Trade & Investment Section
Embassy of Pakistan
Addis Ababa, Ethiopia

IMPORT PROFILE REPORT, 2022

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	120 million as of 2022 --- Estimates
	2nd most populous nation of the African Continent
	Most populous landlocked country of the world
GDP (Nominal) 2022 Estimates[1]	$107 billion
Annual Growth[2]	• 2 % Real GDP Estimates. • Averaging 10.9 % for decades dropped down to 6% for 2020 due to COVID and now further dropped down to 2%.
Per Capita Income (Nominal)[3]	$ 974
Inflation[4]	13.1%
Poverty[5]	Despite constant growth Ethiopia is one of the poorest country of the world with 30 % population living under

[1] World Economic Outlook Database, October 2021
[2] World Bank
[3] World Economic Outlook Database, October 2021
[4] World Economic Outlook Database, October 2021
[5] World Bank, Ethiopia Poverty Assessment Report

	$1.25 PPP a day, 50% without education and 77% without electricity.
Top Import from countries	China (29.5%), India (10.5%), Turkey (5.7%), United States (5.1%), UAE (4.8%), Kuwait (4.1%), Japan (3.6%), Singapore (3.1%) Pakistan Share: 0.3 %
Top Exports to countries	Somalia (11.6%), United States (10.2%), Netherlands (7.5%), Saudi Arabia (7.4%), UAE (6.7%), Germany (5.5%), Djibouti (4.3%) Pakistan Share: 0.9 %
Important Fiscal Issue	Trade Finance Crunch: 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	• USD 2.2 Billion in 2020-21 • 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 2022 release of report by World Fact Book on state of economy, Ethiopia's GDP grew at a rate of 2% due to Economic crunch created by COVID and political instability caused by war between Federal Government and Tigray Region. Once these temporary issues are over, Ethiopia is expected to pick up on growth again. Historically Ethiopia has continuously posted high growth rate ranging from 8% to 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.

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.

2. TRADE PREFERENCE / AGREEMENTS OF ETHIOPIA

The level of liberalism of Ethiopian trade environment is evident from the fact that Ethiopia still is not a member country of WTO and currently enjoys only observer government status at the WTO. The membership request of Ethiopia is pending with the WTO working party since 2003. The Working Party met for the fourth time in January 2020 and handed over 160 written questions to the country who is working on the responses to these questions. The Ethiopian delegation reaffirms that it will bring the trade regime into conformity with the WTO rules. Other than WTO, Ethiopia has following intra as well as extra Africa trade arrangements: -

2.1 AGOA The African Growth and Opportunity Act

Ethiopia is one of the beneficiary among 40 Sub-Saharan African countries of AGOA, the African Growth and Opportunity Act which US trade legislation signed in May 2000 as Public Law 106. Ethiopia enjoys duty-free access to United States market for around 6,500 products and covers over 11,000 tariff lines through a combination of AGOA and GSP preferences. These preferences are available to Ethiopia until 2025. Major Ethiopian products that experience exponential growth after AGOA include coffee, footwear and wearing apparels. On the basis of reciprocity Ethiopia's imports from United States have witnessed exponential growth of 422% as well since 2000. As is visible from exponential growth of imports from USA the AGOA on one hand provides duty-free access to Ethiopian products but provides greater economic, commercial and financial integration to US businesses through improved access to U.S. technical expertise, credit, and markets. This "political engagement through AGOA" has made USA the largest import partner of Ethiopia. That is why China, EU and India has enhanced similar "political engagements" through various trilateral cooperation ventures and reciprocally has gained substantial share of Ethiopian import market. As per data of ECCSA the equity holding of USA, China, EU and Indian natural and juridical nationals exceeds 2,500 big and medium business of Ethiopia. As a result, USA, China, EU and India have integrated deep into Ethiopian economy and trade market which provides them greater strategic depth in Ethiopian market which poses biggest challenge to Pakistan's trade interests in Ethiopia.

NEW DEVELOPMENT: in the wake of ongoing war between the Federal Government of Ethiopia and Tigray Regional (Rebels according to FDRE) the United States has cut Ethiopia out of a duty-free trade program over alleged human rights violations and recent coups.

In a statement on 2^{nd} of January 2022, the US Trade Representative (USTR) said it terminated the three countries including Ethiopia from the African Growth and Opportunity Act (AGOA) “due to actions taken by each of their governments in violation of the AGOA Statute”.

2.2 Ethiopia-Sudan

Ethiopia and Sudan signed FTA on April, 2002 whereby zero tariff rates are applied to all industrial and agricultural products originated from both countries. This had the effect of increasing trade volume significantly. Now the two countries are discussing ways to harmonize customs procedures and ease rules of origin. The list of goods exported from Sudan to Ethiopia is: oil, onion, fruit, stone mills, salt, agricultural inputs, garlic, potatoes, milk, butter, tobacco, tea, textile, spices, cinnamon, cement, and cosmetics. In return, Ethiopia exports goods such as fruits, white corn, lentils, beans, coffee and others, he noted. The fifth Ethio-Sudan Business Forum discussed issues including: the implementation zero tariff trade, the creation of a free trade zone area on the borders, the improvement of banking procedures and relations as well as the opening of branches for Ethiopian banks in Sudan, establishment of joint ventures between the private and public sectors of both countries, the benefits in using of Port Sudan as the main Ethiopian import-export port, and the acceleration of the establishment of electricity supply lines to Sudan.

2.3 Ethiopia as member of COMESA

The Common Market for Eastern and Southern Africa (COMESA) is a 21-member countries’ body including Ethiopia, aiming at creating a free trade area and custom union among the member countries. However only 11 countries including Djibouti, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia, Zimbabwe, Burundi and Rwanda have joined the FTA created on 31st October, 2000 and Ethiopia has not joined the COMESA FTA with a stance that the country will not join the FTA at once but in five phases gradually to liberalize and cope up with the trade competition expected from industries of member states.

However, the national tariff book specifies separate COMESA tariff rates. The COMESA tariff rate is a preferential tariff applicable on goods originating in COMESA member countries.

Special Tariff Rates Applicable to Goods Produced in and Imported from COMESA Member Countries		
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

2.4 Africa Continental Free Trade Agreement (AfCFTA),

Low intra-Africa trade has remained a topic of economic discussion amongst the African nations for decades that resulted into microcosm of regional trade arrangements including various Custom Unions, Economic Unions and Free Trade agreements. Finally, the African Continental Free Trade Area (AfCFTA) has come into force from 1st January, 2021. Africa Continental Free Trade Agreement (AfCFTA) was conceived, brokered under the auspices of African Union (AU) and the agreement entered into force on 30 May 2019. All 44 African WTO members and nine WTO observers are signatories to the AfCFTA, with 29 having ratified the agreement to date including Ethiopia. Before the establishment of AfCFTA headquarter at Ghana the matters were dealt with by Commission of AU stationed at Addis Ababa Ethiopia. Now AU has become only a political and oversighting body of the African Union.

As at 9 September 2021, 38 countries have deposited their instruments of ratification (ordered by date): Ghana, Kenya, Rwanda, Niger, Chad, Eswatini, Guinea, Côte d'Ivoire, Mali, Namibia, South Africa, Congo, Rep., Djibouti, Mauritania, Uganda, Senegal, Togo, Egypt, Ethiopia, Gambia, Sahrawi Arab Democratic Rep., Sierra Leone, Zimbabwe, Burkina Faso, São Tomé & Príncipe, Equatorial Guinea, Gabon, Mauritius, Central African Rep., Angola, Lesotho, Tunisia, Cameroon, Nigeria, Malawi, Zambia, Algeria, Burundi and Tanzania.

The agreement envisages PROGRESSIVE ELEMINATION OF TARIFFS and all member states aim to achieve the same level of tariff liberalization through different phase down period for

LDCs and Non-LDCs – member states have agreed that 90% of tariff lines are to be liberalized. A distinction is drawn between 32 LDCs and 23 non-LDCs for the tariff negotiations. LDCs have 10 years to achieve 90% liberalization, while non-LDCs have 5 years. The remaining 10% of tariff lines is divided into two categories. 7% can be designated sensitive products and 3% of tariff lines can be excluded from liberalization entirely. LDCs have 13 years to eliminate tariffs on sensitive products and may maintain their current tariffs for the first 5 years, back loading liberalization during the remaining 8 years. Non-LDCs have 10 years to eliminate tariffs on sensitive products and may also retain the status quo, starting liberalization in year 6. Both LDCs and non-LDCs may exclude 3% of tariff lines, but the excluded products may not account for more than 10% of their total trade. There is a further carve-out for a specific group of countries, the so-called G6. They are Ethiopia, Madagascar, Malawi, Sudan, Zambia, Zimbabwe. These countries have argued that they face specific development challenges and have managed to secure a 15-year phase down period.

Challenges:

i) Poor road and rail links

ii) Poor trade logistics services and exorbitant rates

iii) Political unrest

iv) Excessive border bureaucracy & corruption

v) 42 different currencies & trade finance crisis prevalent across Africa

vi) Slow progress on five operational instruments, i.e. Rules of Origin, online negotiating forum, monitoring and elimination of non-tariff barriers, a digital payments system and the African Trade Observatory.

IMPACT ON INTERNATIONAL TRADE:

The January 1st, 2021 launch is largely symbolic as full implementation of the deal to take years. However, expected to boost intra-Africa trade which will allow the continent to develop its own value chains.

In short term, that is during the phase down period of tariff liberalization, the impact on international trade would be minimal as trade preference available to intra-African goods viz-a-viz international goods will not be altered during the phase down period of tariffs among the member states of AfCFTA. There could be marginal impact on international trade due to improvement in connectivity, trade facilitation and liberalization in trade procedures which would have positive impact on intentional trade as these improvements can improve market access of certain international goods to greater area. International goods reaching the gate way countries of the mostly land locked Africa may observe increase in demand during initial phase of AfCFTA.

Moreover, there are 42 currencies in the African continent and Intra-Africa trade is done in international currencies which is a constraint to free flow Intra- Africa trade as most African economies suffer from shortage of trade finance. Till AfCFTA launch an alternative platform for transactions, the benefits of AfCFTA to Intra-Africa trade will remain marginal.

In long term, AfCFTA is seen as a game changer as it will remove barriers on Intra-African trade and African products having competitive edge will be traded across Africa hence reducing import from world of similar goods. It will open Ghanaian market to Nigerian Beer, Nigerien market to Ivory Coast textile and South African market to Nigerian Banks. It will pose greater competition to global products reaching African markets at the moment due to Intra-Africa barriers so the coming years will see Innoson cars competing Japanese cars; mobiles made in Ethiopian industrial parks competing Samsung. Accordingly, it has potential to boost Intra-Africa trade by 15 – 25% in medium term (IMF) and 52.3 % in long term (UNECA). The AfCFTA is governed by five operational instruments, i.e. Rules of Origin, online negotiating forum, monitoring and elimination of non-tariff barriers, a digital payments system and the African Trade Observatory.

This agreement will result in free and cheaper influx of imported goods into coastal African countries from intra African markets and thereby will lead to stiff competition between the local products and imported goods. It is also feared that there will be less reliance on imports from other countries and trade blocs due to increased volume of intra-Africa trade thereby limiting the ability of foreign producers to compete with the African producers of similar products in the continent.

Succinctly, AfCFTA poses greater challenge to market penetration efforts for non-member states, especially countries like Pakistan which have a little share (about 0.28%) in African imports from outside world.

3. OVERVIEW OF IMPORT REGULATIONS

Ethiopian trade regime is heavily regulated. 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.

3.1 Ethiopian Regulatory Agencies

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 and fertilizers Export of animal feed, live animals and meat	• Issues Phytosanitary Certificate for re-export • 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

3.2 Certification Requirements for Exports to Ethiopia

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)
Chemical Products	Certificate of Conformity (COC)	Product compliant with (CES)	Ministry of Trade & Industry (MoTI)
Textile, leather, plastic and rubber	-do-	-do-	-do-
Construction materials	-do-	-do-	-do-
Electrical & electronics	-do-	-do-	-do-

3.3 Some Special Requirements

3.3.1 Cement

Ethiopia has special regulations regarding cement

- Applicable Standard CES-28
- Certificate of Conformity should be issued by an international institute for quality assurance which has an office/branch in Ethiopia.

3.3.2 Pharmaceutical & Medical / Surgical Equipment

Regulations Regarding Pharmaceuticals & Medical/Surgical Equipment

- Regulatory Authority: Ethiopian Food & Drug Authority, http://www.fmhaca.gov.et/, (Formerly named as Ethiopian Food, Medicine and Healthcare Administration and Control Authority).

- Product must be registered with EFDA.

- All manufacturers from outside Ethiopia must appoint an authorized representative and must 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.

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.

5 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
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.

6. COMPETITOR ANALYSIS OF TOP TEN CATEGORIES FROM PAKISTAN TO ETHIOPIAN MARKET

6.1 Top Sourcing Countries of Ethiopian Imports

Top ten suppliers of Ethiopian imports are detailed at table 2 below whereas Pakistan's share in Ethiopian imports from world is 0.3 % which makes Pakistan 33rd (improved the standing by nine points as it was 42nd previous year) supplier of merchandize. China and India are the two biggest exporting countries to Ethiopia with Turkey placed at number three in the list.

* the figures of world trade are based on latest data available that is for year 2020.

** the figures of bilateral trade are based on latest completed year 2021 as per data obtained from Ethiopian Customs)

Table

Sr. No.	Exporters	Imported value in 2016	Imported value in 2017	Imported value in 2018	Imported value in 2019	Imported value in 2020	Share
	World	**16,408,484**	**14,692,143**	**14,408,720**	**15,575,890**	**14,134,431**	**100.0**
1	China	5,088,933	4,858,471	4,060,679	4,283,703	4,169,613	29.5
2	India	1,301,920	1,090,717	1,200,700	1,339,549	1,489,056	10.5
3	Turkey	573,547	599,027	619,892	713,324	803,188	5.7
4	United States of America	1,536,832	1,211,235	1,556,646	846,154	720,487	5.1
5	United Arab Emirates	393,895	260,555	414,402	454,333	671,528	4.8
6	Kuwait	545,696	565,457	1,167,388	1,880,358	585,872	4.1
7	Japan	659,049	680,158	485,268	676,746	510,486	3.6

8	Singapore	22,374	20,230	15,092	31,391	441,767	3.1
9	Saudi Arabia	368,790	452,866	209,947	460,030	361,985	2.6
10	Indonesia	324,039	261,679	272,155	262,438	322,668	2.3
33rd	**Pakistan**	34,531	34,802	86,203	31,883	42,140	0.3

6.2 Top Imports by Product Line

6.2.1 Top Imports by Volume

Table

						$ 000
Product label	**Imported value in 2016**	**Imported value in 2017**	**Imported value in 2018**	**Imported value in 2019**	**Imported value in 2020**	Avge % Change
All products	**16,408,484**	**14,692,143**	**14,408,720**	**15,575,890**	**14,134,431**	**(5.0)**
Machinery, mechanical appliances; parts thereof	2,637,090	2,664,905	2,285,548	2,287,429	1,833,286	(6.4)
Mineral fuels, mineral oils	1,444,779	1,236,827	1,584,824	2,641,479	1,723,351	5.8
Electrical machinery and equipment and parts thereof	1,750,032	1,297,245	1,123,712	1,110,186	1,091,945	(15.4)
Vehicles other than railway or tramway	1,392,287	1,406,333	885,141	1,177,209	1,036,337	(2.8)
Animal or vegetable fats and oils; prepared edible fats	512,194	539,890	587,351	432,361	898,935	20.2
Cereals	964,485	639,877	713,233	780,496	863,655	(10.6)
Iron and steel	892,121	799,280	825,579	1,016,960	707,107	(5.2)
Plastics and articles thereof	553,512	634,225	556,766	697,816	638,784	6.4

Pharmaceutical products	660,751	536,110	672,031	638,411	580,495	(6.2)
Fertilisers	460,374	373,470	417,588	504,101	507,381	(1.8)
Articles of iron or steel	800,760	569,498	447,564	411,227	478,777	(16.5)
Sugars and sugar confectionery	250,325	207,699	325,669	198,579	348,471	11.1
Miscellaneous chemical products	207,334	195,622	205,798	306,200	271,500	6.2
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	249,226	250,952	219,560	266,151	240,494	0.1
Rubber and articles thereof	248,401	239,933	214,920	237,329	233,458	(1.7)

6.2.2 Top Imports by Percentage Change over 5 Years

						$ 000
Product label	**Imported value in 2016**	**Imported value in 2017**	**Imported value in 2018**	**Imported value in 2019**	**Imported value in 2020**	Avge % Change
All products	**16,408,484**	**14,692,143**	**14,408,720**	**15,575,890**	**14,134,431**	**(5.0)**
Raw hides and skins	463	4,521	685	231	427	180.0
Silk	43	16	19	136	196	89.4
Other base metals; cermets	158	540	156	111	189	56.6
Cotton	3,997	6,501	5,436	15,671	9,589	46.9
Natural or cultured pearls, precious or semi-precious stones	8,518	16,267	1,273	2,480	4,276	42.7

Knitted or crocheted fabrics	6,692	7,058	9,496	17,893	23,334	32.8
Wadding, felt and nonwovens;	9,571	8,263	6,601	9,081	24,918	32.5
Dairy produce; birds' eggs; natural honey; edible products	11,786	14,735	14,321	15,041	30,515	30.0
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	51,548	79,851	65,751	70,534	116,147	28.9
Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles ...	1,349	2,047	1,882	3,602	2,696	28.8
Coffee, tea, maté and spices	3,680	4,733	4,063	5,527	9,268	28.1
Ores, slag and ash	209	533	298	363	137	26.3
Edible fruit and nuts; peel of citrus fruit or melons	6,436	9,852	8,379	10,783	13,049	24.5
Nickel and articles thereof	233	314	209	331	432	23.2
Residues and waste from the food industries; prepared animal fodder	2,866	3,216	4,100	5,038	7,174	23.2

6.3 Bilateral Trade

6.3.1 Trade Balance

Pakistan - Ethiopia Trade Balance 2020-2021			
Pak Exports	**Pak Imports**	**Total**	**Balance**
$41,783,440	$13,326,884	$55,110,324	$28,456,555

6.3.2 Top Imports from Pakistan

				USD 000
Code	**Product label**	**Imports from Pak 2021**	**Imports from Pak 2020**	**Change**
'TOTAL	**All products**	**41,783**	**42,140**	**(0.85)**
10	Cereals	7,863	16,374	(51.98)
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	5,006	2,769	80.78
21	Miscellaneous edible preparations	4,165	1	416,419.18
62	Articles of apparel and clothing accessories, not knitted or crocheted	3,439	3,601	(4.49)
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	3,133	1,529	104.94

25	Salt; sulphur; earths and stone; plastering materials, lime and cement	1,943	2,041	(4.78)
40	Rubber and articles thereof	1,936	1,192	62.38
61	Articles of apparel and clothing accessories, knitted or crocheted	1,742	316	451.18
52	Cotton	1,500	1,800	(16.64)
39	Plastics and articles thereof	1,467	684	114.40
17	Sugars and sugar confectionery	1,123	1,592	(29.45)
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	1,113	845	31.72
20	Preparations of vegetables, fruit, nuts or other parts of plants	814	2,102	(61.26)
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	772	412	87.27
72	Iron and steel	725	1,223	(40.76)

7. SUGGESTED STRATEGY TO ENTER MARKET

7.1. ENHANCE POLITICAL ENGAGEMENT AND COOPERATION

China, India, Turkey, USA, Japan and EU are the countries having biggest share of Ethiopian import market due to long political engagement and trilateral cooperation. China's investment under BRI has made it largest import partner of Ethiopia overtaking the place of USA who had this position through giving preferential treatment to Ethiopian products under AGOA. That is why China, India, Turkey and EU has enhanced similar "political engagements" through various trilateral cooperation ventures and reciprocally has gained substantial share of Ethiopian import market. As per data of ECCSA the equity holding of USA, China, EU and Indian natural and juridical nationals exceeds 2,500 big and medium business of Ethiopia. As a result, USA, China, EU and India have integrated deep into Ethiopian economy and trade market which provides them greater strategic depth in Ethiopian market and poses biggest challenge to Pakistan's trade interests in Ethiopia.

7.2. 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.

7.3. FINANCIAL INTEGRATION TO PRECEDE TRADE

Payment of foreign currency is an important step in international trade transaction which might be through a bank or franco-valuta. 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. Due to precarious foreign currency reserves with the National Bank of Ethiopia the foreign currency approvals suffer from un-necessary delays. Sometimes such delay can last up to one year. Therefore, any trade promotion activity should be preceded by efforts to integrate Pakistani financial market with Ethiopian financial market. Ways and means of this financial integration needs to be explored and exploited by Pakistani public and private financial institution in the financial year 2021-22 to enable any trade integration.

7.4 TRADE PROMOTION IN POTENTIAL SECTORS

* The figures in the tables in each sector is based on year 2020 that is latest year for which data is available.

** The figures of bilateral trade are based on latest completed year 2021 as per data obtained from Ethiopian Customs)

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.

7.4.1 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 9th largest imports of Ethiopia with total imports from the world at $ 580 M. Netherland is top importing partner of this sector with which is followed by India. 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.

Code	Product label	% Change over 5 yrs	Imported value in 2020	Pak Export to ET 2020	Pak Share	Pak Export to World
	All Pharma products	**(6.2)**	**580,496**	**13**	**-**	**235,746**
'3004	Medicaments	(5.1)	469,113	-		206,283
'3002	Human blood; animal blood prepared for therapeutic	(18.4)	83,982	-		1,815
'3006	Pharmaceutical preparations	21.4	17,046	13		321
'3005	Wadding, gauze, bandages	20.5	9,299	-		3,348
'3001	Dried glands and other organs	-	797	-		-
'3003	Medicaments	(53.8)	259	-		23,979

Code	Product label	% Change over 5 yrs	Imported value in 2020	Pak Export to ET 2020	Pak Share	Pak Export to World
'90	**All Surgical Instruments**	0.1	240,494	1,529	0.64	380,510
'901890	Instruments and appliances used in medical, surgical	10.9	55,360	1,318	2.38	361,298
'901819	Electro-diagnostic apparatus	(27.6)	8,953	151	1.69	194
'901831	Syringes, with or without needles	(6.7)	6,686	4	0.06	21
'901839	Needles, catheters, cannulae	27.5	6,405	-	-	32
'901812	Ultrasonic scanning apparatus	8.3	3,806	-	-	50
'901850	Ophthalmic instruments	209.6	969	-	-	53

For exporting pharmaceutical, medical and surgical products to Ethiopia the supplier is required to appoint a local agent and get its products registered with the Ethiopian Food and Drug Authority. In financial year 2021 Pakistan's exports under the HS 90 were USD 3,133,000/- showing YoY increase of 104 % whereas exports under HS 30 were USD 19,670,000/- showing YoY increase of 51.32%.

7.4.2 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. Engineering goods are the largest imports of Ethiopia with total imports from the world around $ 3 Billion USD which include substantial chunk of engineering goods too. 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. Pakistan has a lot of potential to export Cookware, Cutlery, Knives, Pumps, Fans, Generators, Refrigerators, LPG Cylinders & Phones to the Ethiopian market.

Code	**Product label**	**% Change over 5 yrs**	**Imported value in 2020**	**Pak Export to ET 2020**	**Pak Share**	**Pak Export to World**
'84	Machinery, mechanical appliances	(6.4)	1,833,286	729	0.04	151,500
'85	Electrical machinery and equipment	(15.4)	1,091,945	412	0.04	152,667
'73	Articles of iron or steel	(16.5)	478,777	92	0.02	54,473
'82	Tools, implements, cutlery,	(4.3)	41,017	123	0.30	110,801

7.4.3 Agriculture (Rice, Wheat, Sugar,)

6th 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 a little over $ 16 M which reflects 60 % increase as compared to last year when the figure was just $ 10 M however India exports over two hundred million worth rice to Ethiopia.

Code	Product label	% Change over 5 yrs	Imported value in 2020	Pak Export to ET 2020	Pak Share	Pak Export to World
'TOTAL	All products	**18.1**	**317,467**	**16,375**	**5.16**	**2,101,268**
'100630	Semi-milled or wholly milled rice	24.9	248,492	5,958	2.40	1,532,879
'100640	Broken rice	13.3	56,267	10,315	18.33	259,132
'100610	Rice in the husk, "paddy" or rough	864.2	10,965	102	0.93	2,054
'100620	Husked or brown rice	272.2	1,743	-	-	307,203

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.

7.4.4 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.

Code	Product label	% Change over 5 yrs	Imported value in 2020	Pak Export to ET 2020	Pak Share	Pak Export to World
Total	All Textiles	2.6	658,258	7,084	23	13,105,232
'54	Man-made filaments man-made textile materials	11.3	223,156	418	0.19	39,459
'62	Articles of apparel not knitted or crocheted	(9.0)	161,424	3,601	2.23	2,625,257
'63	Other made-up textile articles	28.9	116,147	845	0.73	4,275,962
'61	Articles of apparel knitted or crocheted	(7.3)	39,960	316	0.79	3,062,767
'52	Cotton	46.9	9,589	1,800	18.7	2,642,547

7.4.5 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.

Code	Product label	% Change over 5 yrs	Imported value in 2020	Pak Export to ET 2020	Pak Share	Pak Export to World
Total	All Leather /Footwear	-	107,902	66		858,205
'64	Footwear	1.6	92,032	1	0.00	122,743
'42	Articles of leather; saddlery and harness	(1.2)	15,443	63	0.41	583,423
'41	Raw hides and skins	180.0	427	2	0.47	152,039

7.4.6 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.

7.4.7 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.

Code	Product label	% Change over 5 yrs	Imported value in 2020	Pak Export to ET 2020	Pak Share	Pak Export to World
'8701	Tractors	10.9	39,759	-		33,984
8708	Tractor Parts	(2.75)	67,188	-	-	14,355
'8432	Machinery for soil preparation	(6.39)	7,255	0		2,491
'8433	Machinery for harvesting/thrashing	101.52	49,184	-	-	870
'901812	Ultrasonic scanning apparatus	8.3	3,806	-	-	50
'901850	Ophthalmic instruments	209.6	969	-	-	53

7.4.8 Three-Wheelers and Two-Wheelers

Ethiopia being the second most populous country of African Continent and having low per capita income is heavily dependent on low-end public transport facilities. Import of three wheelers is a constant feature of Ethiopian import trend. The import of three wheelers has shown average growth of 18% over the last five years. Last five years import trend is reproduced as under.

HS Code	Description	2016	2017	2018	2019	2020	Ave Change
‘8703	Three Wheelers	41,150	44,660	48,429	62,707	84,809	17.9 %

Earlier the “three-wheeler” market was dominated by Indian TVS & Bajaj. However, through concerted effort to promote Pakistani three-wheelers now Pakistani made Rickshaws have been introduced in Ethiopia. Mr. Abdirashid Aidid Ahmed, the Director of “Brothers Import PLC” of Jigiga, Ethiopia paid a successful visit to Pakistan auto rickshaw manufacturers of Pakistan namely Sazgar Engineering Works Limited, Lahore. First consignment of forty Rickshaws arrived in March 2021 and the figure of imported rickshaws as of today has reached 350 units. It is estimated that during financial year 2021-2022 this figure may touch 1700 units.

The amount of two-wheelers imported in year 2020 was USD 32,845,000 however, share of Pakistani two-wheelers in it was nil as there is no local demand for light two-wheelers in Ethiopia being highlands. Ethiopia only imports heavy duty two-wheelers which suits the geographical conditions here whereas Pakistan does not produce heavy duty two-wheelers as of now.

(Munir Sadiq)
Minister Trade & Investment
Embassy of Pakistan
Addis Ababa, Ethiopia