



## ETHIOPIA

### What's happening in this economy

Ethiopia has embarked on a path of political and economic transformation. Its *Homegrown Economic Reform* agenda, released in September 2019, sets out an unprecedented and significant package of macroeconomic, structural and sectoral reforms designed to create jobs, reduce poverty and promote inclusive growth.

The agricultural sector still plays a huge role in the Ethiopian economy and it is largely made up of smallholder farmers. There is a growing number of agribusinesses in Ethiopia, which present potential opportunities for Australia, particularly in the sale of agricultural technologies, seeds and fertiliser. Strict import controls and a difficult working environment are impediments. Ethiopia is particularly interested in Australian knowhow around livestock export.

The mining and petroleum industries are nascent, with European, Middle Eastern and Chinese companies currently running a few large projects particularly in potash. Australian companies are seeking to make inroads, and have a lot to offer. Ethiopia is interested in tapping into Australian and Canadian expertise, but regulatory barriers remain difficult to overcome. Prime Minister Abiy's reform program, if substantially implemented, has the potential to remove many of these barriers.

Ethiopia is landlocked, and its primary sea-port is Djibouti. The Ethiopia-Djibouti relationship is constructive, but Ethiopia is working with Dubai World to set up a new container port in Berbera, in Somaliland and another in Eritrea. Ethiopia is also considering investing in Lamu port in Kenya. We do not expect any new sea-links to be fully operational (for heavy cargo) for some years. Significant rail and road infrastructure is planned to support ports.

One million Ethiopians are expected to reach the age of 18 each year until 2050. This provides a significant opportunity for manufacturing industries with markets in the Gulf and Europe, and consumer-focused service providers including in telecommunications.

Ethiopia is heavily invested in developing its hydro-power generation and public infrastructure. It seeks to be the dominant energy supplier in East Africa by 2025.

Ethiopia is not a prospective FTA partner, though there are likely to be opportunities to reduce barriers to trade with Ethiopia through the African Union's African Continental Free Trade Area.

Australia is a minor humanitarian actor in Ethiopia. Our development assistance program is limited to Australia Awards Short Courses, ANCP and DAP.

#### Key facts and figures

- Population: 94.1 million (2018)
- GDP growth: 7.7% (2019)
- GDP per capita: \$951.1 (2019)
- Political system: Single Party, Federation
- Two-way trade/key goods and services traded: \$29.7m, primarily imports of coffee (\$22.4m)



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## Trade, investment, and commercial opportunities and activities

- There is limited Australian engagement in Ethiopia.
- Ethiopia is seeking to purchase up to 1.2 tonnes of wheat per year for the next three years from Australia. If realised, the deal could increase Australia's exports to Ethiopia to USD300 million pa.
- Commercial opportunities exist in the mining sector, primarily in the mining of gold, and the provision of mining expertise and technology. There may also be opportunities in the emerging oil and gas sector.
- There are emerging opportunities for agricultural investment, including in the provision of agricultural technologies to large businesses and the livestock sector.
- There may be future opportunities in the telecoms, transport infrastructure, and electricity generation and distribution sectors.
- Australia-Africa Week in Perth each September is a major opportunity to progress emerging commercial and economic interests.

## Trade policy and negotiations

- Australia supports Ethiopia's campaign to accede to the WTO.
- Ethiopia is a member of the African Union, whose headquarters are located in Addis Ababa.
- Australia is supporting 13 African countries, including Ethiopia and the African Union Commission, through trade policy training in February 2020.
- Ethiopia agreed (but has not yet signed) an Air Services Agreement with Australia in 2018.

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