

Introduction

Djibouti is a country in Eastern Africa that borders the Red Sea and the Gulf of Aden. Neighboring countries include Ethiopia, Eritrea, and Somalia. Djibouti has a strategic location near the world's busiest shipping lanes and close to Arabian oilfields. The government system is a republic; the chief of state is the president, and the head of government is the prime minister. Djibouti has a mixed economic system which includes a variety of private freedom, combined with centralized economic planning and government regulation. Djibouti is a member of the League of Arab States (Arab League) and the Common Market for Eastern and Southern Africa (COMESA).



Location: Eastern Africa

Capital City: Djibouti (+3 GMT)

Chief of State: President Ismail Omar Guelleh

Head of Govt.: Prime Minister Abdoukader Kamil Mohamed

Currency: Djiboutian Franc (DJF)

Major Languages: <p>French (official), Arabic (official), Somali, Afar</p>

Primary Religions: <p>Muslim 94%, Christian 6%</p>

Calling Code: 253

Voltage: 220

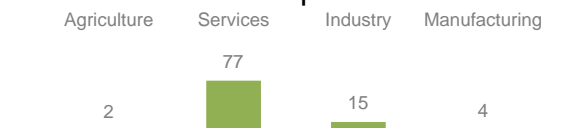
Key Websites

Main Government Page: presidence.dj

Key Economic Facts

Income Level (by per capita GNI):	Lower Middle Income
Level of Development:	Developing
GDP, PPP (current international \$):	\$6.61 billion (2022)
GDP growth (annual %):	3.00% (2022)
GDP per capita, PPP (current international \$):	\$5,893.18 (2022)
External debt stocks, total (DOD, current US\$):	\$3,191,138,250.90 (2021)
Manufacturing, value added (% of GDP):	4.43% (2020)
Current account balance (BoP, current US\$):	-\$0.23 billion (2021)
Inflation, consumer prices (annual %):	5.18% (2022)
Labor force, total:	244,880 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	27.93% (2022)
Imports of goods and services (current US\$):	\$3.41 billion (2020)
Exports of goods and services (current US\$):	\$3.68 billion (2020)

GDP Composition %



**Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

Rankings

Index	Rank
Corruption Perceptions Index	126 / 178
Index of Economic Freedom	112 / 176
International Logistics Performance Index (LPI)	90 / 160
KOF Index of Globalization	118 / 185

Risk Assessment (Provided by Coface)

Country rating: C - A very uncertain political and economic outlook and a business environment with many troublesome weaknesses can have a significant impact on corporate payment behavior. Corporate default probability is high.

Business Climate rating: C - The business environment is difficult. Corporate financial information is often unavailable and when available often unreliable. Debt collection is unpredictable. The institutional framework has many troublesome weaknesses. Intercompany transactions run major risks in the difficult environments rated C.

Strengths

- Geostrategic position at the entrance to the Red Sea in a dangerous area at the heart of China's Silk Road project; gaining the support of the international community.
- The country's emergence as a commercial, logistical (providing Ethiopia with its only access to the sea, through which over 90% of its trade passes) and regional military hub (home to the military bases of France, the US, China and Japan).
- Modernisation of port, rail and free zone infrastructures, influx of foreign direct investment
- Pegging the Djibouti franc to the US dollar
- Djibouti Sovereign Wealth Fund set up in 2020 to diversify and modernise the country's economy

Weaknesses

- High public debt that is entirely external (56% owed to the Export-Import Bank of China), dependence on multilateral financing
- Dependence on food imports (representing 38.9% of Djibouti's imports), but also port activities (80% of GDP) mainly used by Ethiopia; weak industry (17% of GDP, with a 4% contribution from the manufacturing sector)
- The tax-intensive free zones have had little impact on the economy as a whole, important informal economy (90% of employment), severe poverty (79% of the population, including 42% living in extreme poverty according to the World Food Program), food insecurity and endemic unemployment (26.3%), particularly among young people (76.47%) and

women (36.1%)

- Difficult business environment, with a high risk of expropriation, endemic corruption (ranked 130th worldwide according to Transparency International), an ineffective justice system and weak development of the financial sector
- Autocratic nature of the government, limited opposition and elections lacking transparency and fairness, traditional opposition between the Afars and Issas populations
- Climate risks and natural disasters (extreme heat, floods, cyclones, earthquakes) affecting subsistence farming

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