Ethiopia

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).

Location: Eastern Africa
Capital City: Addis Ababa (+3 GMT)
Chief of State: President Sahle-Work Zewde
Head of Govt.: Prime Minister Abiy Ahmed Ali
Currency: Birr (ETB)
Major Languages: Oromo (official working language in the State of Oromiya) 33.8%, Amharic (official national language) 29.3%, Somali (official working language of the State of Sumale) 6.2%, Tigrigna (Tigrinya) (official working language of the State of Tigray) 5.9%, Sidamo 4%, Wolaytta 2.2%, Gurage 2%, Afar (official working language of the State of Afar) 1.7%, Hadiyya 1.7%, Gamo 1.5%, Gedeo 1.3%, Opuuo 1.2%, Kafa 1.1%, other 8.1%, English (major foreign language taught in schools), Arabic (2007 est.).
Primary Religions: Ethiopian Orthodox 43.8%, Muslim 31.3%, Protestant 22.8%, Catholic 0.7%, traditional 0.6%, other 0.8% (2016 est.).
Calling Code: 251
Voltage: 220

Key Economic Facts

<table>
<thead>
<tr>
<th>Income Level (by per capita GNI):</th>
<th>Low Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Development:</td>
<td>Developing</td>
</tr>
<tr>
<td>GDP, PPP (current international $):</td>
<td>$346.89 billion (2022)</td>
</tr>
<tr>
<td>GDP growth (annual %):</td>
<td>5.32% (2022)</td>
</tr>
<tr>
<td>GDP per capita, PPP (current international $):</td>
<td>$2,811.58 (2022)</td>
</tr>
<tr>
<td>External debt stocks, total (DOD, current US$):</td>
<td>$30,017,495,807.20 (2021)</td>
</tr>
<tr>
<td>Manufacturing, value added (% of GDP):</td>
<td>4.24% (2022)</td>
</tr>
<tr>
<td>Current account balance (BoP, current US$):</td>
<td>-$4.51 billion (2021)</td>
</tr>
<tr>
<td>Inflation, consumer prices (annual %):</td>
<td>26.84% (2021)</td>
</tr>
<tr>
<td>Labor force, total:</td>
<td>60,026,672 (2022)</td>
</tr>
<tr>
<td>Unemployment, total (% of total labor force) (modeled ILO estimate):</td>
<td>4.02% (2022)</td>
</tr>
<tr>
<td>Imports of goods and services (current US$):</td>
<td>$23.23 billion (2022)</td>
</tr>
<tr>
<td>Exports of goods and services (current US$):</td>
<td>$10.45 billion (2022)</td>
</tr>
</tbody>
</table>

GDP Composition %

<table>
<thead>
<tr>
<th>Industry</th>
<th>Agriculture</th>
<th>Services</th>
<th>Industry</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>38</td>
<td>37</td>
<td>23</td>
<td>4</td>
</tr>
</tbody>
</table>

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

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>86 / 178</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>126 / 141</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>117 / 136</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>153 / 176</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>132 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>165 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>120 / 139</td>
</tr>
<tr>
<td>Open Budget Index</td>
<td>104 / 114</td>
</tr>
</tbody>
</table>

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

- Large market (over 100 million people)
- Aviation hub
- Remarkable track record in growth and poverty reduction (26% poverty rate in 2020/2021)
- Public investment in infrastructure development
- Hydroelectric, mining (phosphate, hydrocarbons) and tourism potential
- One of the continent's main coffee exporters

Weaknesses

- Agriculture (70% of employment, but 40% of GDP) is not very productive and is sensitive to weather conditions and changes in world commodity prices
- Underdeveloped manufacturing sector: less than 6% of GDP
- Landlocked country: 95% of exports pass through Djibouti
- Low foreign exchange reserves, lack of foreign exchange, import restrictions
- Persistent challenges in the business environment and governance
- Underdeveloped banking system
- Insufficient power supply
- Unstable regional environment and high ethnopolitical tensions

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