Introduction

Ethiopia is a landlocked country located in Eastern Africa bordered by Djibouti, Eritrea, Kenya, Somalia, South Sudan, and Sudan. The geography of Ethiopia consists of high plateaus with the central mountain range divided by Great Rift Valley. The government system is a federal republic; the chief of state is the president, and the head of government is the prime minister.

Ethiopia has a traditional economic system in which the allocation of available resources is made on the basis of primitive methods, and many citizens engage in subsistence agriculture. Ethiopia is a member of the Common Market for Eastern and Southern Africa (COMESA).

Key Economic Facts

| Income Level (by per capita GNI): Low Income |
| Level of Development: Developing |
| GDP, PPP (current international $): $220.48 billion (2018) |
| GDP growth (annual %): 6.81% (2018) |
| GDP per capita, PPP (current international $): $2,018.57 (2018) |
| External debt stocks, total (DOD, current US$): $28,026,976,327.10 (2018) |
| Manufacturing, value added (% of GDP): 5.82% (2018) |
| Inflation, consumer prices (annual %): 9.85% (2017) |
| Labor force, total: 51,941,541 (2018) |
| Unemployment, total (% of total labor force) (modeled ILO estimate): 1.81% (2018) |
| Exports of goods and services (current US$): $7.06 billion (2018) |

GDP Composition %

- Agriculture: 31%
- Services: 37%
- Industry: 27%
- Manufacturing: 6%

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

Rankings

- Corruption Perceptions Index: 107 / 178
- Global Competitiveness Index: 121 / 139
- Global Enabling Trade Index: 117 / 136
- Index of Economic Freedom: 136 / 179
- Inward FDI Potential Index: 132 / 139
- KOF Index of Globalization: 165 / 185
- Networked Readiness Index (NRI): 120 / 139

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: D - The business environment is very difficult. Corporate financial information is rarely available and when available usually unreliable. The legal system makes debt collection very unpredictable. The institutional framework has very serious weaknesses. Intercompany transactions can thus be very difficult to manage in the highly risky environments rated D.

Strengths

- Remarkable track record of growth and poverty reduction
- Public investments in infrastructures
- Economy diversification effort
- Strong hydropower potential

Weaknesses

- Vulnerability to weather conditions and changes in world commodity prices
- Isolation of the country
- Insufficient level of foreign exchange reserves
- On-going difficulties in the business and governance environment
- Unstable regional context
- Exacerbated ethnic tensions

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