along with necessary documents. This manual process entails physical visit of the applicant to the office. According to Article 43 of the Commercial Registration and Business Licensing Proclamation No. 980/2016, the Ministry of Trade based on the national interest and with the approval of the Council of Ministers can ban the importation or exportation of certain goods and services. It can also give permission for persons who have no import or export license to import or export goods. In addition, some other licenses also entail the authorization to import, e.g. an investment license can also serve as an import license to import investment goods.

4.3. Pre-import permit for certain restricted goods in Ethiopia/ Sanitary and Phyto-sanitary Requirements

The import of certain goods into Ethiopia is restricted for safety, security, environmental, health and other reasons, i.e. they must not be imported without permission. Important restricted goods and the responsible regulatory agencies issuing pre-import permits are listed in Table 2 below. However, the import of other goods may also be restricted, and any importer should check in advance, with ERCA and/or regulatory agencies, if the import goods are subject to controls or limitations.

Category of Goods	Detail of Restricted Goods	Regulatory Authority
1	Pharmaceuticals and medicines, medical supplies or instruments, baby food, food supplements, cosmetics	Ethiopian Food and Drug authority (EFDA); formerly named as Food, Medicine and Health Care Administration and Control Authority (FMHACA)
	Veterinary drug and animal feed	Veterinary Drug and Feed Administration and Control Authority (VDFACA)
2	Communication equipment	Information Network Security Agency (INSA)
	Telecommunication and network equipment	Ministry of Communication and Information Technology (MCIT)
3	Vehicles	Federal Transport Authority (FTA)

Permissions are granted in a two-stage process: first, a pre-import permit by the relevant regulatory agency must be obtained before the import procedure starts. At a later stage, an import permit must be obtained.

4.4. Approval for Forex payment and Precarious situation of Foreign Currency availability

Payment of foreign currency is an important step in international trade transaction which might be through a bank or franco-valuta. Payment through a bank requires two tasks. **First**, a foreign currency approval must be obtained. This approval is necessary due to the foreign exchange controls in place and will allow the importer to pay for the imported goods in foreign currency. A foreign currency approval is not required if the goods are being imported on a franco-valuta basis, which is possible only in exceptional cases and where no foreign exchange is payable. **Second**, the payment arrangements have to be agreed with the importer's bank. Foreign currency approvals must be requested through the bank at which the importer has the account which is to be used for the import. As part of the request, the importer must present his/her valid business license and a pro-forma invoice from the supplier. It follows that having a bank account is a precondition for importing. Alternatively, the investment, manufacturing or mining license can be presented. The pro-forma invoice should describe the imported goods, state the unit price, quantity and total price, as well as list additional charges that may be applied on the transaction.

Currently, foreign currency approvals are issued by Commercial banks and are processed manually; the time required for the approval depends on the availability of foreign currency requested. The second task within the payment issues is to arrange with the bank for the method of payment and obtain a bank permit. In this regard, the methods of payment for imports used in Ethiopia are the following:

• Letter of credit (L/C), in which the bank undertakes to pay the supplier a stated sum of money within a prescribed time limit and against the hand-over of the documents needed for the release of goods from customs;

• Cash against document (CAD), where the importer's bank hands over to the importer the documents needed for the release of goods from customs against full payment;

• Advance payment, i.e. the importer orders the bank to pay the seller via SWIFT transfer prior to shipment or rendering the service.

For all methods of payment, the importer needs to have an account with the bank, the required approved foreign currency (as obtained in the previous task).

Due to precarious foreign currency reserves with the National Bank of Ethiopia the foreign currency **approvals suffer from un-necessary delays**.

4.5 Paying VAT on imports

Value added tax (VAT) is levied at a flat percentage rate of 15% on the sum of CIF value, customs duty, and excise tax, however it is burden on the importer and are applicable to imports from all sources hence cannot be treated as NTB. Some types of supplies of goods, services and imports are exempted from payment of VAT too.

IMPORT PROCEDURE AND TARIFFS

5.1 Step-wise import procedure

A step-wise import procedure guide is provided below which is primarily responsibility of importer in Ethiopia:

1. Obtain an import license

The first step to import a good is to obtain an import license, issued by Ministry of Trade through filing of manual application along with necessary documents. This manual process entails physical visit of the applicant to the office. According to Article 43 of the Commercial Registration and Business Licensing Proclamation No. 980/2016, the Ministry of Trade based on the national interest and with the approval of the Council of Ministers can ban the importation or exportation of certain goods and services. It can also give permission for persons who have no import or export license to import or export goods. In addition, some other licenses also entail the authorization to import, e.g. an investment license can also serve as an import license to import investment goods.

2. Obtain a pre-import permit for certain restricted goods in Ethiopia

The import of certain goods into Ethiopia is restricted for safety, security, environmental, health and other reasons, i.e. they must not be imported without permission. Important restricted goods and the responsible regulatory agencies issuing pre-import permits are listed in Table 2 below. However, the import of other goods may also be restricted, and any importer should check in advance, with ERCA and/or regulatory agencies, if the import goods are subject to controls or limitations.

Category of Goods	Detail of Restricted Goods	Regulatory Authority
1	Pharmaceuticals and medicines, medical supplies or instruments, baby food, food supplements, cosmetics	Ethiopian Food and Drug authority (EFDA); formerly named as Food, Medicine and Health Care Administration and Control Authority (FMHACA)

	Veterinary drug and animal feed	Veterinary Drug and Feed Administration and Control Authority (VDFACA)
2	Communication equipment	Information Network Security Agency (INSA)
	Telecommunication and network equipment	Ministry of Communication and Information Technology (MCIT)
3	Vehicles	Federal Transport Authority (FTA)

Permissions are granted in a two-stage process: first, a pre-import permit by the relevant regulatory agency must be obtained before the import procedure starts. At a later stage, an import permit must be obtained.

3. Arrange payment issues

An important step early in the process – after the pre-import permit is secured, if required – is to prepare for the payment of imported goods, which might be through a bank or franco-valuta. Payment through a bank requires two tasks. First, a foreign currency approval must be obtained. This approval is necessary due to the foreign exchange controls in place and will allow the importer to pay for the imported goods in foreign currency. A foreign currency approval is not required if the goods are being imported on a franco-valuta basis, which is possible only in exceptional cases and where no foreign exchange is payable. Second, the payment arrangements have to be agreed with the importer's bank. Foreign currency approvals must be requested through the bank at which the importer has the account which is to be used for the import. As part of the request, the importer must present his/her valid business license and a pro-forma invoice from the supplier. It follows that having a bank account is a precondition for importing. Alternatively, the investment, manufacturing or mining license can be presented. The pro-forma invoice should describe the imported goods, state the unit price, quantity and total price, as well as list additional charges that may be applied on the transaction. Currently, foreign currency approvals are issued by Commercial banks and are processed manually; the time required for the approval depends on the availability of foreign currency requested. The second task within the payment issues is to arrange with the bank for the method of payment and obtain a bank permit. In this regard, the methods of payment for imports used in Ethiopia are the following:

- Letter of credit (L/C), in which the bank undertakes to pay the supplier a stated sum of money within a prescribed time limit and against the hand-over of the documents needed for the release of goods from customs;

- Cash against document (CAD), where the importer's bank hands over to the importer the documents needed for the release of goods from customs against full payment;

- Advance payment, i.e. the importer orders the bank to pay the seller via SWIFT transfer prior to shipment or rendering the service.

For all methods of payment, the importer needs to have an account with the bank, the required approved foreign currency (as obtained in the previous task).

4. Collect documents

Once the payment issues have been completed and the supplier has been informed, the goods will be shipped to Ethiopia. Upon arrival of the goods at the port of entry in Ethiopia, they will be placed in a customs warehouse, and the importer must accomplish the necessary customs formalities. For this, the first step is to collect the necessary commercial documents from his/her bank (in case of L/C or CAD) or directly from the supplier (in case of advance payment).

The following documents are necessary for the preparation of a customs declaration:

- Transportation document such as bill of lading, air way bill or truck way bill;
- Invoice which describes the value of imported goods;
- Bank document, i.e. L/C, CAD, confirmation of advance payment/TT;
- Packing list which describes how the goods are packed during transport;
- Certificate of origin which describes where the goods were originally produced;
- Other documents as required, such as pre-import permits issued by regulatory agencies and duty free permits for investment goods.

With the exception of the other documents, all documents will be obtained from the bank and/or the supplier.

5. Prepare customs declaration

The importer or his/her agent is required to fill in the clearance customs declaration, indicating the type of import regime, detailed data or information about the imported goods, and also tariff classification and customs valuation, which leads to determining the import duties and taxes. According to the Ethiopian tax laws the following duties and taxes are levied on imported goods:

• Customs duty is normally calculated as a percentage of the duty paying value, also known as CIF value. This is the sum of the transaction value (cost of goods), transport charges paid to transport the good from the original port of loading to the port of entry in Ethiopia, the transport insurance paid and other charges such as loading and unloading charges, port charges, etc. The duty rate varies depending on the type of imported goods and ranges from 0-35%.

• Excise tax is charged on selective goods such as luxury goods, basic goods demand for which is hardly affected by price changes, goods that are hazardous to health, etc. The excise tax is computed on the basis of the CIF value plus the amount of the customs duty payable. The rate of the excise tax varies depending on the type of imported goods, from 10%-100%.

• Value added tax (VAT) is levied at a flat percentage rate of 15% on the sum of CIF value, customs duty, and excise tax. Some types of supplies of goods, services and imports are exempted from payment of VAT.

• Surtax of 10% is levied on all goods imported to Ethiopia with some exceptions, such as fertilizers, petroleum and lubricants, etc. The amount payable is calculated on the sum of CIF value, customs duty, excise tax, and VAT.

• Withholding tax is collected on goods imported for commercial use, at a level of 3% on the CIF. The collected amount is creditable against the taxpayer’s income tax liability for the year. Thus, it is not a tax in itself but rather a (partial) guarantee on the payment of income taxes.

The calculation of the duties and taxes on imports to be paid to ERCA is the responsibility of the importer. This requires the following steps.

• First, the goods must be classified in order to determine the applicable import duty (tariff classification).

• Second, the value of the imported goods for the purpose of calculating duties and taxes must be established (customs valuation).

• Third, the duties and taxes payable must be calculated by applying the respective percentages on the respective base values.

6. Submit the customs declaration

To obtain clearance of imported goods from ERCA, two different procedures exist, depending on the type of transport used for the goods, i.e. whether it is multi-modal or unimodal. Under multi-modal transport, goods are transported under a single contract with the logistics company but using different means of transport (e.g., sea and road transport). Conversely, unimodal transport only uses one means of transportation.

7. Obtain import customs clearance and goods release note

After submitting the customs declaration, ERCA first determines, and notifies the importer of the decision, whether to accept or reject it based on an initial compliance check, including of the completeness of documentation submitted.22 If accepted, the risk level of the consignment is determined using the customs management system. ERCA distinguishes three risk levels, i.e. Green (automatic release of goods without further checks), Yellow (requiring the verification of the declaration only), and Red (requiring the verification of the declaration and the physical examination of the imported goods) and Blue (automatic release of goods without further checks at own premise).

8. Pay service charges, exit goods from customs warehouse, and receive final import customs declaration

As the goods have been stored in a customs warehouse during clearance, storage fees must normally be paid by the importer; in addition, other service charges (e.g. for scanning of goods) might apply. Therefore, the importer must settle these charges once the goods release note has been issued. The goods will then be released and the importer takes possession of them. In addition, ERCA will issue a final declaration for the importer as a certificate of completing the import procedures and importation of goods.

9. Submit clearance declaration to NBE

Any importer who obtained a foreign currency permit should present the final import customs declaration to the NBE. This is a requirement for importing (or exporting) goods in the future. An importer must keep all records and documents related to the import for five years from the date of ERCA's acceptance of the goods declaration. During this period, ERCA may perform a post clearance audit of the import. The purpose of such audits, which may cover traders' commercial data, business systems, records and books, is to verify the accuracy and authenticity of declarations and information provided by the importer.

5.2 Tariff classification

Tariff classification is used to determine the correct commodity code of, and duty and taxes payable on, imported goods. Ethiopia's tariff classification, like that of most countries, is based on the International Convention on the Harmonized Commodity Description and Coding System (HS). The national tariff book (available in Volume I & II) specifies the rate of duties and taxes applicable on each import good. The book is structured in two schedules (1st and 2nd) and the COMESA tariff rate: The two schedules allow the importer to apply different customs duty rate for the same import good depending on the intended purpose of importation; the COMESA tariff rate is a preferential tariff applicable on goods originating in COMESA member countries.

Tariff classification numbers can be determined by consulting the tariff book, searching the code online on ERCA's website, or obtaining binding information regarding tariff classification from ERCA. Customs duty rates on imported goods range from 5% to 35%. According to the World

Integrated Trade Solution (WITS) database, the following is the average effectively applied tariffs on every product group:

Product Group	Average tariff in 2018
All Products	17.4
Animal Products	22.1
Dairy products	27.5
Fruits, Vegetables, Plants	28.0
Coffee, Tea	28.8
Cereals & Preparations	19.4
Oil Seeds, fats & oils	16.2
Sugar & Confectionery	8.5
Beverage & Tobacco	32.1
Cotton	10.0
Other Agricultural Products	15.2
Fish & Fish Products	21.3
Minerals & Metals	13.5
Petroleum	6.4
Chemicals	10.9
Wood, Paper etc	12.0
Textiles	28.0
Clothing	35.0
Transportation equipment	11.4
Non-electrical Machinery	8.0
Electrical Machinery	17.4
Manufactures, n.e.c.	21.7

Other than above MFN averages the Ethiopian Tariff book includes special preferential tariff regime for COMESA member countries which is detailed in table below: -

Sr. No.	Regular Customs Tariff Rate	COMESA Tariff Rate
1	5	4.5
2	10	9
3	20	18
4	30	27
5	35	31.5

5.3 Customs valuation

The amount of duty and taxes payable depends on the customs value of imported goods (adjusted by freight, insurance and other charges, as mentioned above). In most cases, the cost of the imported goods is the amount paid to the seller, as expressed in the commercial invoice. However, the Customs Proclamation distinguishes six different customs valuation methods applicable in Ethiopia.

5.4 Defer or delay import charges

Storage of container can vary from 10 USD to 40 USD per day, given the time duration. Besides this on average, demurrage charges are anywhere between 30 USD to 130 USD per day, depending on the shipping line.

5.5 Temporary admissions

Customs duties and other taxes are exempted temporarily for imports of primary materials and intermediate goods used for processing, and for imports of parts to repair or complete the manufacture of finished goods. Customs requires a deposit equivalent to the import duties and other taxes assessed. The deposit is returned when the goods are transferred to a free zone or exported.

Temporary duty exemptions are granted to commercial samples and temporary imports for display purposes at exhibitions or for sales promotion activities, with exception to goods on the list of prohibited goods.

5.6 Processing and re-exporting

According to Investment Law no. 72/2017, firms operating in free zones are exempt from customs duties, other taxes and import regulations on imported capital equipment, raw materials, and intermediate goods, to be used in the zones. Goods destines for the free zones may be sold domestically if customs duties are paid and applicable regulations are implemented.

Imports from the Ministry of Defense, and companies affiliated with Ministry of Military Production and the National Security Authority are also exempted. As are imports for the Presidency, gifts and donations to the Government, passenger cars of less than 1,800 CC with special medical equipment and articles with customs privileges for diplomats.

5.7 Processing and re-exporting

Inward and outward processing refer to the temporary importation and exportation, respectively, of goods for manufacturing or processing and the exportation and importation, respectively, of compensating products resulting thereof. Inward and outward processing are governed under the terms of Articles 65-67 of the Customs Proclamation, and the Export Trade Duty Incentive Schemes Proclamation No. 768/2012. Importantly, authorization is required to import/export or receive inward/outward processing goods to be eligible for duty relief. Authorizations are issued by ERCA to the person processing the goods.

Inward Processing

Inward processing provides benefits to Ethiopian manufacturers in order to promote exports from Ethiopia and create a conducive environment for domestic products to become competitive in international commodity markets. It is based on the temporary importation of goods into Ethiopia for processing as per the export duty incentive schemes.

Outward Processing

Outward processing allows the temporary export of goods for manufacturing/processing and repairing abroad. Outward processing works based on temporary exportation procedures. Individuals, partnerships or corporate bodies established in Ethiopia can use it. Compensating products resulting from the manufacturing or processing goods temporarily exported should be re-imported within a year from the date of the temporary export of the goods. However, ERCA may authorize an extension where necessary. Outward processing can be terminated after temporary exportation by declaring the goods for outright exportation subject to compliance with the conditions and formalities applicable to the exportation of goods.

5.8 SPECIAL REQUIREMENTS FOR AGRICULTURAL PRODUCTS

A brief description of **relevant Certificates** in case of import of Agriculture goods is provided in table below: -

Products	**Certificate**	**Attestation required on certificate**	**Requiring agency**
Food and agricultural products subjected to Compulsory Ethiopian Standards (CES)	Certificate of Conformity (COC)	Product compliant with (CES)	• Ethiopian Food and Drug Authority (EFDA) • Ministry of Trade & Industry (MoTI)
Plant and plant products	Phytosanitary Certificate	Product Free from disease & soil	• Ministry of Agriculture and Livestock Resources (MoALR)
Oilseeds and grains, including rice	-do-	-do-	• Ministry of Agriculture and Livestock Resources (MoALR)

7. SUGGESTED STRATEGY TO ENTER MARKET

7.1. ENCOURAGING JOINT VENTURES

As per data available with Ethiopian Chamber of Commerce and Sectoral Associations there are more than 81 manufacturing companies in Ethiopia that are either wholly or partially owned by Pakistani nationals or companies. The presence of these companies dates back to as old as 20 years. This presence of Pakistani equity in Ethiopia can provide strategic depth to Pakistani trade in the region. Potential exportable goods and services from Pakistan such as textiles, pharmaceutical and surgical products, autos and parts, tractors and agricultural implements, rice and sugar are some of the imports of Ethiopia from the world which are gaining in volume year after year. Ethiopian economy is trying to integrate into the global digital economy and Pakistan having a large pool of trained human resource belonging to IT sector can offer great support to the host country in this endeavor. Pakistan with a more developed human resource with technical expertise in many field and producer of intermediate foods can help Ethiopia to value addition capability through supporting manufacturing sector of Ethiopia by service provision as well as complementing supply chain.

China and India has attained strategic depth in the Ethiopian market. There are more than 1100 manufacturing companies in Ethiopia that are either wholly or partially owned by Chines nationals or companies. There are more than 550 manufacturing companies in Ethiopia that are either wholly or partially owned by Indian nationals or companies. There are more than 500 manufacturing companies in Ethiopia that are either wholly or partially owned by US nationals or companies. The presence of these companies dates back to as old as 30 years. This presence of our competitor's equity in Ethiopian market works to disadvantage of prospective Pakistani exports to the region. Import data of Ethiopia shows exports of China, USA and India to Ethiopia are maintaining constant annual volumes whereas Ethiopian imports are declining year after year. This fact amply explains that the manufacturing units controlled by China, USA and India are importing intermediate goods from their home country hence maintaining positive trade balance with Ethiopia and supplying locally manufactured goods to Ethiopian market which are cheaper than imported finished goods. This fact reduces Ethiopian import bill for such finished products year after year. This office aims at engaging more than 81 manufacturing companies of

Pakistani origin in Ethiopia and facilitating their imports. This presence of Pakistani equity in Ethiopia can provide strategic depth to Pakistani trade in the region.

7.2 TRADE PROMOTION IN POTENTIAL SECTORS

Ethiopian market's consumption patterns have been analyzed which shows the demand of global goods in the market and it has been compared with the exports of Pakistan having competitive edge in the global market hence are marketable in the host country. The strategy for marketing Pak exports has been envisaged having regard to the marketability due to high priority of demand and competitive edge of Pak exports for the goods in demand.

7.2.1 Pharmaceuticals and Medical Health / Surgical Instruments

Ethiopia is the second largest country of Africa in terms of population and almost 95% of health facilities are government owned and managed. Government expenditure on public health is constantly on rise, YoY. Pharmaceuticals and medical health goods makes the 7th largest imports of Ethiopia with total imports from the world at $ 408 M. Netherland is top importing partner of this sector with $ 536 M which is followed by India with 137 M exports to Ethiopia. If import of surgical instruments is added to total health related imports of Ethiopia, then it comes to around $ 1 Billion USD in a year. As per record the Embassy is in active engagement with the Health Minister Mr. Amir Aman who showed keen interest with the Embassy in this regard and invited Pakistani producers' participation in the Medical show held in January last year which remained ignored by the Pakistani businessmen. This office aims at re-engaging the Health Ministry officials and Pakistani producers to explore the possible increase of exports in the Pharmaceutical and surgical sector.

7.2.2 Light Engineering and Electronics

Ethiopia being the second largest country of Africa in terms of population and showing robust growth in GDP year after year presents substantial opportunity for marketing of Pakistan's light engineering and electronic goods. These goods make up the 2nd largest imports of Ethiopia with total imports from the world around $ 3 Billion USD. China is the top importing partner of this sector with over $ 1 Billion exports which is followed by US, EU and UK. While India chips in with over 80 M exports to Ethiopia. There are over 200 importing companies in Ethiopia engaged in various engineered goods and this office aims at engaging these companies for promoting B2B contact with Pakistani producers to explore the possible increase of exports in this sector.

7.2.3 Agriculture (Rice, Wheat, Sugar,)

10th largest Ethiopian imports relates to the Chapter 10 of the Harmonized tariff Schedule. Wheat and Rice are the top two imports by Ethiopia. Likelihood of wheat export by Pakistan largely hinges on Pakistan's ability to produce surplus. Despite the fact that Rice is top exported item by Pakistan in the chapter 10; Pakistan accounts for paltry share of under $ 10 M imports by Ethiopia as compared to India's share of over two hundred million. There are over 130 cereal importing companies in Ethiopia and this office aims at engaging these companies for promoting B2B contact with Pakistani producers to explore the possible increase of exports in this sector.

Case of sugar is like wheat; Ethiopia imports multiple hundred million worth of sugar every year however possibility of sugar export to Ethiopia is dependent on surplus production at home. At the moment Brazil and India are top exporting partners of Ethiopia. There are over 100 sugar importing companies in Ethiopia and this office aims at engaging these companies for promoting B2B contact with Pakistani producers to explore the possible increase of exports in this sector.

7.2.4 Textile & Apparel

Ethiopia being the second largest country of Africa in terms of population and Pakistan being t he 6th largest textile producer; there exists opportunity for marketing of Pakistan' textile and apparel goods in Ethiopia. These goods make up the 5th largest imports of Ethiopia with total imports from the world around $ 700 Million USD. China is the top importing partner of this sector followed by Thailand, Turkey and India. There are over 40 importing companies in Ethiopia and this office aims at engaging these companies for promoting B2B contact with Pakistani producers to explore the possible increase of exports in the sector. However, there is a caveat; Pakistan's top exports relate to chapter 63 that are Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials however top imports by Ethiopia are from chapter 62 and 61 which are articles of apparels. China, Thailand and Turkey being the manufacturers of apparels meeting the local taste hence top exporter to Ethiopia while Pakistan would have to develop expertise in manufacture of lady's western style apparels in order to be able to enhance exports to Ethiopia.

7.2.5 Leather goods and footwear

Ethiopia is net exporter of raw hides, leather articles and footwear however importer of rubber soles. Therefore, apparently there is little opportunity for Pakistani made ups in this sector however there could be opportunity in adding to Ethiopian value chain and this office remains committed to explore this eventuality.

7.2.6 Sports goods

Ethiopia doesn't import much in this regard and there are only five or six importing companies in the country which also have business relationship with Pakistani suppliers as well which makes it the 4th partner of Ethiopian imports in this sector. However, this office remains committed to develop B2B contact between both sides in order to tap the market potential.

7.2.7 Tractors and Agricultural Implements

Despite being agricultural economy, Ethiopia has not been a big importer of the tractors and agro-implements as the means of agriculture here remained conventional. However due to ever increasing demand for food and increasing import bill to local population's demand the Government is aiming at achieving self-reliance in agricultural produce by enhancing use of modern techniques of cultivation. Agricultural sector of Ethiopia is slowly moving towards mechanical means of production hence future for marketing Pakistani tractors and agricultural implements is bright. There are over 70 importing companies in Ethiopia and this office aims at engaging these companies for promoting B2B contact with Pakistani producers to explore the possible increase of exports in the sector.

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